

EBRD-UKRAINE STABILISATION AND SUSTAINABLE GROWTH MULTI-DONOR ACCOUNT



European Bank
for Reconstruction and Development

EBRD Evaluation department
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The EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account (Ukraine MDA) was launched in 2014 as part of multilateral crisis-response measures to provide urgent support to Ukraine in the wake of major political, security, economic and humanitarian crises. A total of fourteen donors have contributed €53.5 million, out of which a portfolio of 38 projects have so far been or are being delivered across five pillars: investment climate, banking sector, energy, corporate sector, and infrastructure. Ukraine MDA is one of the multi-donor EBRD-managed funds where all activities are implemented by the Bank. Availability of donor funding is crucial to deliver the EBRD's mandate and meet the diverse needs of its countries of operations.

Evaluation approach

This is an interim evaluation produced on an accelerated basis in order to inform discussion and decisions about Fund's effectiveness and potential extension ahead of its current July 2020 closure date. The evaluation provides an assessment of: MDA relevance and effectiveness as a crisis response mechanism; its governance principles; the efficiency and effectiveness of its activities and sustainability of its results; and, any impact it has on the Ukrainian investment climate and economic growth, where possible to assess. The evaluation covers nine completed projects and 27 ongoing projects spanning 2014 to mid-2019.

Key Findings

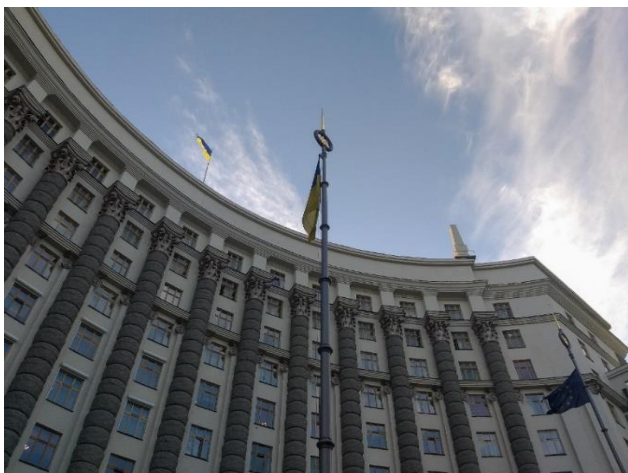
- The MDA's scope is in line with the EBRD's mandate and core capabilities such as: banking; insolvency and restructuring; energy and infrastructure; corporate governance; integrity; procurement; and others.
- MDA core principles – additionality, alignment with Ukraine's priority agenda and international co-ordination – are sound and relevant.
- The MDA has proven to be strategically relevant, operationally efficient and effective, and enabled key institutional changes in Ukraine.
- Not all available MDA instruments have been used, specifically investment grants, concessional funding, and first-loss guarantees. All MDA projects so far were technical assistance projects.
- The EBRD's strategic frameworks have evolved and the MDA's structure should be adjusted to sync with recent changes, particularly with the revamped Transition Concept and six transition qualities.
- The flexibility of allocations across five sector pillars was distinguished as one of the Fund's most useful features, and it must be maintained.
- MDA support has contributed to specific institutional and structural reforms, including creation of new institutions, such as Business Ombudsman, Investment Council, ProZorro e-procurement platform; turnaround of the Deposit Guarantee Fund; reforms at several strategic SOEs and SOBs; the abolition of price regulations on food products and services; and others. MDA-funded projects triggered a number of investment projects in both public and private sector, particularly in banking, energy, municipal solid waste management, and agribusiness.
- Internally for many bankers management of MDA projects and policy dialogue activities often remains auxiliary; it is not properly recognised in their individual performance matrices.
- The MDA is managed efficiently and donors are broadly satisfied. However there is both scope and need for specific improvements. Better results-based management at Fund and project level is required.
- MDA probably contributed to improvement of Ukraine position in several key international indices, including Doing Business; the Global Open Data, and some improvement in the Corruption Perception Index. The Ukrainian economy has stabilised since 2014 and started to grow.
- MDA-funded projects also probably contributed to uptake of reforms and changes in the behaviour of stakeholders in some public institutions and the private sector.

Recommendations for contributors and EBRD

- Extend the MDA and maintain its current focus on EBRD's comparative advantages in Ukraine as identified in the EBRD Country Strategy for Ukraine 2018-2023.
- Preserve the key elements of the Ukraine MDA General Conditions and maintain the flexibility of funding allocations without earmarking funds to specific pillars. Discontinue sector pillars structure.
- Agree to use 'well-governed' transition quality as the premise for Ukraine MDA activities, along with three components (pillars): (1) enhancing quality of economic governance in public institutions; (2) improving standards and practices of corporate governance; (3) building and sustaining partnership between public and private sectors.
- Include key indicators in results metrics which might trigger graduation from certain project areas.
- Review unutilised MDA instruments (investment grants, incentive payments, first-loss guarantees, access available to other IFIs) and decide to discontinue or continue them.
- Significantly strengthen results-based Fund management and enhance reporting standards for MDA projects and Fund in general, including metrics with monitorable indicators – possibly allocating an additional MDA budget for this.

Recommendations for EBRD

- The individual performance matrices of bankers who are leading non-transactional TC projects and intensive policy dialogue must be expanded to include these elements.
- Donor Co-financing Department, possibly jointly with other departments of the Bank, should design a training programme for operational leaders managing projects funded from the MDA and similar accounts to enhance understanding of the operational leaders of the principles and core elements of results-based management and to improve the evaluability of projects.
- Enhance and enforce standards of reporting in internal information systems, such as TCRS.
- The EBRD team in the Kyiv Resident Office to establish communications channel with key interested contributors to provide regular and relevant updates between the annual assemblies.



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