

APPROACH PAPER

# EBRD Ukraine Stabilisation and Sustainable Growth Multi-Donor Account

Ukraine

July 2019

EBRD EVALUATION DEPARTMENT



**European Bank**  
for Reconstruction and Development

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## Abbreviations

DCF	Donor Co-Financing Department
DCFTA	Deep and Comprehensive Free Trade Agreement
EvD	Evaluation Department
GoU	Government of Ukraine
IFI	International Financial Institution
MDA	Multi-donor Account
NPL	Non-performing loan
OL	Operational Leader
TCRS	Technical Co-operation Reporting System

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## Introduction

The Evaluation's Department's (EvD) 2019 Work programme includes evaluation of the EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account, hereafter referred to as the Ukraine MDA. Established in July 2014 and operational since November 2014, the Ukraine MDA's rationale is to "...address the country's urgent needs as regards support for the design and implementation of policy reforms and institutional capacity building – in agreement with the Government and other public authorities of Ukraine – as well as investment support."<sup>1</sup> As a crisis response mechanism, the fund was designed to operate for three years, with an option to extend for a maximum of three further years; that option was exercised in 2017. Currently the Ukraine MDA sunset date – after which no new cooperation funds may be raised and no new project allocations may be made – is July 2020. Further extension of MDA might be possible after the consultations between the Bank and contributors and upon approval of the EBRD Board of Directors.

Launching the Ukraine MDA was a crucial element of the Bank's response to the Ukrainian crisis as an instrument that could "enable the Bank to step up its policy dialogue and capacity building activities..."<sup>2</sup> It complemented a range of Bank decisions/documents in the wake of the Ukrainian systemic economic and geopolitical crises, prompted by the Revolution of Dignity and military conflict. **Given the approaching sunset date, the evaluation findings and recommendations are to be submitted to the Board and Management and shared with the contributors by the end of 2019.** They will focus on the relevance, efficiency, mid-term outcomes and potential impact of activities funded by the MDA in the period November 2014 - June 2019.

At the same time, **the lessons from managing a significant single-country fund will be potentially useful for designing future instruments in a similar economic and geopolitical context.** Therefore, one of the focus areas of the evaluation will be the transferability of the lessons and experience. EvD has recently evaluated a number of activities that were funded by the Ukraine MDA, specifically the Ukrainian Business Ombudsman Institution case in the framework of the Investment Climate Support Special Study (SS15-086, 2018), and the Public Procurement stream of work (including Ukraine) in the review of the Legal Transition Programme (SS18-111, forthcoming). Relevant findings from these evaluations will be used in the analysis of the MDA's activities and results. Additionally, the evaluation team will use relevant insights on the fund's governance from EvD's interim evaluation of the EBRD Shareholder Special Fund (2014), and on the crisis response from EvD's evaluation of the EBRD's Response to the 2008-09 Crisis (2010).

## 1. Context overview

### 1.1 The EBRD's use of multi-donor funds

**Availability of donor funding is crucial to deliver the EBRD's mandate.** With the support of co-investment funds, and transactional and non-transactional technical co-operation (TC) projects, the Bank can deliver investment projects, technical assistance and policy dialogue that meet the diverse needs of its countries of operations. Bilateral and multilateral donor support is crucial to deliver a programmatic approach for the country or region of operation, aimed at addressing key challenges that undermine private sector investments. From affordability to local currency availability to investment climate improvements, among other issues – these programmes intend to deliver institutional and regulatory changes that open up opportunities for domestic and foreign investments. Ideally, donors can quickly and flexibly allocate funds through EBRD financial instruments in the areas of greatest need, with appropriate quality and controls. EBRD-managed multi-donor funds are often used in a programmatic approach, with the expectation of pulling in various

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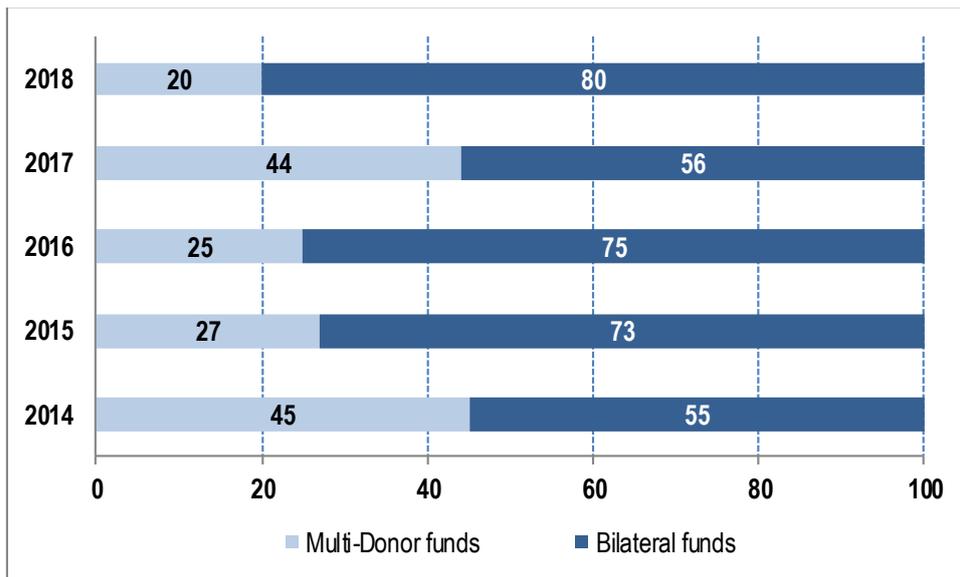
<sup>1</sup> BDS14-167(Rev 1) Establishment of the EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account, July 2014

<sup>2</sup> BDS14-360 (Final) EBRD Reform Anchoring and Crisis Response Package, December 2014

donor resources to achieve specific sector objectives (Small Business Impact Fund)) or to meet diverse challenges in a specific country/region (ETC, SEMED MDAs).

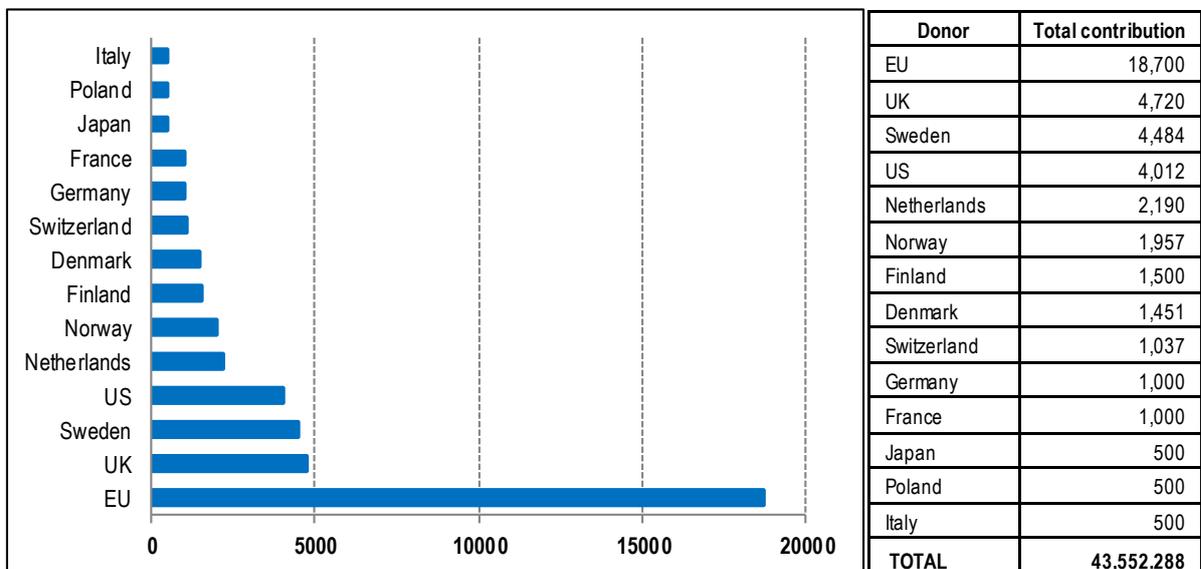
**In recent years there has been an observable increase in inflows to EBRD-managed multi-donor funds:** in 2018 the Bank mobilised €161 million after €70 million in 2017.<sup>3</sup> These include funds that are open to other financial institutions (i.e. Eastern Europe Energy Efficiency and Environment Partnership Fund, E5P) and funds that are exclusively used by the EBRD. It is a significant share if compared to total donor contributions: €583 million in 2018 and €876 million in 2017. The split between contributions to bilateral and multilateral funds from bilateral donors (presented in Graph 1) changes dynamically from year to year depending on the country needs and donors' priorities. The EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account (Ukraine MDA) is one of the multi-donor EBRD-managed funds where all activities are implemented by the Bank.

Graph 1. Destination of contributions from bilateral donors 2014-2018, %



Source: 2018 Grant Co-financing Report

Graph 2. Pledged donor contributions to the Ukraine MDA, €'000s



Source: 2018 Annual Report of Ukraine MDA

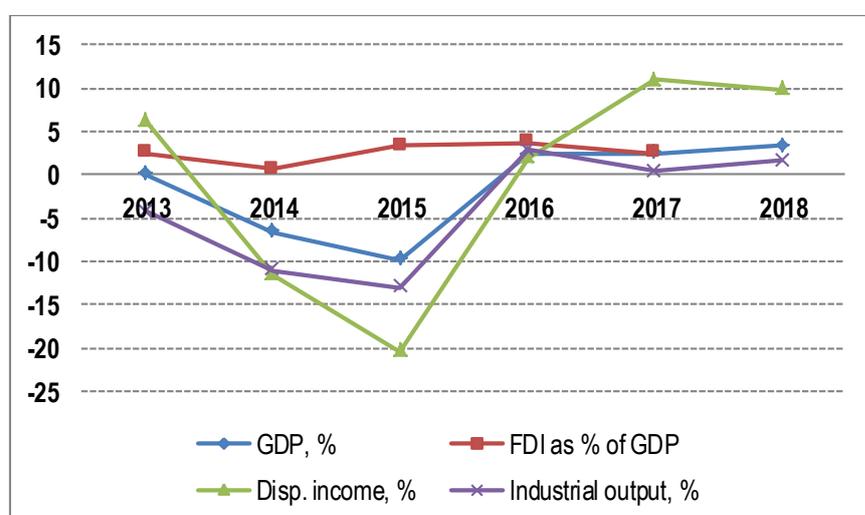
<sup>3</sup> 2018 Grant Co-financing Report

**At the MDA launch in November 2014, 10 donors contributed €10.5 million;** at the time of evaluation, total contributions from 14 donors had increased to €43.5 million, significantly exceeding the anticipated €15-20 million target. In terms of structure, the largest share of contributions was made by the European Union which became a contributor in 2016 – almost 43% of the total. It is followed by the UK (10.8%), Sweden (10.3%) and the US (9.21%). Among other contributors are the governments of Germany, Switzerland, Finland, Netherlands, France, Japan, Denmark, Poland, Italy and Norway. The full structure of contributions is presented in Graph 2. Some donors provided one contribution, while others participated in up to three rounds. The most recent contribution at the time of evaluation was from Norway. Further funds could be mobilised up to the sunset date in July 2020.

## 1.2 Responding to crisis in Ukraine

**In the aftermath of the Revolution of Dignity and the military conflict, Ukraine faced a systemic crisis.** The physical loss and destruction of a large proportion of its industrial assets and infrastructure combined with the great social upheaval sent the Ukrainian economy into deep recession (see Graph 3 below). Rapid devaluation, high inflation, a banking crisis and rocketing NPLs, plus dramatic shifts in international trade with plummeting international reserves, undermined the national economy. A significant external support package was required to stabilise the situation and create conditions for future economic growth.

Graph 3. Key macroeconomic trends of Ukraine, 2013-2018



Source: State Statistics Service of Ukraine

**The change of political leadership in 2014 confirmed integration with Europe as the national strategic priority.** The EU-Ukraine Association Agreement was ratified in 2015 and Deep and Comprehensive Free Trade Agreements (DCFTA) in 2016. In 2017 Ukraine joined the Schengen visa-free regime after complying with a range of rules and conditions. The EU has launched a large-scale assistance programme with an overall budget of €11 billion for the period 2014-2020<sup>4</sup>, aimed at supporting Ukraine in meeting its obligations under the Association Agreement and DCFTA. It included €3.8 billion of macro-financial assistance (low-interest loans), and some institutional innovations, for example, the launch of the Support Group for Ukraine (SGUA), the main coordinating body for all EU assistance to Ukraine. In April 2014, the IMF approved a US\$17.01 billion Stand-By Arrangement for Ukraine which, in March 2015, was transformed into the Extended Fund Facility for a total amount of US\$17.5 billion.

**The EBRD reacted quickly to the Ukrainian crisis.** Its Operational Response (SGS14-084) was approved by the Board in April 2014 and was followed in December 2014 by the Reform Anchoring and Crisis Response Package for a period of two years (BDS14-360). The package had three priority areas for EBRD investment (including support to existing clients in distress) and policy engagement: (1) banking sector stabilisation and restructuring; (2) energy security

<sup>4</sup> This amount includes grants from member states

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and energy sector reforms; (3) financial support for key private corporate sector players. Crisis response included commitment to significantly step up policy dialogue and capacity building activities. The approach was renewed in April 2017 and was effective until the new Ukraine Country Strategy was approved in October 2018.

**In 2014-2018 the EBRD employed a flexible approach which allowed a quick reaction to multiple Ukrainian needs.** The Bank, however, remained focussed on its core areas of expertise and experience, pushing for necessary reforms in the areas of energy security, financial and banking stability, sound corporate governance, integrity and compliance, infrastructure and a competitive corporate sector. With the support of MDA and other funding sources, the EBRD was able to lead policy dialogue and coordinate with other IFIs and donors active in these areas. In 2014-2016, the EBRD's new investments (ABI) in Ukraine reached €2.8 billion, with a further €740 million invested in 2017 and €540 million in 2018.

**In mid-2019 the Ukrainian economy is in considerably better shape than it was in 2014.** With modest rates of inflation and stabilised currency exchange rates, foreign reserves reached \$20.8 billion in January 2019 compared to \$7.5 billion in 2015. Thanks to enhanced investment ratings and a reduction in the cost of borrowing, Ukraine's state debt decreased from 80% of GDP in 2016 to 59% in May 2019. Real incomes, salaries and pensions have increased, and employers report labour deficits. Business expectations for growth are modestly positive (see, for example, EBA and ACC surveys), despite the military conflict and corruption, which remain the top two concerns for the population. The share of the population living below the national poverty line reduced from 8.3% in 2013 to 2.4% in 2018.<sup>5</sup> The estimated share of the grey economy reduced from 40% of GDP in 2015 to 32% in 2018.<sup>6</sup>

**Compared to previous attempts at 'reform', perhaps the most striking change is the commitment to deeper institutional change since 2014.** The results of institutional reforms in the areas that correspond to pillars of the Ukraine MDA include, among others:

- (i) reform architecture supported at the highest level through the National Reform Council, with dedicated reform offices of 10-20 professionals in each key ministry responsible for launching and overseeing crucial socio-economic reforms;
- (ii) the complete overhaul of the National Bank of Ukraine, the results of which were acknowledged by international partners and distinguished with the International Transparency Award in 2018;
- (iii) reform of the banking system, which resulted in decrease in the number of banks by two-thirds, the nationalisation of several large/ systemic banks (i.e. UkrGazBank, Privatbank) and the improved governance of state-owned banks;
- (iv) reform of the national policy and tools for managing state-owned enterprises, particularly in the energy and infrastructure sectors. For example, the state oil and gas company *Ukrnaftogaz* has progressed from being responsible for a budget deficit of 4.7% of GDP in 2013, to declaring US\$1 billion income in 2018;
- (v) reform of the national energy policy with a strong emphasis on cost-recovery tariffs, energy efficiency and renewables;
- (vi) complete overhaul of public procurement policy, where losses from corruption were estimated at the level of 10-15% of state budget expenditures.<sup>7</sup> The launch of ProZorro, an open-source e-platform for public procurement, and its mandatory use for all state agencies/SOEs has saved \$1.35 billion in public funds between 2016 and beginning of 2019<sup>8</sup>. ProZorro has received several international awards in the area of

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<sup>5</sup> <https://data.worldbank.org/country/ukraine>

<sup>6</sup> Investment Council Report <https://ukraineinvest.com/wp-content/uploads/2019/03/Ukraineinvest-2018-H2-report-UKR.pdf>

<sup>7</sup> Equivalent of UAH 35-52 billion, according to State Security Service of Ukraine <https://dt.ua/ECONOMICS/sbu-zaproponuv-ala-viv-esti-z-tini-zakupiv-li-derzhpidprivemstv-124757.html>

<sup>8</sup> <http://bi.prozorro.org/http/sense/app/fba3f2f2-cf55-40a0-a79f-b74f5ce947c2/sheet/HbXjQep/state/analysis/select/Language/EN#view/pEh>

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transparency, integrity and open data. The same technology is being used for asset management services, such as small privatisations and the sale/rental of state and municipal assets (ProZorro Sales);

- (vii) launch of new anti-corruption and integrity institutions (the Business Ombudsman and the Ukrainian Network of Integrity and Compliance) that support businesses in addressing problems/disputes with public agencies and promoting compliance and integrity as standards of Ukrainian corporate culture .

**These and other institutional improvements are reflected in Ukraine moving up in various global indices.** Its position in the World Bank 'Doing Business' rating improved from 143<sup>rd</sup> position in 2011 to 72<sup>nd</sup> in 2019, with notable improvements in business registration, construction permits, taxation, and foreign trade blocks. Ukraine jumped 23 places in the Global Open Data Ranking between 2015-2017,<sup>9</sup> and it is now 43<sup>rd</sup> out of 126 countries in the Global Innovation Index (2018). Ukraine's score on Transparency International's Corruption Perception Index improved from 25 points (2013) to 32 out of 100 (2018), although it is still 120<sup>th</sup> among 180 countries.<sup>10</sup>

### 1.3 The Ukraine MDA: principles and governance

The Ukraine MDA was established as *"the Bank's operational approach require(d) new donor resources primarily to finance policy dialogue and institutional capacity building with a view to take advantage of the transition opportunities"*.<sup>11</sup> It was set up to work in parallel with other financial instruments and funds. Its fundamental underpinning principles include:<sup>12</sup>

- (1) Additionality – activities within the remit of the Bank's mandate and where it can add real value and expertise;
- (2) Alignment with Ukraine's priority agenda – the MDA's activities are those that are urgently needed and where solid commitment to immediate change was expressed by the Government;
- (3) International co-ordination – strategically and operationally aligning the Bank's activities with those of other IFIs, international organisations and donors.

**The main instrument governing the administration of the Ukraine MDA by the EBRD is the General Conditions of the Ukraine MDA, as amended on 8 June 2017. The general conditions stipulate various aspects of the fund's administration, including, among others:**

- A process for the mobilisation of resources (through co-operation agreement);
- a minimum threshold for the first contribution made by each donor (€500,000);
- eligibility of activities to be funded from the MDA (which include technical assistance, investment grants, incentive payments and first-loss guarantees, however up to date most funds were committed to TC);
- use of resources (which includes the possibility of other IFIs applying for MDA funding);
- approval procedures (which include delegated authority for the Bank to approve Ukraine MDA funding for TC projects if the amount requested from MDA is below €300,000);<sup>13</sup>
- decision-making which requires (except for delegated authority cases) approval by at least 2/3 of all contributors providing at least 2/3 of the total amount of cooperation funds;
- the fund's expected lifetime (three years with possibility for Contributors to extend for three further years);
- the Bank's administration procedures and fees;

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<sup>9</sup> <https://index.okfn.org/place/>

<sup>10</sup> <https://ti-ukraine.org/en/research/corruption-perceptions-index-2018/>

<sup>11</sup> BDS14-167 (Rev 1)

<sup>12</sup> ditto

<sup>13</sup> The threshold was elevated in 2017 – from €150,000 to €300,000

- reporting (semi-annual narrative and annual financial reports, including audited financial statements).

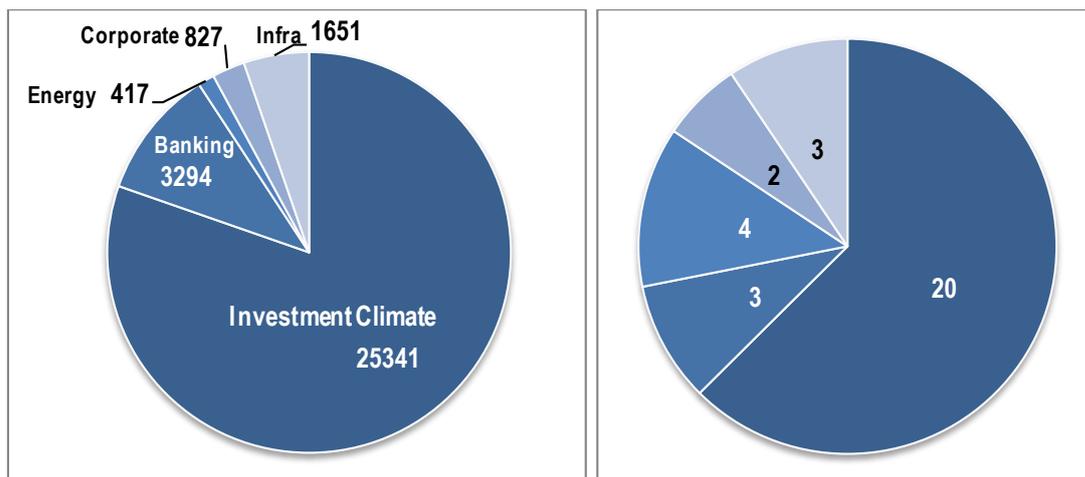
**The contributors' assembly meets annually**, when the EBRD provides a report on the previous year, the pipeline for the next year, and presents the results of selected projects. Important decisions about the fund's life, the structure of allocations and governance are discussed and consulted on with contributors at assembly meetings. Decisions about project approval (above the delegated authority threshold) are taken throughout the year, under the terms defined by the General Conditions.

## 1.4 Portfolio

**At the time of evaluation 32 TC projects have been financed from the Ukraine MDA** with a total earmarked value of €31.5 million across five pillars identified at inception. These pillars are in line with the Bank's mandate and core areas of its investment activities and expertise: (1) investment climate; (2) banking sector; (3) energy; (4) corporate sector; and (5) infrastructure.

The distribution of projects and funding across the five pillars is presented in Graphs 4 (a) and (b). **By far the largest pillar in terms of volume (€25.3million) and the number of projects (20) is the investment climate.** It is in line with the additionality principle of the MDA and the purpose of the fund to finance institutional capacity building and policy engagement activities. Among 20 projects in the investment climate pillar, the majority of funds are allocated to Ukraine Reform Architecture – €14.3 million, the Ukrainian Business Ombudsman Institution – €7.3 million, and ProZorro Project Implementation Support – €633,750. In the banking pillar, the largest project is TC for the Deposit Guarantee Fund with a €2.285 million budget; in the energy pillar – the Corporate Governance Review of Naftogaz and Ukrtransgaz with a €222,500 budget; in the infrastructure pillar – the Ukraine Public Transport Framework with a €750,000 budget; and in the corporate pillar – Advice for Agribusiness with a €750,000 budget.

Graph 4. MDA projects by pillars in (a) earmarked volume (€'000s) and (b) number of projects



Source: 2018 Annual Report of the Ukraine MDA

**As of December 2018, €29.8 million or 94% of approved funds had been contracted, and €20.8 million or 66% of approved funds had been disbursed.** A total of €10 million funds remained uncommitted and may be allocated to new projects until July 2020. Available amount for new projects in mid-2019 was equal to €8.9 million. At the same time, the estimated pipeline in December 2018 amounted to €12.8 million with several project proposals being rollover financing for existing initiatives, such as the Business Ombudsman, Investment Council, Ukraine Reform Architecture, ProZorro e-procurement platform etc.

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Out of 32 projects, 11 have been completed and are therefore available for the evaluation of results. Twenty-one projects are at various stages of implementation and therefore will be ready for interim evaluation only. A full list of Ukraine MDA projects is presented in Annex 1.

## 1.5 Organisational structure and delivery

The Ukraine MDA is administrated by the Bank in accordance with the Agreement Establishing the Bank, the General Conditions of the Ukraine MDA, co-operation agreements between the Bank and the Ukraine MDA contributors and the Bank's internal policies and procedures, in particular the Procedure for the Review and Approval of the Use of Grant Funds (PRO/2019/18). The Donor Co-Financing Department (DCF) is responsible for managing the donor funds, having dedicated fund officers. They ensure that the fund's procedures are followed, manage contributions and funding allocations, and facilitate effective communication and reporting to the contributors. As per General Conditions DCF is also responsible for ensuring donor visibility of MDA activities and preparing/reporting against the fund's results framework.

The implementation of the individual projects - including their design, submission for approval by the EBRD Authorised Approver (PRO/2019/18) and contributors (where required under the General Conditions of the Ukraine MDA), contracting of consultants, engagement with the country stakeholders, co-ordination with other international partners, disbursement of funds and monitoring of implementation - is the responsibility of individual operation leaders (OL) working in various Bank departments. OLs may be based in either London HQ or Kyiv Resident Office (RO). The Managing Director for Eastern Europe and Caucasus, Head of Ukraine and the DCF Director are the Bank's key stakeholders for the Ukraine MDA while decisions about projects under delegated authority are made by the Managing Director for External Relations and Partnerships.

## 1.6 Reporting and Monitoring

As per the General Conditions of the Ukraine MDA, the Bank submits to the assembly of contributors' semi-annual narrative reports and annual financial reports. The latter include detailed project-by-project analysis, including rating of achievement of project objectives which is derived from the EBRD's TCRS database. The Donor Co-Financing Department is responsible for preparing reports for the contributors, based on the information provided by the operation leaders of the respective projects. Day-to-day monitoring of project implementation is performed by OLs.

TCRS reports include information on the achievement of outputs, outcomes and impact, which will form the primary dataset for this evaluation. The evaluation team will perform a review of the entire MDA portfolio and will validate the results and their ratings for completed projects.

## 2. Approach

### 2.1 Scope

The evaluation will use the OECD DAC evaluation criteria – the relevance, efficiency, effectiveness, impact and sustainability of the Bank's activities implemented in the framework of the Ukraine MDA. To ensure the relevance of findings and the usefulness of recommendations for future activities of the MDA and similar instruments, a number of focus areas were identified. These include:

- Relevance of the Ukraine MDA five years since its launch will be analysed both in terms of the country's shifting needs and the priorities of contributing donors and the Bank.
- The governance and administrative procedures guiding MDA delivery, also vis-à-vis similar multi-donor funds managed by the EBRD and potentially other IFIs (if and when information and evidence is available).

- The MDA portfolio of completed and ongoing projects in terms of its structure and utilisation (rates of contracted and disbursed funds). Currently the MDA has a wide range of priorities (pillars) and relatively flexible procedures. The advantages and disadvantages of this approach will be analysed, also vis-à-vis potential greater focus and defined funding windows.
- Results of the completed projects will be validated and conclusions will be made on their effectiveness and impact (when relevant/possible) on the basis of available bank reports, external statistical data and opinions of key stakeholders in the country. A smaller number of completed projects will be evaluated thoroughly, at least one in each pillar (if available). In some cases ongoing projects with substantial financial and content elements will be evaluated and interim results of their delivery will be included in the report. Evidence of the effectiveness of specific projects which have recently been evaluated by EvD will be incorporated in the study (e.g. Business Ombudsman, ProZorro).

**Although this is a summative evaluation (reviewing performance and results), it also seeks to be forward-looking.** It will focus not only on MDA operations and their sustainability in the fluid politico-economic environment of Ukraine, but also on the relevance and effectiveness of this type of crisis response instrument. It is also expected to provide additional insights into the Bank's support for policy dialogue.

**To be useful, the recommendations from the evaluation will be presented in the form of scenarios for future MDA deployment.** This will be done with the understanding that the contributors are considering extending the fund's life beyond the current final date in July 2020. One of the deliverables of this evaluation will be a coherent results framework for the Ukraine MDA. Although the results framework was developed in 2015 and forms part of the MDA reporting matrix, both management and contributors agree that it requires a conceptual reformulation to reflect a meaningful results chain. Currently, it is a bottom-up activities-driven matrix with no long-term impact chain identified.

## 2.2 Evaluation Questions

The evaluation will be guided by the following questions:

1. How effectively did the original MDA design as a crisis response instrument and operational principles serve it over time and in the context of changing strategic priorities?
2. What specific results can be identified relative to design expectation? Are there targeting and monitoring issues of concern to be learned from?
3. What strategic framework and focus, including strategic anchor (e.g. country strategy, EU DCFTA action plan) would be appropriate for MDA design and timeline should a further extension be considered?
4. In what ways did the Bank's role/implementation meet donor expectations and in what others might it be improved for potential future funds of the same (anti-crisis) nature?

These questions form the basis for the evaluation matrix which includes judgement criteria and indicators that allow the measurement of the fund's efficiency and effectiveness (see Annex 2).

## 2.3 Methodology and Deliverables

**The evaluation team will use a consultative approach and will engage all key stakeholders in order to obtain a comprehensive and objective picture of the fund's activities.** The evaluation methodology includes a desk review of the fund documents, project documents, procedures and related policy documents of the Bank and donors; a review of key Ukrainian policy documents related to MDA activities. The team will analyse the key project data to assess MDA results and relevant external statistics (Ukrainian and international) to assess its contribution to the impact.

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**A number of semi-structured interviews** will be conducted with the key beneficiaries and stakeholders of MDA projects, donors and consultants delivering the activities. This will be done during a country mission, or remotely when necessary. The evaluation team will consider performing a survey of key beneficiaries and stakeholders of the specific project in order to evaluate the interim results of significant projects funded by the Ukraine MDA (i.e. Ukraine Reform Architecture).

As mentioned above, **some elements of other relevant evaluations will be used in this evaluation in order to avoid duplication of effort and to ensure consistency in the messages and recommendations.** In particular, EvD will use the Ukrainian cases of the Investment Climate Support Special Study (Business Ombudsman Project) and the Legal Transition Programme Special Study (public procurement projects including ProZorro).

**Given the nature of decision making in the Ukraine MDA its contributors will be engaged along with the DCF department in the consultation process for this study** – their comments will be sought for the draft approach paper and draft report. This consultative approach has been employed from the start and a number of meetings with key contributors have been organised prior to formulating the approach paper (see Annex 3 for the list of people).

## **2.4 Potential problems and limitations of the study**

The Ukraine MDA has a solid document database and the evaluation team does not anticipate problems with accessing information/data. To have a comprehensive picture of the fund's efficiency and effectiveness, qualitative data will be required. Therefore there is a reliance upon core project team members and local stakeholders to share their opinion about the fund's activities. The evaluation team is planning to mitigate this risk by employing a consultative approach.

Another risk for this evaluation is potential existence of differing views among multiple stakeholders of the Ukraine MDA. EvD will mitigate this risk with continuous transparency about its approach, evaluation criteria and evidence, which will form the basis for the evaluation findings and recommendations.

## **3. Administrative arrangements**

### **3.1 EvD team**

Olga Mrinska, Associate Director, Senior Evaluation Manager will lead the evaluation. Stephanie Crossley, Analyst, will provide analytical support.

### **3.2 Management counterparts and contributors**

The department of Donor Co-Financing is the key management counterpart in this evaluation. EvD's two focal points will be involved in the consultation process as per EBRD's Evaluation Policy – Portfolio Group and Country Strategy Coordination and Results Management Department. Given the decision-making procedures MDA's contributors will be involved in the process.

### **3.3 Peer reviewers**

The internal peer reviewer for this study will be Regina Husakova, Associate Director, Senior Evaluation Manager in the Evaluation Department.

### 3.4 Timetable

Milestone	Date (by week)
Study starts	May 2019
Approach paper approved	July 2019
Field visit complete	September 2019
Survey complete	September 2019
Draft with executive summary circulated to internal peer reviewers	October 2019
Draft with executive summary cleared by CE for Management Comments	November 2019
Final editing	December 2019
Final approved by Chief Evaluator	December 2019
Final report distributed to donors	December 2019
Final distribution within the EBRD and to Board	January 2020
Web publication	February 2020

### 3.5 Budget

No consultant budget is required for this evaluation. The EvD travel budget will be around £4,000.

### Sources

Ukraine–EBRD Operational Response (SGS14-084, SGS14-186),
EBRD Reform Anchoring and Crisis Response Package (BDS14-360)
Ukraine Country Strategy 2018-2023 (BDS/UK/18-1).
Memorandum of Understanding for the Ukrainian Anti-Corruption Initiative
EvD Report “The EBRD’s Investment Climate Support Activities”, October 2018
EvD Report “EBRD Shareholder Special Fund”, 2015
EvD Report “The EBRD’s Response to the 2008-09 Crisis”, 2010
Establishment of the EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account, July 2014 (BDS14-167)
EBRD Grant Co-financing Report, 2018
EBRD Annual Reports of Ukraine MDA 2018, 2017
Chatham House “Rebuilding Ukraine. An Assessment of EU Assistance”, August 218

## Annex 1: List of the Ukraine MDA projects

Pillar / Project	Earmarked Funds €
<b>INVESTMENT CLIMATE - TOTAL</b>	<b>25,341,065</b>
13th Procurement, Integrity, Management and Openness (PRIMO) Forum	35,000
Advice on Regulatory Improvements in Ukraine's Pharmaceutical Sector	295,000
Capacity Building of Ukrainian Anti-Monopoly Committee	260,000
Centralised Procurement Body (CPB) - Public Procurement Reform in Ukraine	240,000
Development of Modern Concessions Legal and Policy Framework in Ukraine	150,000
EBRD GPA TC Facility - Support in Accession to the Agreement on Government Procurement of the World Trade Organization (Regional)	150,000
EBRD UNCITRAL Public Procurement Reform Initiative	250,000
Partnership Agreement between Ukrainian Government and Private Sector	148,494
Public Procurement Policy Advice and Legislative Drafting for eProcurement reforms	200,000
Regional: Support with the implementation of the WTO GPA standards	100,000
Review and Revisions of Legislative Framework for Privatisation in Ukraine	55,566
Review of the draft law on bondholder meetings in Ukraine	49,000
Financing the Establishment and Operation of the Secretariat of the Ukrainian Network for Integrity and Compliance (UNIC)	325,416
Support for e-Governance Law in Ukraine <sup>9</sup>	50,000
Support for Institutions under the Reform Support Architecture for Ukraine	14,304,221
Support in implementation of transparency-oriented e-government solutions based on ProZorro concept	50,000
Support to the Secretariat of the National Investment Council of Ukraine	272,200
Assistance to the Government of Ukraine on Improving Corporate Governance of State-Owned Enterprises	391,880
Ukraine: Bailiff Service Capacity Building	70,000
Ukraine: ProZorro Project Implementation Support	633,750
Ukrainian Business Ombudsman Institution (BOI)	7,310,538
<b>BANKING - TOTAL</b>	<b>3,294,000</b>
Financial Sector Reform in Ukraine (Phase II)	594,000
Ukraine: Phase III - Implementation of Bank Reorganization and Debt Restructuring / Bank Restructuring	415,000
Ukraine: Technical Cooperation for the Deposit Guarantee Fund	2,285,000
<b>CORPORATE - TOTAL</b>	<b>826,922</b>
AML Corporate Governance Improvement Project	76,922
Advice for Agribusiness	750,000
<b>ENERGY - TOTAL</b>	<b>416,918</b>
Regional Programme for Improving Corporate Governance in Selected EBRD Investee Companies and Banks "Ukrenergo"	74,500
Development of Ukrainian Gas Exchange	50,000
Sustainable Development of the Power Sector Programme; Technical Audits / Projects Review / Projects Preparation - Mott MacDonald - NAK Ukraine	69,918
Ukraine: Corporate Governance Review of Naftogaz and Ukransgaz	222,500
<b>INFRASTRUCTURE - TOTAL</b>	<b>1,651,450</b>
Ukrainian Railways (UZ) – New Rolling Stock – Anti-Corruption Action Plan	152,000
Supporting investments in sustainable municipal solid waste management and recycling in Ukraine	749,450
Ukraine Public Transport Framework (UPTF) - Pre- and Post-Signing TC Support	750,000
<b>GRAND TOTAL</b>	<b>31,530,355</b>

## Annex 2: Evaluation Matrix of the Ukraine MDA Evaluation

Judgement criteria	Indicators	Sources of data
<b>EQ1: How effectively did the original MDA design as a crisis response instrument and operational principles serve it over time and in the context of changing strategic priorities?</b>		
1.1. MDA's general conditions and project pipeline are aligned with the evolving national priorities and needs of Ukraine	<ul style="list-style-type: none"> <li>Ukrainian key stakeholders/ authorities are satisfied with the delivery of MDA's outputs and outcomes</li> <li>Ukrainian key stakeholders can identify MDA's contribution into systematic transformations in country's investment climate and institutional capacity to implement reforms</li> </ul>	Ukraine's strategic documents, including EU AA and DCFTA implementation plans, MDA's core documents, interviews with the key Ukrainian stakeholders
1.2. MDA's general conditions and project pipeline are aligned with the evolving strategic and operational approach of the EBRD in Ukraine	<ul style="list-style-type: none"> <li>EBRD's bankers and policy specialists working in the sectors that are priorities for MDA are aware of the Fund and are able to utilise it to achieve core policy/ operational/ crisis mitigation objectives</li> <li>EBRD's bankers and policy specialists working in the sectors that are priorities for MDA can identify fund's contribution to achieving operational results in Ukraine</li> </ul>	EBRD strategic documents, including country strategy, MDA's core documents, interviews with key EBRD banking and policy staff at HQ and RO
1.3. MDA's principles and procedures are supportive to rapid actions aimed at crisis mitigation in the fund's priority sectors	<ul style="list-style-type: none"> <li>Timeline of project preparation, approval and implementation is congruent with the urgency of challenge the project is aimed to address</li> <li>Ukraine's authorities, contributors, EBRD's bankers and policy specialists working in the sectors that are priorities for MDA are satisfied with the speed and quality of decision making</li> </ul>	MDA's project documents, internal data on grant review process, interviews with key Ukrainian stakeholders, contributors, EBRD banking and policy staff at HQ and RO
1.4. MDA's activities are coordinated with the activities of key international partners supporting Ukraine in mitigating the crisis	<ul style="list-style-type: none"> <li>International stakeholders are satisfied with the outcomes of MDA's projects and their additionality to other efforts</li> </ul>	Interviews with contributors and other international partners active in MDA priority areas, information/data on international support to Ukraine reform efforts
<b>EQ2: What specific results can be identified relative to design expectation? Are there targeting and monitoring issues of concern to be learned from?</b>		
2.1. Actual results of MDA portfolio are satisfactory/excellent and are aligned with the design results	<ul style="list-style-type: none"> <li>Outputs and outcomes for each project are clearly identified and reported against in progress and completion reports</li> <li>MDA's overall results framework is clear and helps to trace the contribution of individual results into wider policy change and improvement of institutional capacity</li> </ul>	Project data and reports (TCRS and others), MDA reports
2.2. Unexpected results are identified and either mitigated (if negative) or integrated (if positive) into results chain and greater reform architecture	<ul style="list-style-type: none"> <li>Unexpected outputs and outcomes are identified and reported on in progress and completion reports</li> <li>There is evidence of mitigating negative unintended results and use of positive results as contribution to achieving wider policy change and improvement of institutional capacity</li> </ul>	Project data and reports (TCRS and others), MDA reports, external sources
2.3. The evidence of project implementation and results is sufficient and of high quality. It is communicated in a clear and accessible way to all involved parties. It is used for agile management of MDA portfolio	<ul style="list-style-type: none"> <li>TCRS and other reports are available for contributors, core beneficiaries (if relevant) and EBRD operational colleagues working on respective initiatives</li> <li>Project results (outputs and outcomes) could be triangulated with the external data sources, particularly GoU sources and international data sources</li> <li>Feedback from contributors and key local stakeholders are incorporated in project design and</li> </ul>	MDA project portfolio data and reports, EBRD transition impact data, GoU data and reports, reports and data by other international partners, interviews with contributors and key Ukrainian stakeholders

	delivery	
2.4. MDA project results are sustainable and institutionalised by Ukrainian stakeholders	<ul style="list-style-type: none"> <li>Evidence of outcomes of completed projects (new policies, regulations, institutions, structural changes in existing institutions, products and tools etc) being institutionalised</li> <li>Evidence of changed attitudes and behaviour of key local counterparts</li> </ul>	Interviews with contributors and key Ukrainian stakeholders, survey of key local stakeholders (for ongoing projects like URA, Investment Council support etc), GoU and other external data sources
<b>EQ3: What strategic framework and focus, including strategic anchor (e.g. country strategy, EU DCFTA action plan) would be appropriate for MDA design and timeline should a further extension be considered?</b>		
3.1. (Potential) discussions on the future of MDA are taking into account significant strategic frameworks of GoU, EBRD, and contributors	<ul style="list-style-type: none"> <li>Scenarios of future MDA activity period are developed and proposed, including governance, structure of priorities and decision making</li> </ul>	Interviews with contributors, MDA documents including minutes of the meetings/ assemblies, country strategies of MDA's contributors, EBRD strategic documents, Ukraine's strategic documents, including EU AA and DCFTA implementation plans, other relevant documents
<b>EQ4: In what ways did the Bank's role/implementation meet donor expectations and in what others might it be improved for potential future funds of the same (anti-crisis) nature?</b>		
4.1. High level of satisfaction among MDA contributors	<ul style="list-style-type: none"> <li>Contributors are satisfied with the implementation of the Ukraine MDA, its projects, and its contributions to delivering donor strategies in Ukraine and EBRD's strategy</li> <li>Contributors acknowledge their ability to participate in the MDA's decision making as per General Conditions</li> <li>Contributors acknowledge EBRD's unique position as the largest private sector investor in supporting Ukraine's implementation of systematic reforms of business environment</li> </ul>	Interviews with contributors, MDA documents including General Conditions, reports, minutes of the meetings/ assemblies, country strategies of MDA's contributors, EBRD country strategies for Ukraine, operational response, other relevant documents
4.2. Contributors' confidence in EBRD's ability to manage crisis response instruments, in particular in the areas of policy reform and institutional capacity building	<ul style="list-style-type: none"> <li>Contributors are considering further financial contributions to EBRD-managed MDA (in Ukraine and other COOs) with the objectives of rapid crisis response and others</li> <li>Contributors are able to see the impact of their proposals on EBRD's approach to delivering TC in the framework of MDAs, which are compliant with the Bank's mandate and transition impact concept</li> </ul>	Interviews with contributors, MDA documents including reports, minutes of the meetings/ assemblies, EBRD strategic documents
4.3. Contributors are satisfied with the level of visibility provided by EBRD while communicating activities/results of MDA projects	<ul style="list-style-type: none"> <li>Contributors names/logos are used in external and internal communications about MDA activities and results</li> <li>Local counterparts are aware of contributors' role in launching and sustaining MDA activities</li> </ul>	MDA project information, also available in public domain, publications of relevant projects, interviews with contributors, local stakeholders and EBRD staff

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### Annex 3: List of partners consulted in preparation of the approach paper

1.	Alex Philpott	Head of Good Governance Fund for Ukraine, DFID, UK Embassy in Ukraine
2.	Bryan Nielsen	Donor Co-Financing Department, Manager of Ukraine MDA, EBRD
3.	Camilla Otto	Director, Donor Co-Financing Department, EBRD
4.	Danial Gronvius	First Secretary, Reform Support Officer, SIDA, Embassy of Sweden in Ukraine
5.	Jens Lunsgaard	Alternate Director Ireland, Denmark, Lithuania and Kosovo, EBRD
6.	Kateryna Andrushchenko	Programme Manager, Good Governance Fund in Ukraine, DFID, UK Embassy in Ukraine
7.	Maria Maslowska-Hernandez	Policy officer, Support Group for Ukraine, EU Delegation in Ukraine
8.	Marina Petrov	Deputy Country Director for Ukraine, EBRD
9.	Stefan Schleuning	Head of Cooperation, EU Delegation in Ukraine
10.	Victor Shutkevych	Assistant Director of Co-operation/ National programme Officer, SECO, Embassy of Switzerland in Ukraine