The EBRD Evaluation Work Programme 2016 to 2018 and Budget 2016 includes:

- Details of new thematic studies and operation evaluations
- Annual reporting, OPAV clusters and insight papers
- Efforts underway to improve the evaluation function
- Knowledge management initiatives
- A proposed evaluation administrative budget for 2016

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Chief Evaluator

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Abbreviations

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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>AER</td>
<td>Annual evaluation review</td>
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<tr>
<td>EvD</td>
<td>EBRD evaluation department</td>
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<tr>
<td>OE</td>
<td>Operation evaluation</td>
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<tr>
<td>OPA</td>
<td>Operation performance assessment</td>
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<td>OPAR</td>
<td>Operation performance assessment review</td>
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<td>OPAV</td>
<td>Operation performance assessment validation</td>
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<tr>
<td>MSME</td>
<td>Micro, small and medium sized enterprises</td>
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<tr>
<td>RO</td>
<td>Regional office</td>
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<td>TC</td>
<td>Technical cooperation</td>
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Defined terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Operations evaluations (OEs)</td>
<td>independent evaluations involving field assessments of purposefully selected operations that present particular issues or opportunities for evidence-based performance feedback and insights.</td>
</tr>
<tr>
<td>Operations validations (OPAVs)</td>
<td>independent desk-based detailed quality review, validation and performance ratings for a substantial proportion of the mandatory ex-post self-evaluations prepared each year by operations teams.</td>
</tr>
<tr>
<td>Operation reviews (OPARs)</td>
<td>brief reviews of the completeness and basic quality of the remaining self-evaluations done by operations teams.</td>
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Overview

This paper presents the Evaluation Department’s (EvD’s) multiyear Work Programme for 2016 to 2018. It sets out the strategic context for EvD and the Bank; presents 4 new thematic evaluations for launch in 2016 and others for possible launch later in the multi-year programme; identifies all project-specific evaluations to be done next year, including 3 new major ones; summarises core additional EvD products and services for delivery in 2016; and, presents EvD’s budget request for 2016.

Section 1 presents the strategic context. Section 2 discusses thematic evaluations to be initiated in 2016, along with candidates to be considered for 2017 to 2018. Section 3 presents the project specific evaluations in the work programme for 2016. Section 4 covers other work programme components such as major regular reports to the Board and EvD services to be provided. Section 5 presents administrative issues and EvD’s 2016 budget request.

Strategic context

EvD’s core Work Programme objectives reflect several factors:

- EvD’s formal responsibilities as prescribed in the Bank’s Evaluation Policy of 2013;
- shifts in EvD’s strategic positioning and priorities and, from that, major changes in EvD products and services;
- Board guidance and requests; and,
- changes in the Bank’s operational and policy context.

Strategic priorities for the 2016 to 2018 period remain largely as in the recent past:

- Contribute effectively to Board and Management consideration of topical strategic and operational challenges;
- Provide institution-level oversight of the Bank’s evaluation system to ensure its effectiveness, credibility and impact; and,
- Ensure that EvD work contributes to institutional performance and strengthens institutional accountability.

The EvD Work Programme for 2016 to 2018 is aligned with and designed to contribute to the Bank’s evolving priorities as outlined in the Bank’s Medium-term Directions, and their more specific articulation in the Strategic and Capital Framework, and the Strategy Implementation Plan. The Bank is moving on several fronts with challenging operational implications, such as continued high lending volumes, ambitious new commitments in energy, inclusion, climate and environment, and the Strategic Development Goals; new initiatives to support local currency operations and small business. Important internal changes are in train to increase operational focus and strengthen the ability to demonstrate effectiveness, such as the still-emerging results architecture with strengthened country strategies at its heart, building greater capacity to deliver on the policy front, and updating the Bank’s transition metrics. All of these developments are consequential for the Bank; they will shape shareholder expectations for results and performance; and, they shape EvD’s priorities for the medium term.

The new WP will continue to comprise a broad mix of EvD products and services. Some are mandated by the Evaluation Policy and evaluation good practice standards; others are discretionary, intended to contribute to performance, accountability and decision-making on an opportunity- and demand-driven basis. The following will remain the core of EvD’s work:

- Major evaluations of strategic, sector/thematic, corporate or cross-sector issues
- Evaluations focussing on individual or related groups of operations
- Evaluation-related training and other services, primarily for operations staff
- Evaluation tools, methods and information services

The work plan will build on the substantial improvements in the Bank’s overall evaluation systems accomplished in recent years. And it seeks to build further on the recent marked increase in the profile, perceived value, and effective uptake of the Department’s work. With this in mind, important further extensions of last year’s work programme approach include the following:

- Strategic evaluations further prioritised to contribute to immediate challenges for policy and operations, and delivered more quickly;
- Project-specific evaluation work clustered thematically wherever possible so findings have more critical mass and higher value; and,
- Product design and delivery further improved for greater impact and uptake – shorter papers, crisper findings, more rapid delivery cycles.

EvD’s proposed work programme for 2016 is presented in some detail below. Main changes relative to the draft reviewed by the Audit Committee in October are summarised; and a more provisional set of activities is presented for 2017 and 2018.
Thematic evaluations

EvD thematic evaluations are designed to focus on wider strategic issues and challenges; they are a core means through which EvD delivers value, insights and accountability. Thematic evaluations may: focus on higher-level issues of particular strategic relevance or operational importance to the Board and/or Management; take a longer term or more sector-wide perspective to generate more generally-applicable and robust findings than provided by individual project evaluations; assess processes or other corporate-level matters to identify opportunities to reinforce or improve existing practices to enhance performance and results; probe across sector or regional lines and/or feed into future work expected by Board and Management; or, assess external experience for useful comparisons and benchmarks.

The list of prospective thematic evaluation topics for EvD’s work programme is a product of multiple substantive factors: meeting specific Board requests or responding to issues of consistent concern; wherever possible providing analytical work upstream of major policy/strategy updates; providing interim analysis and judgments for newer initiatives where review is anticipated; responding to informal consultations with and specific requests from Board members and Management; identifying operational challenges with ongoing strategic dimensions where evaluation work can assist with Board and Management decision-making. Also, in the course of their evaluation work, EvD staff may identify the need for evaluation in related areas. There has been a notable convergence of view around this as a useful framework to develop a strong, well-targeted and relevant evaluation programme.

Proposals for 2016

Thematic work of this type is resource and time intensive, for EvD and for Management. Selectivity is essential to ensure that sufficient resources can be dedicated to ensure delivery of a first-rate result and in a timeframe that ensures maximum relevance and impact. EvD therefore proposes launching four major new thematic evaluations in 2016. Each evaluation will be initiated with a detailed Approach Paper setting out preliminary analytical work, scope, principal issues to be addressed, resource requirements, and a detailed timeline. Evaluations will be prepared by EvD teams, assisted by consultants when specialist skills are needed (resources permitting). EvD’s expectation is for each study to be largely completed within 12 months of launch. Proposed evaluations are summarised below.

Credit Lines

Support for extension of credit lines through financial intermediaries has been a widely-used strategic and business line for the Bank across sectors and regions for many years. Credit lines also feature prominently in the Bank’s ambitious medium-term planning and SCF commitments, including around inclusion, gender, and wider sub-regional reach. There is wide agreement that stronger evidence about the effectiveness of credit lines, including their direct and indirect beneficiaries, would assist with improving programme design, targeting, and monitoring, and reinforce the Bank’s capacity to deliver as intended. EvD will prepare an evaluation focussed on a well-defined sub-set of the Bank’s very large number of credit lines (such as by specific sub-sectors, thematic area, or region), and examining design, targeting, execution, monitoring and effects.

Knowledge Management

A demonstrated ability to offer clients a distinctive, knowledge and experience-rich package is central to the Bank’s commitment to its shareholders and to its privileged position in the marketplace. Transactions will remain the Bank’s primary instrument and are its core source of information. However, wider insights and impact at the thematic, country and sector levels, and over time, requires that transaction-level experience is effectively gathered, assessed, absorbed internally, and fed usefully back into operations work and strategic planning. Deeper success on the policy dialogue front and stronger country strategies, among other areas of priority for the Bank, will depend on effective internal knowledge management. This is a common and critical organisational challenge, with resourcing, structural, incentives and leadership dimensions. This work will evaluate the Bank’s internal systems, drawing where appropriate upon comparators’ benchmarks and good practice.

Capital Markets Development

A core element of EBRD’s mandate since inception has been to help develop deeper and more effective capital markets in its COOs. The Bank’s particular depth in financial markets development and capacity-building is a major asset and both Board and Management seek to widen activity in this area. Several initiatives have been launched for this purpose in recent years on both the borrowing and lending sides. The issues are relevant to the full range of the Bank’s COOs, they will certainly figure prominently in country strategies and policy dialogue initiatives, and they emerge if the Bank’s collaboration with other institutions. An evaluation well-focused on specific aspects of this major issue would be directly relevant to both operations and strategic-planning.

Results Architecture

The Bank has moved recently to strengthen and deepen its results focus and systems, including developing multiple new results frameworks and requirements. These bring a variety of challenges and opportunities around internal linkages, connections to incentives and performance metrics, internal coordination; effective
information management and managerial-level reporting; and, effective feedback and decision-shaping. EvD would likely focus its evaluation mainly on the design elements of the current system and emerging new elements. Comparator organisations with relevant experience likely to provide useful insights would be reviewed selectively as part of this work.

Additional potential thematic studies for 2017 to 2018

Recognising that delivery of larger thematic evaluations rarely fits neatly into a calendar year timeline, the Board has supported building a multiyear EvD work programme, although it still operates on a one-year budget and programme review cycle. EvD accordingly also develops a list of thematic evaluations for possible future inclusion in the formal work cycle. These topics may flow from or build upon recent work; they may have emerged from internal consultations and/or reflect long-standing interests on the part of the Board, or respond to Management suggestions; or, they may anticipate strategically important issues for which a body of experience and evidence is accumulating.

EvD plans to initiate exploratory work on the following three potential thematic evaluations in 2016, with an expectation that their inclusion in a subsequent work programme would be supported by the Board. EvD’s mid-2016 update on the work programme is an opportunity for an update and sounding on these topics.

Equity Operations

The SCF and SIP both envision more equity operations; there is a relatively new Bank unit dedicated for this purpose, and the Bank has produced a number of initiatives over the years intended to better support its equity activities. An evaluation might usefully cover the role and accomplishments of EBRD appointed Board members, especially in the area of corporate governance; the Bank’s record on exits; contribution of these operations to investment climate issues of high transition importance; differentiated experience across COOs with different characteristics.

Country Strategies

Given the inclusion of results frameworks in country strategies beginning in 2014, EvD should start to evaluate the results achieved. Preparatory work is underway in EvD on assessing the evaluability of country strategy results frameworks and to develop an approach to country strategy evaluation. The results of this work will be reported in the Annual Evaluation Review 2015. Country strategy evaluation work could start as early as 2016 but certainly in 2017. Evaluation of country strategies is typically an important area of focus in other IFIs, and consistently rated as among the most valuable of all evaluation products.

Women in Business Programme

An evaluation should be done at an early opportunity after this recently introduced programme has had time to develop. It could be useful to evaluate the early results of women-directed credit lines as part of the 2016 credit line study proposed above; this would add to the base of initial evaluation work done to date.

Beyond these prospective topics, consultations with Board and Management have shown consistent interest in thematic evaluation of a number of other substantial issues. EvD will look for opportunities to bring these issues into the work programme depending on maturity, resource availability and competing demands.

Engagement in SEMED Countries

The Bank’s activities in SEMED have been building for several years, despite difficult circumstances. EvD is consulting actively with Management to identify early opportunities for evaluation work.

Collaboration with other Organisations

EBRD engages at various levels (field, HQ, policy, operations, formal, informal, financial, non-financial) with other international organisations. The Bank’s widening range of activities and geographic reach will increase the scope of and opportunity for these engagements even further; stakeholder expectations regarding the value and effectiveness of this collaboration have also increased; many efforts have been made to reduce unnecessary impediments. An evaluation could usefully explore all of these issues and identify factors needed for success and areas needing greater attention.

Demonstration Effect

The demonstration effect of its operations has been a core element of EBRD’s transition logic and story. There is wide agreement that its practical scope and meaning has changed as EBRD’s operational context has changed, but less clarity on how. An evaluation could examine how the concept and its application has evolved over the years and in different circumstances, build on some useful recent evaluation work, and assess the extent to which replication may be observed in practice. This would help define the concept going forward, as well as for metrics, monitoring, evaluability and reporting.

Repeat/serial Transactions

An evaluation of the Bank’s operational record over the past 10 years could assess the following: has the Bank become more “repeat intensive;” have repeat transactions been concentrated in specific ways in support of specific objectives; have transition metrics effectively captured the expected or potential impacts of these transactions; have expectations changed vis-a-vis clients; have repeat transactions generated critical mass to bring about observable changes at either the corporate level or more broadly?
Privatisation
Examine and evaluate the different phases of EBRD’s approach and activities over time. Look at the record relative to expectations, and for experience that might inform SEMED work and possibly expanded engagement with SOEs.

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Project evaluations 2016

Transactions are the core of the Bank’s transition model and provide the critical lens through which its overall performance may be assessed. Rigorous performance evaluation at the project level is therefore central to the Bank’s evaluation function and to its accountability and learning mandates. Project-specific evaluations are the “mandatory” portion of EvD’s annual programme of work; whatever else EvD does it must deliver sufficient project-level evaluations to permit a credible assessment of performance at the institutional level.

Under long-standing practice operations staff complete self-evaluations (Operations Performance Assessments - OPA) for 100 per cent of projects reaching operational maturity. EvD also completes independent evaluation and quality reviews of self-evaluations on a 100 per cent coverage basis. This coverage is accomplished using three different types of EvD instruments – full Operations Evaluations (OE); Validations of Operations Performance Assessments (OPAV); and Reviews of Operations Performance Assessments (OPAR).

Chart 1 below provides a summary of the distribution of “evaluation-ready projects” across these three different EvD project evaluation types, along with a synopsis of the primary features of each. Annex 1 provides a more detailed discussion of the sampling and selection methodology used by EvD to determine evaluation types.

<table>
<thead>
<tr>
<th>Evaluation ready projects (total of 161 for 2016)</th>
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<tbody>
<tr>
<td><strong>120 self-assessments (OPAs) covering 100%</strong></td>
</tr>
<tr>
<td><strong>OPA Review (65)</strong></td>
</tr>
<tr>
<td>• Random selection</td>
</tr>
<tr>
<td>• OPA quality review and feedback by EvD</td>
</tr>
<tr>
<td>• Light desk review for adequacy and completeness</td>
</tr>
<tr>
<td>• No EvD ratings</td>
</tr>
<tr>
<td><strong>OPA Validation (54)</strong></td>
</tr>
<tr>
<td>• Random selection</td>
</tr>
<tr>
<td>• OPA quality review and feedback by EvD</td>
</tr>
<tr>
<td>• Close desk review of full project file; may include team interviews</td>
</tr>
<tr>
<td>• Performance ratings feed into overall performance</td>
</tr>
<tr>
<td>• Circulated to Board in full</td>
</tr>
<tr>
<td><strong>Full Evaluation (OE)</strong></td>
</tr>
<tr>
<td>• Purposeful selection</td>
</tr>
<tr>
<td>• OPA quality review and feedback by EvD</td>
</tr>
<tr>
<td>• EvD approach paper completed</td>
</tr>
<tr>
<td>• Close desk review of full project file</td>
</tr>
<tr>
<td>• Field analysis; wider research; original data development and analysis</td>
</tr>
<tr>
<td>• Generally with performance ratings</td>
</tr>
<tr>
<td>• Circulated to Board in full</td>
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Findings

Lessons database

Recommendations

Lessons database

The number of individual new “evaluation-ready” operations entering the EvD work stream has grown substantially in recent years reflecting the increase in the Bank’s average number of approved new transactions. EvD with Management’s support has accelerated the project identification and selection process substantially, in order to determine which operations will be “ready” for evaluation the following year for inclusion in the draft EvD Work Programme. The objective is to present the Board with as definitive a project list as possible in the final EvD work programme.

Based on a detailed review of the Bank’s full portfolio, EvD and Management have identified a total of 161 projects are ready for evaluation in 2016. The list of projects determined ready for ex-post evaluation in 2016 is presented in Annex 2. Each of these operations will be self-evaluated by the relevant banking team on the basis of the EvD-designed Operation Performance Assessment (OPA). Some are closely related and will be evaluated with a single OPA. A total of 120 new OPAs will be produced in 2016.

Operation Validations (OPAVs)

OPAVs are desk-based evaluations of specific projects selected randomly from the ready pool. Validations take as their starting point the project performance self-
evaluations prepared by operations teams. EvD provides comments and quality review for all draft OPAs, which are incorporated at the discretion of the banking team. The OPAV review/comment process has increasingly become a very constructive dialogue between EvD and the team concerned on project performance issues. It has contributed significantly to valuable 2-way learning, and provides an excellent way for EvD to focus banking-side attention on specific project design and performance issues beyond the financial. This benefit is increasingly recognised and appreciated. An internal Banking survey confirmed a perception of much higher value in the new approach, as well as continuing challenges in integrating the lessons of experience more consistently.

OPAVs also draw from the entire project file, related and external analysis, and relevant sector and country background. They verify, edit or delete findings and lessons identified by the self-evaluation as justified by the analysis and, where considered appropriate, include findings and lessons identified by EvD – the validated lessons are included in EvD’s lessons database. Based on the evidence presented in the underlying OPAs and desk review of available information, OPAVs validate or not the self-evaluation ratings of project performance – these validated ratings are used for EvD’s overall annual institutional-level performance assessments. EvD may also conduct short field visits to verify OPAV performance assessments in certain circumstances, further strengthening the robustness of these products. EvD may also conclude that a more comprehensive OE is justified by the issues, and will adjust its work programme as needed.

EvD has programmed an average of 56 new OPAVs during each of the past 2 years on the basis of established methodology. An estimated 54 OPAVs are programmed for delivery in 2016; the list of specific projects covered is presented in Annex 2.

Operation Reviews (OPARs)

The remainder of the annual pool of evaluation-ready projects - those not selected deliberately for OE treatment or randomly for OPAV treatment - also get self-evaluated by the banking team with an OPA. EvD completes a review of these self-evaluations using the same process as for the pool of OPAs bound for OPAV treatment, focussed mainly on their completeness, quality and lessons. OPARs do not result in EvD validated performance ratings or recommendations, nor are ratings incorporated into EvD’s overall assessment of institutional performance. However, EvD incorporates OPA lessons and findings in its databases. EvD’s strengthened review, together with more use of findings, has contributed to a significant increase in the quality of all OPAs over the last two years.

EvD has programmed an average 53 OPARs in each of the past two years. An estimated 65 OPARs are programmed for completion 2016; the list of specific projects covered is presented in Annex 2.

Operation Evaluations (OEs)

OEs require deep analysis and field assessment of a specific project or group of projects. OE candidates are selected purposefully by EvD, with input from Management, from the ready pool based on several criteria; they:

- offer specific issues or insights of interest or particular relevance to Board and Management;
- provide an opportunity to build on recent work or to contribute to work in development or anticipated; and/or,
- reflect certain sector and/or geographical coverage, or utilisation of different instruments.

In addition to providing project-specific performance assessments, OEs seek to draw out findings and lessons to illuminate accomplishments or difficulties that might have wider value in terms of institutional choices, performance and accountability. OEs generally also result in specific EvD recommendations to Management.

OEs of individual projects are time and resource-intensive, for both EvD and Management. Experience has shown that “deeper drilling” on an individual project basis doesn’t necessarily yield commensurately valuable insights for policy or operational purposes. As a result EvD has become substantially more selective with respect to the number and focus of the OEs it commits to doing. At the same time it has moved toward combining similar operations into a single OE. This yields an analysis of greater scope and depth, and therefore more likely to be of value to a wider audience both for learning and accountability. Projects under frameworks or Integrated Approaches are now treated this way, for example. Recent OEs have examined multiple operations of similar type; examples include wind farm investments in different countries, and multiple urban transport operations in the same city.

EvD has identified three OEs consistent with these criteria for inclusion in the final 2016 Work Programme. They are:

- Ertse Bank (Multiple Operations - FI) This evaluation will likely cover 15 transactions approved between 2007 – 2015, so cross-crisis and post-crisis. Total invested amount is €470.5 M in five different countries. Completion is expected in 2016.
- Enforta (Multiple Operations - ICT) The Bank approved 4 different debt and equity investments, totalling about $US 37 M equivalent, in what was an early stage Russian ICT services company, helping to finance successive stages of regional expansion. Completion is expected in 2016.
- Unicredit Relationship (Multiple Operations – FI) The evaluation will cover a total of 16 different debt operations in 10 countries (plus regional), totalling €560 Million. Completion is targeted for 2016.
Annual reporting and additional products

Annual Evaluation Review

The Annual Evaluation Review (AER) is EvD’s flagship publication. It has been restructured to serve as both a reporting tool for EvD products, activities and key findings, and as a vehicle to present policy-relevant pieces of analysis to Board and Management in compact form. EvD will continue with this approach, which has been well-received. The 2015 AER is scheduled for delivery before the Annual Meeting in May 2016. Specific items planned for more in-depth treatment are:

Gender in evaluation

EvD’s recent assessment of IFI experience in gender mainstreaming found that evaluation has until very recently not given gender results consistent consideration across IFIs. Currently, several IFIs are making changes to provide better accountability for the institutional gender commitments, and at the same time supporting the promotion of gender within the organisation. This special theme will provide a stock-taking of the inclusion of gender issues in EBRD evaluation, and propose an outlook on ways in which evaluation can effectively and consistently address gender aspects in its work to support EBRD in the delivery of its commitments in gender mainstreaming. This will be based on the conclusions of the upcoming gender in evaluation workshop organised by EvD in January 2016.

Country strategies

The EBRD has recently revised its approach to the design of country strategies, now including results frameworks. EvD will present some preliminary considerations in light of international/IFI practice, including potential for evaluability. A ‘checklist’ of criteria representing good practice features of country strategies will be set out, and a pilot assessment made of a sample of strategies that have results frameworks.

Management follow-up on EvD recommendations

The Evaluation Policy calls for the Board to be informed on a regular basis about the status of Management Follow-up on EvD Recommendations. EvD identified the need for substantial changes in the structure of the report and the entire process of reporting and tracking for the system to function as intended – for the benefit of both Board and Management. A comprehensive upgrade of the system was developed in close cooperation with Management, approved by the Audit Committee, and is now in place.

EvD will deliver its Report on Management Follow-up on EvD Recommendations semi-annually in 2016. It will continue to work with Management to strengthen the action plans to ensure they are consistent and capable of being monitored. It will also continue to ensure the effectiveness of follow-up. For its part, EvD is committed to ensure that its recommendations are limited in number, flow directly from the evidence, and are time-bound and actionable. EvD will also continue to work with IT colleagues for further improvements in the tracking and reporting system.

OPAV clusters

The production of a larger number of high-quality OPAVs also created the basis for a new EvD product. OPAV Cluster papers draw together batches of recently completed OPAVs presenting common findings and lessons, and providing a fresher and more substantial basis for drawing relevant inferences or conclusions. EvD has delivered several such papers to very positive reception from both Board and Management. EvD sees substantial value in these products and is committed to continuing to produce them.

However, because OPAVs flow from a random selection process, EvD cannot predict with any confidence the range of issues likely to emerge. Past plans to deliver OPAV clusters on specific issues have had to be postponed in a number of cases because there simply wasn’t a sufficient pool of recent, relevant OPAVs on which to draw. As the body of recent OPAVs continues to grow, so too will the pool of project-specific evidence on which to build an OPAV cluster paper. EvD is adding a simple check-list to the OPA template so that Operations teams and evaluators can catalogue OPAVs by thematic issue and more easily identify commonalities. EvD will be alert and opportunistic with respect to preparing new OPAV clusters, including on topics already identified as of interest; we will target one per quarter in 2016, subject to availability of sufficient relevant OPAVs.

Insight papers

Under Work Programmes approved in the past EvD has also produced shorter occasional papers synthesising practices, experience and evaluation findings from external sources related directly to strategy or operational issues of concern to the Board, such as experience in SEMED countries and in mainstreaming gender. EvD has no additional such work programmed for 2016.
Improving evaluation

Project Performance Rating System

Intensive work has been underway to update and strengthen the standard project performance rating framework used by both operations teams and evaluators. The main objectives include: greater consistency and comparability across evaluations; greater transparency about the drivers of performance, including the use and weighting of sub-criteria; and, greater clarity and transparency about the use of evaluator discretion. Details were set out in the most recent Annual Evaluation Review and won’t be repeated here. After extensive piloting and review, the plan remains to apply the new standards to all project evaluations from 1 January 2016. Substantial EvD training and hands-on support has already been provided this year. Additional training modules will be provided in January for all operations staff with responsibility to deliver an OPA in 2016.

External Peer Review

As part of its commitment to evaluation of high quality and objectivity EvD draws on external experts to review its major evaluations, providing professional feedback, quality assurance, and a fresh perspective. When EvD launched this initiative in 2012 it did so by creating a panel of external experts on whom it could draw on an as-needed basis. Establishment of such a panel was important, among other reasons, as a means to formalise the use of external reviewers as a normal part of the evaluation process. While this system worked reasonably well, EvD found that the scope of its peer review needs went beyond what could be provided by a standing panel of manageable size. Experts from the panel could be and were contracted for reviews on an ad hoc basis, but recourse has also been made to non-panel external reviewers when specific additional skills were needed. As a result EvD has moved to an ad hoc approach to external peer review, identifying reviewers on a case-by-case basis. Our expectation remains that major studies will ordinarily get an external peer review.

Client survey

EvD conducted a first-ever client survey in 2011, inviting feedback about its products, services and processes from Board members, senior Management, and operational staff from across the Bank and in the field. The feedback was used extensively by EvD to help guide its strategic repositioning and a major revamp of products, services and the nature of its engagement with the rest of the institution.

With much else in the Bank touching upon evaluation having also changed in recent years, it would be useful to survey afresh the views of EvD clients and main users about its main products and services. EvD will explore cost-effective ways to complete such a survey and have results available for Board review by the 3rd quarter of 2016.

Training services

EvD will continue to provide a range of services to the Bank designed to increase the uptake and effectiveness of the Bank’s evaluation and results efforts. This includes expanded training activities; improved performance assessment tools; and knowledge dissemination tools and processes.

Training activities include contributions to the Bank’s flagship Banking Academy programme for new bankers: a “Core Banking Skills” module on evaluation 5-6 times per year; an E-learning module on evaluation; and, evaluation-related components of a course on project monitoring and supervision, 4-5 times per year. A recent Banking Department survey reveals that high value is placed on EvD training, and EvD will work to deliver more of it.

EvD will also expand its training activities in ROs, resources permitting. This would include training focussed on: OPA preparation; project monitoring; and results frameworks. There is substantial unexploited opportunity to provide targeted EvD training to critical masses of operational staff through the regular sector and country team retreats.

All EvD staff will participate in intensive training in January on qualitative methods and complex evaluations, presented by world class authorities. Separately, EvD has organised training on the incorporation of gender into evaluations, also in January, and has invited EIB evaluation colleagues to participate.
Knowledge management

EvD has substantially increased its knowledge dissemination efforts and tools, leading to a wider and more useful range of evaluation material now available to the Board and Management. The objective is to encourage greater visibility, awareness and uptake of experience and lessons, provide the Board with the means to engage more effectively on performance and effectiveness issues, and contribute directly both to institutional accountability and institutional learning.

- Operation Evaluations (OEs) are circulated in full to Board and Management; summary versions redacted for confidentiality consistent with the Bank’s Public Information Policy are placed on the Bank's external web site.
- Special Studies are circulated in full internally and placed in full on the external website as standing practice. Presentation of completed special studies to staff is also now standard practice.
- Operation Validations (OPAVs) are circulated in full to Board and Management.

EvD’s Lessons Investigation Application presents relatively recent and operationally relevant lessons from completed evaluations, including lessons drawn from Operation’s self-evaluations. It provides an easily accessible resource intended mainly for staff at the concept and design stages of project development, looking for relevant findings from evaluated projects. EvD continues to work on refinements in the IT platform to improve usability and value. Among other improvements it is seeking is to make the lessons database more easily updatable, including by operations staff. The objective is to improve capture of most recent project-specific performance knowledge in order to extend the shelf-life and relevance of this valuable resource. EvD has also updated and redesigned its intranet pages to provide a better platform to communicate its work to the Board and Bank Management and staff.

EvD is operating an improved workflow management/tracking tool covering its main products and intended to facilitate the now substantially greater regular interaction between EvD and Management teams on all EvD products, and ensure better tracking, accountability and on-time delivery, inside both EvD and Management. This system will feed into an overall reporting dashboard (now under development) on the status of the EvD work programme that will be accessible to Board and Management.

Engagement with Audit Committee and Board

The Audit Committee is the primary point of engagement between EvD and Board members. There is shared desire on the part of EvD and the Committee to more regularly discuss evaluation work – both higher level and project-specific – especially where it can inform Board thinking about its strategic challenges and concerns.

Board members now receive significantly greater numbers of evaluation papers than in the past (mainly the approximately 50 validations (OPAVs) whose earlier variant was never shared with the Board). Substantial additional value lies in identifying performance or design-related themes across groups of otherwise unrelated projects, which EvD has been doing on an ad hoc basis with its OPAV cluster papers.

EvD will be delivering a substantial amount of completed work to the Board in 2016 that had been initiated under previous work programmes. EvD management will work closely with the Audit Committee to schedule presentation of this work to the Committee selectively, with a view to ensuring Committee/Board focus on work of highest value and strategic relevance. The major thematic and project evaluations to be delivered in the coming six months and considered for Committee discussion are shown below.

<table>
<thead>
<tr>
<th>Thematic studies</th>
<th>Delivery dates</th>
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<tbody>
<tr>
<td>Operations in Russian Rail Sector</td>
<td>Complete</td>
</tr>
<tr>
<td>Transactions with State-Owned Enterprises</td>
<td>Complete</td>
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<tr>
<td>Sustainable Energy Financing Facilities</td>
<td>Complete</td>
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<tr>
<td>Supply Chain Effects/Backward Linkages</td>
<td>Feb 2016</td>
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<tr>
<td>Experience with Regional Offices</td>
<td>Mar 2016</td>
</tr>
<tr>
<td>Use of Subsidies</td>
<td>Mar 2016</td>
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<tr>
<td>Small Business Support Programmes</td>
<td>May 2016</td>
</tr>
<tr>
<td>Long-Term Transition Impact of past projects</td>
<td>Jun 2016</td>
</tr>
<tr>
<td>Investment Climate Support</td>
<td>Jun 2016</td>
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<tr>
<td>Operation Evaluations</td>
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<tr>
<td>Wind Farms (multiple transactions)</td>
<td>Feb 2016</td>
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<tr>
<td>Almaty Public Transport IA (multiple transactions)</td>
<td>Feb 2016</td>
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<tr>
<td>Agribusiness Sustainable Investment Facility</td>
<td>Mar 2016</td>
</tr>
<tr>
<td>Greek Bank Operations (multiple transactions)</td>
<td>Mar 2016</td>
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<td>Erste Bank (multiple transactions)</td>
<td>Jun 2016</td>
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<td>Enforta (multiple transactions)</td>
<td>Jun 2016</td>
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</table>

Board members’ periodic Consultation Visits (BCVs) to countries of operation are an opportunity for EvD material to deepen direct understanding of the Bank’s operational work and context. EvD will work with Management and the Board upstream of BCVs to provide relevant evaluation material wherever it might be useful.
International engagement & collaboration

EvD is actively using opportunities to strengthen its external engagements and to build selectively upon its existing professional network.

The most significant engagement is with the Evaluation Cooperation Group (ECG). This comprises the Heads of Evaluation in major international financial institutions, which is a very valuable forum for professional exchange. Most heads of evaluation are relatively recently appointed, bringing to the Group’s meetings fresh perspectives and a positive and pragmatic agenda. EvD will continue to participate actively in the group, both at its twice-yearly meetings and in specific task areas underway on an ongoing basis.

EvD will be hosting two meetings of the ECG in 2016 under the Group’s rotating chair system. These meetings are an excellent opportunity for constructive engagement between the Board and Management on the one hand and evaluators on the other.

EvD also participates actively in evaluation-related work under the auspices of the Organisation for Economic Cooperation and Development’s Evaluation Cooperation Group, which is the primary forum for heads of evaluation of country development agencies.

Staffing, administration & budget

The Evaluation Department’s structure and staffing profile have been reshaped substantially in recent years, albeit entirely within existing headcount (17) and budget. Highlights include:

- Creation of a Deputy Chief Evaluator position
- Substantial turnover (exits and retirements) has resulted in a major skills renewal and changed staffing profile – broadly, less senior and more female
- With two recent new hires EvD will enter 2016 with a full staff complement.

EvD’s new structure and staffing provide the context for a close review of its “steady-state” operational capacity. That review is underway, with initial findings already informing the size and shape of proposed 2016 work commitments. We will develop this analysis further and expect it to more directly inform internal management and resourcing in 2016. Among other factors, some flexibility to respond at short notice to unanticipated opportunities for EvD to add value will be maintained in the 2016 work programme.

Under the Evaluation Policy EvD’s budget is prepared on a stand-alone basis, separate from the Bank’s full budget. It is distributed to the Board of Directors, first for review by the Audit Committee and the Budget and Administration Affairs Committee and then for approval by the Board at the same meeting as consideration of the Bank’s overall Business Plan and Budget. The preliminary EvD budget proposal for 2016 is submitted herewith as a complement to the draft work programme outlined above.

The budget has been held flat on 2011 levels in real terms, only adjusting for inflationary pay increases over that time. EvD’s budget is lower in nominal terms than it was when the EvD strategic shift and repositioning got underway in 2011. The only significant change has been the (bank-wide) decision to move the cost of retirement plans out of allocated staff benefits in each department to budgeting those costs centrally.

Table 1: EvD historic budgets and proposed 2016 budget
Annex 1: Project selection process

This Annex sets out the selection process for the individual projects covered by the 2016 to 2018 Work Programme.

First, self-assessments by operations teams (Operation Performance Assessments – OPA) are prepared for 100 per cent of operations classified as ready for assessment. Preparation of these by operations teams is an international best practice starting point for evaluation, and has been standing practice at the EBRD since its inception. Careful team-level review of project outcomes relative to expectations is vital for both institutional learning and accountability, even while it can never claim full objectivity. These self-assessments are a key input for independent evaluation, irrespective of the specific form evaluation may take.

Second, the criteria used to identify the pool of evaluation-ready operations include both objective standards and the exercise of judgment. The basic standard is that projects must have been completed from a disbursement perspective for at least 18-24 months and be in good standing. On the judgment side it may be that the operations team has reason to expect important project-related results to be more evident with the passage of some additional time.

EvD each year prepares a long list of projects that are potentially “evaluation ready,” and initiates a dialogue to work out a final list. Discussions include sector and country teams, OCE, Credit and others with project level knowledge. In some cases Management may argue that a specific evaluation should be delayed; EvD assesses the justification and makes an independent judgment. On the basis of these discussions, a final list of “ready” operations is produced, which then forms the content of the EvD project-specific work programme.

Third, international good practice standards have been developed to ensure that evaluation ratings derived from a sample of projects may be considered a legitimate representation of institutional performance as a whole. Basically, these require: independent ratings used to describe overall institutional performance may be drawn only from evaluations of randomly chosen operations; the rating for any operation deliberately selected for evaluation, for whatever reason, may not feed into the overall performance rating, although it may be perfectly valid at the project level; and, the sample size of randomly-selected operations to be independently rated must be large enough to provide a statistical confidence level of at least 95 per cent.
The Evaluation department (EvD) at the EBRD reports directly to the Board of Directors, and is independent from the Bank’s Management. This independence ensures that EvD can perform two critical functions, reinforcing institutional accountability for the achievement of results; and, providing objective analysis and relevant findings to inform operational choices and to improve performance over time. EvD evaluates the performance of the Bank’s completed projects and programmes relative to objectives.

This work programme has been prepared by EvD and is circulated under the authority of the Chief Evaluator. The views expressed herein do not necessarily reflect those of EBRD Management or its Board of Directors. Responsible members of the relevant Operations teams were invited to comment on this report prior to internal publication. Any comments received will have been considered and incorporated at the discretion of EvD. Whilst EvD considers Management’s views in preparing its evaluations, it makes the final decisions about the content of its reports.

Nothing in this document shall be construed as a waiver, renunciation or modification by the EBRD of any immunities, privileges and exemptions of the EBRD accorded under the Agreement Establishing the European Bank for Reconstruction for Development, international convention or any applicable law.

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