

APPROACH PAPER

Mid-Size Sustainable Energy Financing Facility (MIDSEFF)

Turkey

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EBRD EVALUATION DEPARTMENT



European Bank
for Reconstruction and Development

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This report was prepared by Barry Kolodkin, Senior Evaluation Manager of the EBRD Evaluation department.

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One Exchange Square
London EC2A 2JN
United Kingdom
Web site: www.ebrd.com

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Abbreviations

EBRD	European Bank for Reconstruction & Development
EvD	Evaluation department
EU	European Union
MIDSEFF	Mid-Size Sustainable Energy Financing Facility
OPA	Operation Performance Assessment
PB	Participating Bank
TC	Technical cooperation
TIMS	Transition Impact Monitoring System
TURSEFF	Turkish Sustainable Energy Financing Facility

Definitions

Evaluation Team	Barry Kolodkin, Senior Evaluation Manager; Saeed Ibrahim, Evaluation Analyst; and the technical consultant of the EBRD Evaluation department.
Operation Performance Assessment	Self-evaluation performed on every Bank project by the EBRD operations team
Participating Banks	Akbank, Denizbank, Garanti Bank and Vakifbank

Contents

Abbreviations	3
Definitions	3
1. Introduction.....	5
2. Monitoring and self-assessment.....	7
3. Scope and methodology	9
4. Administrative arrangements	12
Annex 1: Project data.....	14
Annex 2: Results framework	15
Annex 3: Evaluation design matrix.....	16
Annex 4: Technical Consultant's terms of reference for evaluation of the EBRD's MIDSEFF I Framework Facility in Turkey.....	17

1. Introduction

1.1 Name and nature of the evaluation

Mid-Size Sustainable Energy Financing Facility (MIDSEFF), Operation Evaluation

The first Mid-Size Sustainable Energy Financing Facility (referred to as MIDSEFF I and Facility), approved in November 2010, provides financing to four participating banks (PBs) in Turkey for a total amount up to €300 million (€75 million each), combined with €100 million (up to €25 million each) available for direct risk participation in selected sub-projects. MIDSEFF's purpose is to provide capital to Turkish commercial lenders for financing sustainable energy projects in Turkey. The four initial participating banks are Akbank, Denizbank, Garanti Bank and Vakifbank.

Following successful utilisation of funds, the facility was later extended in August 2011 by an additional €225 million and up to €75 million of direct risk participation for an additional three PBs (up to €25 million each). The PBs have disbursed €294.5 million of the initial MIDSEFF I facility and €225 million of the second facility to date. The second facility or MIDSEFF II extends financing to Yapi Kredi Bank, Isbank, and Finansbank. A list of the facilities with approved and disbursed amounts is available in Annex 2.

MIDSEFF strives to increase financial intermediation for sustainable energy investments by offering financing to Turkish PBs, together with direct exposure to selected sub-projects through funded Risk Participation Agreements with them. The PBs on-lend EBRD resources to clients to finance renewable energy, waste to energy and energy efficiency investments on market terms. The EBRD's implementation of MIDSEFF was unique in providing support in midsize investments and helping PBs with investment risk mitigation while facilitating the adoption of environmental and social criteria.

The Facility was complemented by a comprehensive Technical Cooperation (TC) support programme provided by the European Union in collaboration with the Turkish Treasury for a total of €2.5 million. The funds were channelled into a project consultant assignment providing implementation support to PBs and sub-borrowers. The TC was also intended to facilitate capacity building and to raise standards of sub-project appraisal in commercial banks. The consultant was tasked with ensuring that the EBRD's Environmental and Social Policy requirements were incorporated into sub-project appraisal and monitoring by PBs and that such appraisal and monitoring practices were incorporated across the PBs similar operations.

The focus of this evaluation is MIDSEFF I, a framework financing facility. Although nominally identified as a single project, and as such included in EvD's 2014 work programme as an Operation Evaluation, the evaluation actually covers a framework facility under which 26 projects with four different PBs have been approved to date. (A summary is provided in Annex 4). To understand the project fully, the Operations Evaluation will assess operations encompassing the initial four participating banks, the sub-projects, and the TC program. MIDSEFF II is not the focus of the evaluation. Nonetheless, the evaluation process should produce findings and lessons from MIDSEFF I that are germane to MIDSEFF II and will be explored in the Operations Evaluation.

1.2 Expected Results

Given the significant untapped sustainable energy market potential in Turkey (approximately 110 GWh of renewable energy apart from hydropower) which is estimated to require more than €200 billion in investments, MIDSEFF aimed to stimulate the growth of mid-size sustainable energy projects, an underserved market segment. The larger goal is to work toward reducing Turkey's reliance on fossil fuels and CO₂ emissions by supporting the implementation of projects. A parallel goal of spurring the sustainable energy market is to increase interest in the Turkish carbon finance and trading market.

The PBs were expected to achieve the objectives by lending up to €40 million per project for:

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- Renewable energy source investments – wind, hydroelectric (portfolio limits), geothermal, solar, biogas, and biomass;
 - Industrial energy efficiency investments; and
 - Waste to energy investments.

In addition, the Bank expected to participate directly in projects identified by the PBs enabling greater financial return for the EBRD and stronger support for projects to achieve transition impact.

The expected results included the disbursement of funds, selection and monitoring of sub-projects, specific goals in terms of energy produced and CO2 reduced, carbon transactions initiated, and carbon market services developed. Specific information may be found in Annex 2: Results Framework. The evaluation will examine whether these results were achieved.

Of particular importance to MIDSEFF, as a framework facility, is to assess the progress of the subprojects in order to understand not only if the funds are being disbursed and loans paid but to also understand if transition impact objectives are being met.

1.3 Rationale for inclusion in the work programme

EvD selects a small number of projects each year for in depth Operation Evaluations in its annual work programme. The Operation Evaluation is used both for accountability purposes and to draw out findings and lessons for future activities. EvD strives to cover a representative range of sectors and regions. Evaluating MIDSEFF offers the potential to contribute strongly to corporate accountability, learning and strategy because lessons may be applied to MIDSEFF II and TURSEFF, a sustainable financing facility for smaller projects in Turkey. The MIDSEFF selection followed discussions with the banking team and its suggestion to look in more depth at an energy efficiency programme rather than assess individual operations, especially in the light of the growing significance of energy efficiency in the Bank's business¹. The project also has substantial linked TC from EU Funds. Since sustainable energy programmes are actively supported by the Bank, Turkey is a growing country of operation, and the framework finance facility is an important tool that the EBRD is utilizing to stimulate both the financial and the energy sectors simultaneously. MIDSEFF I appears to be an excellent candidate for inclusion in the 2014 work programme.

EvD will also undertake a special study on the Bank's activities with regards to energy efficiency framework facilities approved over the last number of years in numerous EBRD member countries as a part of its 2014 work programme. The MIDSEFF evaluation should provide valuable input towards that study and help identify relevant issues to focus the special study approach.

Timing of the MIDSEFF Operation Evaluation is not specifically linked to preparation or review any new or existing Bank policy or strategy.

1.4 Other relevant evaluation work

EvD has produced several studies in recent years that will assist the MIDSEFF evaluation with respect to issues, data sources and findings to be considered. Most recently, EvD completed an Operation Evaluation of the Slovak Energy Efficiency Financing Framework (SLOVSEFF) as part of EvD's 2013 work programme, which was one of the first in a series of "SEFF" projects in various countries; MIDSEFF is a member of the SEFF series. The following findings from that evaluation are expected to be most relevant for this evaluation:

- *Importance of a strong project consultant.* The role of the project consultant in the early stages of marketing and

¹ SLOVSEFF was one of the first in a series of EBRD "SEFF" projects across member countries, all using a similar but not identical model.

promoting the SLOVSEFF facility, and later in the preparation of technical assessment packages for Rational Energy Utilization Plans and Simplified Energy Audits and monitoring proved instrumental to project success. Similar to other SEFFs, MIDSEFF retains significant consulting expertise including a technical project consultant and a carbon consultant. This evaluation will investigate the role and contribution of the consultants.

- *Maximising demonstration effects.* A key goal of SLOVSEFF was to provide evidence of the viability of sustainable energy investments to the marketplace. The evaluation found that to maximize this demonstration effect, action is needed to raise the visibility of the projects rather than just rely on the impacts from implementation. SLOVSEFF established annual awards with wide media coverage for the best performing projects. MIDSEFF transition impact targets include demonstration of new products and mechanisms. This study will evaluate the key factors leading to a successful demonstration effect whether they are awards and media or other strategies.

In October 2010, EvD produced a special study entitled “Sustainable Energy Initiative Phase I Strategic Review” which assessed the EBRD’s implementation of investment operations as part of the Bank’s Sustainable Energy Initiative Phase 1 2006-2008. A key finding from both the SEI and SLOVSEFF evaluations was the use of subsidies in the form of incentive payments (a key element in the design of many SEFF facilities) to attract projects and the sustainability of those incentives long-term. There are no subsidies associated with MIDSEFF. This evaluation heretofore will need to elicit different contributing factors that may have led to MIDSEFF’s high disbursement rate.

EvD evaluates finance facilities and individual energy related projects on a regular basis. These evaluations will prove useful in confirming findings regarding both the framework facility and the subprojects associated with MIDSEFF.

2. Monitoring and self-assessment

A key component of an Operations Evaluation is understanding monitoring and self-assessment. Several tools are used to monitor a project throughout its implementation. This Operation Evaluation will utilize monitoring reports as a mode of comparison. Monitoring reports may also help to identify issues to which the evaluation might pay particular attention.

2.1 Monitoring reports

The project consultant delivers quarterly reports with performance indicators to the operations team. These reports will prove invaluable as they monitor at both the framework and the sub-project level related to both project finances and operations with categorizations by for example bank, location, technology on a cumulative basis.

EvD will also utilize the Bank’s monitoring tools where appropriate. In the case of MIDSEFF, the Credit Review Summaries are not issued at the framework level but at the PB level. The Evaluation Team notes that the reports for each of the PBs concentrate mainly on the financial status of the PB’s themselves rather than provide an understanding of the overall financial and investment performance of the sub-projects. Similarly, the thoroughness of each of the project monitoring module reports known as project monitoring reports varies based on the individual PB especially in the area of implementation progress reported against objectives. Thus, the Evaluation Team will review these monitoring reports in the context to: a.) gain a greater overall understanding of MIDSEFF; b.) elicit key specific facts or observations; and c.) identify information gaps that may be remediated through consultant reports, interviews or other methods.

2.2 Transition and other impact monitoring

Because of the nature of framework facilities, work directly with financial institutions and indirectly with energy producers (directly through TC), can generate a tremendous amount of transition impact affecting banks, borrowers and participants in the energy marketplace. The expected ex-ante transition impacts for MIDSEFF in Turkey were:

- Demonstration effects of new products through acceleration and scale-up of sustainable energy investments, including diversification of technologies.

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- Demonstration effects of new financing mechanisms through the expansion and development of carbon markets.
 - Transfer of skills through upgrade of environmental standards and capacity building for financing renewable energy sources investments.

The EBRD monitors progress toward transition impact via the Transition Impact Monitoring System (TIMS) The TIMS reports from 2011 and 2013 will be used in the Operations Evaluation. The reports indicate that the MIDSEFF project is by and large on track to achieve its milestones but there is still work to be done. For example, the project emphasises developing interest in sustainable energy technologies other than hydropower – underlined by benchmarks in TIMS. MIDSEFF has been extremely successful in attracting both hydropower and wind energy projects but less so with other technologies. The evaluation team will seek to go beyond the benchmarks to understand why and what the impact might be. The TIMS reports will be supplemented by fieldwork and interviews to ascertain a complete picture of the transition impact achieved.

Improved environmental performance and management is part of the Bank's values and the project's transition impact objectives. The PBs require the client companies to comply with national requirements for environmental, health and safety and specific energy efficiency. Parameters for the sub-projects were identified at appraisal (reduction of air pollutants, SO₂, NO_x, CO₂). The technical consultant for this evaluation will be charges with analysing the monitoring reporting from the participating banks, environmental and social monitoring by the project consultant, and reports by the Bank's Environment and Sustainability department.

2.3 Operations Performance Assessment (OPA) and Validation

The banking team submitted its OPA on April, 14 2014. The high-quality OPA and its attached documentation provide a rich data set for evaluation. The OPA will serve as a foundation source for the Operation Evaluation.

Among key findings presented in the OPA are:

- Nearly all the participating bank funds have been disbursed and there is strong demand for additional funds resulting in three additional banks participating in MIDSEFF II.
- MIDSEFF was successful in identifying wind and hydropower projects.
- The EBRD's additionality in the project stems from its (i) ability to capitalize on existing relationship as a lender to Turkish banks; (ii) institutional capacity to link and monitor technical cooperation between client financial institutions and sub-projects; and (iii) ability to create a commercial financing scheme such as the proposed facility.
- MIDSEFF was the EBRD's first project in Turkey utilizing diversified payment rights, a future flow securitisation mechanism used to reduce sovereign risk.
- The EBRD has yet to invest in any direct risk participation projects.
- The sub-projects under MIDSEFF I have accounted for the following sustainable energy production
 - o Electricity production savings: 1,548,738 MWh/year
 - o Renewable capacity added: 455 MW
 - o Carbon emissions avoided: 948,200 tCO₂/year

The evaluation team will utilize these findings to assess performance and what lessons can be learned from the findings which can form the basis of practical recommendations. The consultant, for example, may investigate whether the abovementioned energy production numbers are in line with the fund disbursements and project expectations especially in the area of transition impact.

3. Scope and methodology

3.1 Scope

3.1.1 Conceptual or results framework

Conceptual or results frameworks are often used, particularly for sector or thematic studies, to show a series of cause and effect relationships leading to results (theory of change, or lines of causality). This helps show how the EBRD's support (inputs) contributes to outputs, outcome and impacts.² They can also help the evaluator and others understand what is being evaluated.

A draft results framework is provided in Annex 2. Much of the results framework outlines the environmental and technical results to be achieved by the sub-projects as stated in the project documentation. While the focus of MIDSEFF is the lending to the participating banks by the EBRD, the results of the sub-project elucidate the level of transition impact and demonstration effect.

² Definitions of these terms are as in OECD-DAC. 2002. *Glossary of Key Terms in Evaluation and Result-Based Management*. OECD, Paris. Outputs are defined as "the products, capital goods and services which result from a development intervention." Outcome is defined as "the likely or achieved short-term and medium-term effects of an intervention's outputs." Impacts are defined as "positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended."

3.1.2 *Sample selection*

The evaluation will cover all 26 projects approved under MIDSEFF I facility with four different participating banks. It will take overall a bottom-up approach to arrive to a compound assessment and ratings of the aggregated projects. Data from all the subprojects will be evaluated. During the field mission (see Section 3.2), the Operation Evaluation Team will visit a subset of three to five projects.

3.1.3 *Evaluation questions*

The MIDSEFF Operations Evaluation aims to answer customary questions from the Operations Performance Assessment template in order to provide a common baseline of understanding and to assess project output, performance and impact. These questions include the following.

- What additionality did the EBRD provide?
- How did the project support the relevant sector or country strategy?
- What was the counterfactual—what would have happened without EBRD support?
- Was the project well-designed, structured and managed.?
- To what extent were financial, operational, and transition impact objectives achieved?
- What were the environmental and social impacts of the project?

These questions are relevant for both the MIDSEFF framework facility and the sub-projects. The Operations Evaluation with its fieldwork and more comprehensive review will answer customised questions to provide more specific insights about the Bank's participation. These customised questions include the following.

- What role did the technical cooperation play in the attraction, development and success of the projects?
- What are the lessons or recommendations related to uptake of funds and sub-project selection and success?
- Why has there yet to be any direct risk participation in the sub-projects by the EBRD?
- What needs to be done to stimulate greater interest in sustainable energy production and the carbon market? This question is particularly relevant as MIDSEFF is providing models for other EBRD projects in the Sustainable Energy Initiative Phase 3, 2012 to 2014

3.1.4 *Indicators, data sources and analysis*

Specific information on evaluation design, data and indicators may be found in Annexes 2 and 3, the evaluation design matrix and the results framework. Data sources are also listed in Section 3.2 'Methods' under 'Document Review'. The analysis will be supported by a technical consultant (see Section 3.2) who will assist the Operation Evaluation team with the evaluation of the assistance provided to the participating banks, the implementation of the sub-projects and the overall results. The consultant will be tasked with developing an output and outcome matrix at the participating bank and sub-project level to provide strong understanding of financial, operational and environmental performance.

3.2 **Methods**

The methods to be used in the evaluation may include but not be limited to:

- Document review: The evaluation team will review sources such as the following.

- Bank approval documents: deal database sheets, operation tracking reports, credit review memoranda, final review memoranda, support unit comments, Board documents, Board Directors' questions and answers, environmental appraisals, country and sector strategies, due diligence documents and the original consultants' report.
 - Implementation and monitoring reviews: portfolio monitoring reports, credit review summaries, TIMS reports, environmental reports, TC implementation documents.
 - Consultant reports provided by the project and carbon consultants.
 - Documentation provided by participating banks
 - MIDSEFF website which provides sub-project summaries and technical data
 - Legal agreements
- Staff interviews: Interviews with relevant EBRD staff identified during the document review. The team plans to interview the Operation Leaders for the framework and sub-projects, Credit department, the Office of the Chief Economist, the Environment and Sustainability Department, Energy Efficiency and Climate Change team and TC department.
 - Field mission: A field mission is envisioned to hold interviews with relevant staff of all participating banks under the facility and a sample of the ultimate beneficiaries and other stakeholders. The evaluation team will meet with representatives of the EBRD Resident Office, Government of Turkey and other appropriate parties such as the IFC and the EU. Meetings with civil society representatives will be made based on time available. The goal of the mission is to gain quantitative and qualitative information on the achievements at the operational, financial, transition impact and environmental and social levels. The mission will also aim to gain first-hand knowledge about the interaction and satisfaction of the participating banks with the definition of the project objectives and relationship with the EBRD and to seek learning to apply to future operations.
 - Technical consultant: The Operation Evaluation team needs technical expertise in the areas of sustainable energy and carbon finance in order to evaluate MIDSEFF. EvD plans to hire a short-term technical consultant to assess the participating banks' project analysis process and the monitoring and implementation of the sub-projects. The terms of reference for the consultant are included in Annex 4.
 - Survey: While a survey of participating banks and sub-projects is not foreseen at this time, if the document review and interviews do not gather sufficient data regarding the subprojects, the evaluation team may elect to conduct a survey of the sub-projects.

3.3 Deliverables

The main deliverable is an Operations Evaluation report including lessons and recommendations where appropriate. The technical consultant will be tasked with drafting several sections of the report.

Following standard procedures, a first draft will be circulated for peer review and management comments and observations will be incorporated where relevant. A final document and Board summary will be prepared for the Board of the Bank and a web (non-confidential) version publicized. Presentation to the Audit Committee will follow if requested and relevant lessons will be integrated into EvD's Lessons Investigation Application.

3.4 Potential problems and limitations of the study

Because of resource limitations, EvD will not be able to visit all 26 sub-projects. EvD, prior to its field mission, will select a sample of projects to visit that represent different participating banks, technologies and stages of development. The

evaluation team will also try to set up roundtables or a series of meetings in Ankara and Istanbul to meet with sub-project representatives with offices located in those cities.

Because the 26 sub-projects are in various stages of development and all of the projects are not yet complete, EvD will not have the final financial and energy production or savings data for each project.

With the data available including sub-project reporting, EvD will have ample data to evaluate MIDSEFF I as a framework facility. Furthermore, with sub-projects being in different stages of development, the Operation Evaluation will be able to evaluate how the participating banks and the project consultants interact with the sub-projects at the different stages of project development.

4. Administrative arrangements

4.1 Evaluation Team

Team Members: Barry Kolodkin, Senior Evaluation Manager; Saeed Ibrahim, Evaluation Analyst; and the technical consultant of the EBRD Evaluation department.

4.2 Peer reviewers / advisory panel

The draft evaluation report will be peer reviewed by Rafael Alcantara, Principal Evaluation Manager. No external peer reviewer is designated at this time. However, after consultations with EvD management, the team may elect to do so at a later date.

4.3 Timetable

Milestone	Date (by week)
Study starts	I April
Approach paper approved	I May
Consultants recruited	II May
Field visit complete	III June
Draft complete	III August
Draft circulated to internal peer reviewers	II September
Draft cleared by CE for circulation to external peer reviewers	III September
Draft cleared by CE for Management Comments	IV September
Final editing	I October
Final approved by Chief Evaluator	I October
Draft Board Summary	I October
Final Board Summary approved by Chief Evaluator	II October
Final distribution	III October

4.4 Budget

Project budget excluding staff time:

Item	Amount (£)
Lump sum consultant payment	£16000
Travel expenses	£7000

Annex 1: Project data

Operation Name	MIDSEFF I	Operation Leader	Oksana Pak
Portfolio Class	Private	Country	Turkey
Company/Borrower	Akbank, Denizbank, Garanti Bank, Vakifbank,	Region	Turkey
Type of Borrower	Participating Banks	Industry Classification	Financial Institutions
Company Ownership	N/A	Board Document & Project Code	BDS10-291 and Addendums 1, 2, 3,4,5 and 6
Project Type	Financing facility	Project Status	Active
Operation Type	Debt	EBRD Commitment	€400,000,000 (MIDSEFF)
Operation Team	Financial Institutions	Investment Status	Active
Operation Appraisal, Approval and Monitoring			
Concept Clearance	23 Jul 2010 (MIDSEFF I)	Board Review	14 Dec 2010 (MIDSEFF I); 16 Aug 2011 (MIDSEFF II)
Structure Review	22 Oct 2010 (MIDSEFF I)	Signing	N/A
Final Review	26 Nov 2010 (MIDSEFF I)	First Disbursement	04 Aug 2011
Post-Evaluation Responsibility			
OPA Team	Oksana Pak; Michelle Stone; KunHee Cho	Operation Evaluation Team	Barry Kolodkin; Saeed Ibrahim
OPA Field Visit	No	Operation Evaluation Field Visit	Yes
Number of Days	n/a	Number of Days	6
OPA Distribution Date	15-April-2014	Operation Evaluation Distribution Date	TBD

Annex 2: Results framework

Objectives	Indicators	Data Sources	Risks and Assumptions
Demonstration effects of new products	<ul style="list-style-type: none"> - At least 40% of the Sub-projects will be non-HEPP RES technologies (i.e. wind, geothermal, biomass, biogas, solar or waste-to-energy projects) - Each participating bank to further develop their portfolio of non-HEPP RES investments, including from financing sources other than the Facility, such portfolio to include at least two investments from the following non-HEPP technologies: wind, geothermal, biomass, biogas, solar or waste-to-energy projects. - Co-financing of at least one WtE sub-project under the Facility - Expected RE produced and CO2 emissions savings: <ul style="list-style-type: none"> o 350 MWe of RE installed capacity o 1.0 TWh of RE production per year o 800,000 tCO2 equivalent abated per annum 	<ul style="list-style-type: none"> - participating bank reports - Consultant reports - Company reports- -TIMS - Discussion with operation leader, the Office of the Chief Economist and internal Bank departments - Interviews with participating banks' management and beneficiaries 	Quality and availability of data Projects sufficiently developed to produce energy savings
Demonstration effects of new financing activities	<ul style="list-style-type: none"> - four to eight projects registered in the voluntary carbon market and VER transactions initiated - Initiate the preparation of at least one carbon transaction per participating bank 	<ul style="list-style-type: none"> - PB reports - Consultant reports - TIMS - Discussion with operation leader, the Office of the Chief Economist and internal Bank departments - Interviews with external stakeholders (such as the government and IFIs) to understand if other projects emerging - Interviews with participating banks' management and beneficiaries 	Availability of data Definitions of 'initiated' and 'preparation'
Transfer of skills	<ul style="list-style-type: none"> - Mainstream environmental procedures in four participating banks - Carbon Market Services developed for at least one participating bank 	<ul style="list-style-type: none"> - Environment and Sustainability department reports - participating bank reports - Consultant reports -TIMS - Discussion with operation leader, the Office of the Chief Economist and internal Bank departments - Interviews with participating banks management and beneficiaries 	Quality of data

Annex 3: Evaluation design matrix

Evaluation Question	Source of Data	Collection Method	Data Limitations
<i>What we want to know</i>	<i>Where we get the information</i>	<i>How do we get it?</i>	<i>How reliable is it?</i>
In what ways was the support provided consistent or not with sector policy and country strategy?	Strategy for Turkey at approval time (BDS/SK/06-01(F)). Financial Sector Operations Policy BDS99-063(F). Relevant national strategy	Boldnet Consultant, Resident Office, or Ministry for national strategy Discussions with others looking at this sector at the strategic level – IFC, World Bank, Govt.	Good
What Additionality did EBRD provide? - How was Additionality expected to be achieved according to the Board report and what evidence will be used to deduce this - What was the counterfactual—what would have happened without EBRD support?	Board documents Country/sector strategies OPA External studies & assessments Interviews with PBs. Interviews with IFC, Govt., EU	Boldnet, Projectlink Desk review Interviews	Difficult to establish counterfactual.
To what extent were objectives achieved? - Financial intermediation - Energy efficiency improvements	OPA, interview with OL and ESD, financial reports, financial statements, environmental reports, consultant reports, TC reports	Projectlink Desk review Interviews	Good but may be a focus on financial aspects.
What was the transition impact, in terms of: - Demonstration effects of successful sustainable energy investments - Transfer of skills - Sustainable removal of market barriers - Any other TI not initially identified at Project appraisal	TIMS report, OPA, TC reports, direct source from stakeholders	Projectlink Desk reviews Interviews	Quality of TI data and assessment.
What were the environmental impacts? - What was the environmental performance of the operation? -What was the extent of environmental change?	OPA, TIMS report, PBs' reports, Environment and Sustainability department reports, E2C2 reports, Consultant reports, direct source from stakeholders incl. Govt. and/or IFC	Projectlink Company reports Interviews	ESD involvement not yet clear
How did EBRD perform in terms of preparation, design, structuring, monitoring, reporting, client relationship, sound banking?	OPA, Internal bank documents, direct source through interviews with Bank's departments.	Projectlink Project monitoring system CRS Interviews	Difficult to calculate overall project contribution and IRR as per the Bank's model.

Useful reference:

IEG, 2011. [Writing Terms of Reference for an Evaluation: A How-To Guide](#). Washington, IEG. Available at:

Annex 4: Technical Consultant's terms of reference for evaluation of the EBRD's MIDSEFF I Framework Facility in Turkey

Background

The independent Evaluation Department (EvD) of the European Bank for Reconstruction and Development (EBRD or the Bank) routinely evaluates projects to enhance learning and accountability in accordance with EBRD's Evaluation Policy. EvD plans to evaluate the Midsize Sustainable Energy Financing Facility (MIDSEFF) and seeks the services of a technical consultant to contribute to the evaluation.

MIDSEFF (www.midseff.com) provides capital to commercial banks in Turkey for on-lending to sub-borrowers to develop sustainable energy projects related to energy efficiency or renewables such as wind, solar, geothermal, biogas or hydroelectric power. EvD plans to evaluate the first phase of the program (MIDSEFF I) which provided funds to four Turkish participating banks (PBs). The scope of the evaluation will include if project objectives were achieved, how the EBRD's investment has helped develop the sustainable energy lending of the PBs, and if the project led to transition impact related to the development of sustainable energy.

Assignment's objectives

MIDSEFF I is a framework financing facility that provides capital to banks but to evaluate the full impact of the program, subject matter expertise is needed to evaluate the sub-projects and the technical assistance provided to the banks. The services of a consultant with technical expertise in the financing of sustainable energy projects with specific experience working with lending banks and loan recipients is necessary to understand: a) the nature of the EBRD's technical cooperation with the PBs; b) the progress made on energy projects; and c) the impact on the environment and the carbon trading market.

The objective of the Assignment is to provide technical guidance to the Evaluation Team; gather, analyse and present financial and technical data; and draft key sections of the evaluation report. The specific deliverables and requirements are set out in Sections 3 and 4 below.

Scope of services and tasks

Expected Number of Days	21
Expected Dates of Assignment	May – September 2014

The Consultant shall review documents provided by the EBRD and discuss with the Evaluation Team and participate, with the Evaluation Team, in interviews with Bank's key staff involved in the project. The consultant will deliver the following products in writing one week after the interviews.

- i) **Key issues:** A list of key issues that need to be addressed during the evaluation in order to understand project performance and transition impact. These would be issues not previously identified by the Evaluation Team.
- ii) **Additional interviewees:** A list of additional interviewees to meet with during the field mission to gather the data needed to prepare the evaluation report.
- iii) **Field mission questions:** The consultant should prepare questions for the field mission. The purpose of the questions is to have a structured interview for the sub-projects in order to obtain a common data set sufficiently robust for the assessment of achievement of objectives of transition impact.

Field mission

The Consultant shall participate in the field mission to Turkey for an estimated six to seven day period, to meet with the EBRD Resident Office, project consultants, PBs and a sample of the sub-borrowers, such as the project beneficiaries, and other relevant parties such as government ministries, civil society representatives and other international financial institutions.

Output and outcome matrix

The Consultant shall prepare a matrix outlining the outputs, outcomes and, where possible, impacts of the MIDSEFF I subprojects organized by PB and project type. The objective of the matrix is to compare results versus expectations and highlight if other factors such as PB or sub-project type influenced the results achieved. Information in the matrix would include status or phase of each sub-project, financing received/expected, revenues/financial projections if relevant, energy produced or saved, environmental impact, transition and social impact, carbon market impact. Final delivery of the matrix would be expected shortly after the field mission.

Evaluation report submission

The Consultant will work in a collaborative effort to draft the evaluation report. At the direction of the Team, the Consultant will be tasked specifically with drafting the report's technical sections related to the following questions within a predefined format to be provided by the Operation Evaluation team:

- How appropriate was the design of the MIDSEFF?
- How well did the Bank supervise the MIDSEFF?
- To what extent did MIDSEFF contribute to realised transition impacts?
- How sustainable are the MIDSEFF's results?
- How well did the MIDSEFF project consultants perform?

In order to answer the abovementioned question, the Consultant will look at the following questions at the sub-project level.

- To what extent were expected outputs achieved?
- To what extent did the sub-projects contribute to intended outcomes?
- Were there any unintended results from the sub-projects?

The Consultant's submissions shall quantitatively AND qualitatively:

- Analyse the results of the investments with the objectives defined when the EBRD approved them as set out in the Bank's approval documents;
- Assess the projects' impacts on the transition process and markets;
- Assess the environmental and social impacts resulting from the project implementation in comparison with those foreseen at project approval.
- Identify lessons and recommendations in concert with the EvD team to improve performance and provide input into ongoing and future projects.

The Consultant will also be asked to contribute specific comments or input in other sections of the report.

Review of draft report

The Consultant shall also, review the entire draft evaluation report and provide editorial changes and comments.

Qualifications, implementation arrangements and deliverables

Skills, qualifications and experience required

- At least five years working experience in evaluation of projects in the energy efficiency and/or renewable energy financing fields.
- Academic qualification to at least Masters Level in an area related to energy efficiency or sustainable energy or in finance/banking with coursework related to energy efficiency or sustainable energy.
- Demonstrable experience related to carbon markets including finance, trading and offsets.
- Work experience in Turkey or demonstrable experience with projects in similar disciplines, or geographies.
- Strong research and communication skills. Ability to deal with large amounts of information and extract key relevant parameters and rationalize and communicate effectively in written English.
- Experience with multilateral development banks is highly desirable.

Implementation arrangements

The Consultant shall report to the Evaluation Team leader, Barry Kolodkin (kolodkib@ebrd.com) and liaise with Saeed Ibrahim (ibrahims@ebrd) at the Bank's Headquarters in London. The Consultant will receive lump sum payment(s) upon receipt of deliverables.

EBRD's operations and the independent impartial role of its Evaluation Department will call for strict confidentiality and non-disclosure clauses in the consulting contract. Candidate consultants and their individual experts may be asked to agree to a prior clearance on qualifications and non-conflicting interests. The consultant will declare in writing all work with the EBRD and with the Company, or work with the Company's competitors.

The Consultant shall be able to receive, download and print e-mails and their attached documents in Microsoft Word, Excel, and PDF file formats.

Deliverables

The main deliverables of the assignment are documents and participation in evaluation project activities (see table below). All documents will be submitted in English. Any potential delay in delivery should be discussed with and authorised by the Bank in advance.

The Consultant will neither discuss nor distribute the report (draft or otherwise) or any aspects or details relating to their findings to parties outside the Bank without explicit written authorisation from the Bank. The Deliverables are due as follows:

Deliverables	Due Date
Activity plan, document review and EBRD interviews	By June 6, 2014
Key issues and field mission questions for the mission	By June 13, 2014
Field mission participation	By June 24, 2014
Output and outcome matrix	By July 4, 2014
Draft report submission	By August 18, 2014
Review draft report	By September 6, 2014

Payment schedule

- 30 per cent to be paid after completion of the field mission.
- Remainder to be paid after delivery of the final deliverable.