APPROACH PAPER

Evaluation of EBRD's Use of Subsidies - Phase I

February 2016

EBRD EVALUATION DEPARTMENT

European Bank
for Reconstruction and Development

The Evaluation Department (EvD) at the EBRD evaluates the performance of the Bank's completed projects and programmes relative to objectives in order to 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 reports directly to the Board of Directors, and is independent from the Bank's Management. Whilst EvD considers Management's views in preparing its evaluations, it makes the final decisions about the content of its reports.

This approach paper 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 team 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.

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1. Introduction

1.1 Name and nature of the evaluation

This approach paper covers the first of what are expected to be two phases of an evaluation of the EBRD's use of subsidies. This first phase will map the Bank's use of subsidies through non-TC grants (NTG), and assess the degree of correspondence between recent use and the Bank's policies. Part descriptive and part analytical, phase one of the evaluation will describe the role(s) of subsidies in the Bank's operations and assess their relevance. A possible second part of the evaluation would evaluate the results achieved from the use of subsidies.

The evaluation comes under the category of thematic evaluations, the principal purpose of which is learning rather than accountability.

1.2 Rationale for inclusion in the work programme

The evaluation of several sustainable energy facilities during 2014 identified that subsidies played an important role in some cases but not others. This triggered EvD's interest in the topic, so an evaluation on the EBRD's use of subsidies was suggested to the Audit Committee as a possible item in EvD's 2015 work programme. This was endorsed by the Audit Committee and the work programme containing this study was duly approved by the Board.

EvD is also aware that since the Grant Co-financing Strategic Review of 2012-13, work has been done to update guidelines prepared in 2008 for use of non-TC grants sourced from the Shareholders Special Fund (SSF) so as to apply to all non-TC grants and be formulated in checklist form.

In this context, EvD proposes to undertake a thematic evaluation with the following scope:

– to update the information on the use of non-TC grants compiled in 2012 for the Grant Co-financing Strategic Review;

– to assess the alignment of subsidy use with relevant guiding policies and the principles stated in the staff guidelines; and

– to explore the role played by the Bank in conjunction with relatively large subsidies provided by donor-designed schemes.

1.3 Background

1.3.1 Definitions

Non-TC grants – the Bank's name for a range of subsidies funded by donors or the SSF and distinguished from technical cooperation (TC). The Bank uses this term to cover four main types of subsidy:

i) investment grants – grants from donors or the SSF representing part of the cost of projects and accompanying Bank (and perhaps other) finance of the remainder;

ii) concessional loans – loans with terms (interest rate, grace period or repayment schedule) more favourable than in available commercial loans and corresponding to donor funding of them;

iii) incentives – either in the form of performance fees paid to partner financial institutions as they extend loans of specified kinds to sub-borrowers, or in the form of rebates for sub-borrowers when their use of loans for specified purposes is validated; and

iv) risk-sharing facilities – designed to encourage financial institutions to make intended kinds of loans, by reducing their risks of credit or exchange-rate losses in doing so through the Bank's assumption of some of those risks.

Subsidies – elements representing a lower cost of finance for clients or sub-borrowers than would be available commercially or with the usual risk-weighted return for the Bank. While some transactional TC grants could also be seen as subsidies, the more substantial subsidies are non-TC grants, and this evaluation and its use of the term "subsidies" will be confined to them.

1.3.2 Trends in number and value of non-TC grants

Numbers of approvals or signings of new operations or facilities incorporating subsidies in the five-year period from 2010 to 2014 are shown in Table 1 below, which also shows breakdowns by sector and by country group. The main points are as follows:

- Bank operations including investment grants have grown in numbers in 2013-14. They have been for water and waste water systems, solid waste management, transport and electricity generation. The countries involved are predominantly ETCs.
- Bank operations including concessional loans have grown in 2012-14, although the numbers have remained small. The growth has been in projects for energy-efficient electricity generation and district heating, involving only a few countries.
- Bank operations including incentives have grown sharply in numbers in 2012-14. Throughout 2010-14, incentives have been used predominantly in facilities for energy efficiency and renewable energy, with just a few others for small business. The countries involved have mostly been ETCs or in the Western Balkans.
- Bank operations including risk-sharing facilities have grown in 2012-14, although the numbers have remained small. These have been used mostly in facilities for energy efficiency and renewable energy (EE/RE), plus several in 2014 supporting lending for women in business. Only a few countries have been involved.

The **amounts** of subsidies, of the four kinds described, which were approved in the five-year period 2010-14 are shown in Table 2 below. The pattern of their growth is largely similar to what has just been described for numbers of operations and facilities, with the amounts being relatively large for investment grants and concessional loans, and small for incentives and risk-sharing facilities. Other features in the pattern of amounts are:

- the large amounts of investment grants are mainly due to grants from EU Cohesion Funds, for Romania and Poland in 2012 and Romania in 2013 and 2014, which were not designed or managed by the Bank but were linked to Bank operations in those countries – the other amounts of investment grants were generally small; and
- amounts of incentives in EE/RE facilities have been generally smaller in ETCs than in Western Balkan and other countries where they are used.

Table 1: Numbers of new operations/facilities with subsidies, 2010-2014

By type and sector		2010	2011	2012	2013	2014
Investment Grants	Water	6	4	2	9	4
	Solid waste	2	2	-	3	3
	Transport	3	2	2	1	4
	Generation/ district heating	1	1	1	4	3
	Other/unidentified	-	-	2	1	1
	Total	**12**	**9**	**7**	**18**	**15**
Concessional Loans	Solid waste	-	-	1	-	-
	Generation/SEFF/ district heating	1	2	4	6	5
	Total	**1**	**2**	**5**	**6**	**5**
Incentives	EE/RE	7	7	15	27	22
	SME/private sector	1	1	1	1	-
	Other/unidentified	-	-	3	1	11
	Total	**8**	**8**	**19**	**29**	**33**
First Loss Cover	SME	1	-	-	-	-
	EE/RE	-	-	5	5	-
	WIB	-	-	-	-	3
	Total	**1**	**-**	**5**	**5**	**3**
By type and country group		**2010**	**2011**	**2012**	**2013**	**2014**
Investment Grants	ETC	8	5	2	10	11
	WeB	-	2	1	-	1
	Other	4	2	4	8	3
	Total	**12**	**9**	**7**	**18**	**15**
Concessional Loans	ETC	-	1	2	1	2
	Other	1	1	3	5	3
	Total	**1**	**2**	**5**	**6**	**5**
Incentives	ETC	-	1	7	13	23
	WeB	-	4	3	8	5
	Other	-	3	9	8	5
	Unidentified	8	-	-	-	-
	Total	**8**	**8**	**19**	**29**	**33**
First Loss Cover	ETC	-	-	3	1	-
	Other	1	-	2	4	3
	Total	**1**	**-**	**5**	**5**	**3**

Source: data provided by DCF team

Table 2: Amounts of subsidies in new operations/facilities, 2010-2014, in EUR million

By type and sector		2010	2011	2012	2013	2014
Investment Grants	Water	27.5	27.0	5.0 (67.1)	16.3 (552.7)	8.7 (31.2)
	Solid waste	6.9	4.3	-	6.1	6.9
	Transport	58.3	20.5	17 (179.3)	1.6	13.2
	Generation/district heating	-	2.0	5.0	14.8	18.1
	Other/unidentified	-	-	5.0	5.0	-
	Total	**92.7**	**53.8**	**278.4**	**596.5**	**78.1**
Concessional Loans	Water	-	-	-	-	-
	Solid waste	-	-	5.9	-	-
	Transport	-	-	-	-	-
	SEFF/generation/district heating	40.0	12.9	9.3	25.8	36.5
	Other/unidentified	-	-	-	-	-
	Total	**40.0**	**12.9**	**15.2**	**25.8**	**36.5**
Incentives	EE/RE	35.7	31.0	30.3	22.4	21.5
	SME/private sector	9.7	9.6	3.4	0.4	-
	Other/unidentified	1.3	-	-	0.2	8.6
	Total	46.7	40.6	33.7	23.0	30.1
First Loss Cover	SME	5.2	-	-	-	-
	EE/RE	-	-	0.9	0.7	-
	WIB	-	-	-	-	7.7
	Total	**5.2**	**-**	**0.9**	**0.7**	**7.7**
By type and sector		**2010**	**2011**	**2012**	**2013**	**2014**
Investment Grants	ETC	35.7	36.4	5.0	28.8	33.5
	WeB	-	8.9	17.0	-	4.4
	Other	57.0	8.5	10 (246.4)	15 (552.7)	9 (31.2)
	Total	**92.7**	**53.8**	**278.4**	**596.5**	**78.1**
Concessional Loans	ETC	-	7.7	9.1	0.5	21.6
	WeB	-	-	-	-	-
	Other	40.0	5.2	6.1	25.3	14.9
	Total	**40.0**	**12.9**	**15.2**	**25.8**	**36.5**
Incentives	ETC	-	1.3	5.9	6.7	7.6
	WeB	19.8	19.5	3.1	8.0	5.1
	Other	-	6.5	2.0	8.3	17.5
	Unidentified	26.9	13.3	22.7	-	-
	Total	**46.7**	**40.6**	**33.7**	**23.0**	**30.1**

First Loss Cover	ETC	-	-	0.3	0.04	-
	Other	5.2	-	0.6	0.7	7.7
	Total	**5.2**	**-**	**0.9**	**0.7**	**7.7**

Source: Grant Co financing Reports and data provided by DCF team.
Note: the figures in brackets are for investment grants from EU Cohesion Fund.

1.3.3 Donor sources

The sources of funds for non-TC grants are stated in documents for each project or facility, but annual amounts from individual donors are not distinguished from amounts provided for TC grants in the Grant Co-financing Reports prepared annually for the Board and donors. In summary, the main donors are the EU, the Shareholders Special Fund (SSF), bilateral donors and UN Climate Investment Funds.

1.3.4 Policies and guidelines

Most donor funds come with specifications of the purposes for which the Bank is to apply them, in terms of sectors, countries or both. But particularly in the last five years, the Bank has encouraged donors to contribute to multi-donor funds with broadly defined purposes.

Priorities for allocation of grant co-financing have for many years been determined through meetings between Bank management and donor representatives, held twice a year. In recent years, proposals by management for these meetings have included separate amounts for TC and non-TC grants to be used in support of Bank operations in priority sectors and groups of countries. Within the parameters agreed in those meetings, allocation of non-TC grants to individual operations and facilities has been the responsibility of management through OpsCom, subject to Board approval.

Because of the Bank's mandate to promote market-based arrangements and not to distort pricing for products and services, use of subsidies has been considered within a framework which requires them to be justified by one or a number of economic circumstances –

- externalities – in particular, environmental or network benefits, and unrewarded costs for first movers,
- other institutional and market failures – such as informational asymmetry, principal-agent problems or resistance to changing behaviours, and
- affordability constraints on cost-recovery pricing of utility services when their environmental standards are raised.

This framework includes principles to be followed in the Bank's design of any subsidies, emphasising that they should be temporary.

The framework also notes that subsidies for public-sector entities are unlikely to represent distortions of market pricing, but are more in the nature of fiscal transfers. Subsidies for public clients have the effect of putting more resources at the disposal of government at local, regional or national level, or of reducing the charges which they would otherwise collect from the users of publicly-owned infrastructure or services. The former effect – a fiscal transfer from donor government to recipient government – is unlikely to distort private markets. Nor is the latter effect – lowering costs for private agents of using certain infrastructure or services – obviously distorting, although there may be cases where this warrants more specific examination. The Bank's accommodation of subsidies for public clients is significant in heavily indebted COOs, which since the 2008-09 financial crisis have been subject to strict constraints on public-sector use of loan financing.

As was noted above, this framework was formalised in staff guidelines circulated in 2008 to apply to use of the SSF for non-TC grants, and revised guidelines circulated in March 2015 and applying to non-TC grants generally.

The revised staff guidelines say they are not to apply to grant or concessional funds provided by donors or other IFIs in parallel to Bank funding and not administered by the Bank, such as EU structural funds: in such cases, the Bank may be involved but should not match others' subsidies if that would mean contravening the principles in the guidelines. The guidelines also say that they "allow for flexibility and a project-by-project approach".

1.3.5 Transition Impact Frameworks And Monitoring

In general, non-TC grants do not have objectives distinguishable from those of the operations in which they are used. In this they are unlike TC grants, which even when transactional often have distinct objectives such as feasibility studies or training.

Accordingly, non-TC grants are best seen as enablers for the operations in which they are used to have whatever transition impact and other benefits they have. However, in some cases it seems there has been a negotiating dynamic whereby the Bank's offer of non-TC grants has added to the value proposition for a prospective client, and in return the client has accepted additional elements in an operation, representing extra burdens but increasing transition impact potential. In these cases, therefore, non-TC grants have been seen as the means of achieving greater transition impacts than operations would have without them

1.4 Preliminary consultations

Meetings have been held with the following:

- Board Directors, Alternates or Advisers representing Australia, France, EC, EIB, Greece, Turkey, Sweden and UK
- Donor Co-Financing team: Camilla Otto, Akhil Patel and Maria De Melo
- Technical Cooperation team: Dilek Macit
- OCE, CSE: Isabel Blanco, Alexander Chirmiciu and Toshiake Sakatsume
- Office of VP Banking: Gavin Anderson
- Portfolio Business Group: Kanako Sekine, Ramon Juraboev
- Office of VP Policy: Zsuzsanna Hargitai, Anita Taci
- FI TC group: Gana Aleksic-Petersen
- Former participant in Grant Co-financing Strategic Review: George Krivicky

1.5 Other relevant evaluation work (in inverse chronological order)

- Special Study: The EBRD's Sustainable Energy Finance Facilities (SEFFs) – awaiting circulation at the time of writing.
- Special Study: The EBRD Shareholder Special Fund – Interim Evaluation, November 2014
- Special Study: Private sector participation in municipal and environmental infrastructure projects - review and evaluation, May 2014

– Case Study: Bulgaria - 10 years of EBRD sustainable energy financing facilities, 2014

– Special Study: Delivery Mechanisms for MSME Financing - A Synthesis Report (Regional), January 2005.

The recently completed special study of SEFFs contains substantial analysis of the Bank's use of subsidies in these facilities. Incentive payments have been used in 19 of 27 SEFFs (including extensions), more commonly for sub-borrowers than for participating financial institutions. The study's main conclusions about these two kinds of incentive payments are:

i) where incentive payments have been used, these were found to be appropriate for overcoming specific types of market barriers, and the levels at which incentives were set have been as low as possible while still retaining efficacy;

ii) there has been a clear trend of phasing out incentives for partner financial institutions in countries where there has been a succession of facilities;

iii) there has also been a clear trend of increasing "smartness" in incentives to sub-borrowers, by linking them to aspects of sub-project performance – generally energy savings or CO2 emission reductions; and

iv) transition impact indicators and benchmarks have related to the long-term aim of creating a self-sustaining market for energy efficiency and renewable energy financing, but at present there is no mechanism for continuing to monitor these indicators once a SEFF has finished.

The other EvD work cited has contributed mainly in terms of methodology, providing some of the content of the design matrix for this evaluation (see annex).

2. Scope and methodology

2.1 Scope

The evaluation will include all operations or facilities/frameworks approved from 2010 to 2014 which have included non-TC grants, in any of their four main forms.

Records in DCF indicate that during these five years:

– 61 operations or facilities were approved using investment grants,

– 19 operations or facilities were approved using concessional loans,

– 98 frameworks or facilities were approved using incentives, and

– 14 frameworks or facilities were approved using risk-sharing.

There are some overlaps among these sets.

During Phase 1 of the evaluation, a sub-set of projects and facilities will be selected for closer examination, which will be broadly representative in terms of sectors and countries for the subsidy types involved. It will include some SEFFs, drawing on the examination of use of subsidies in them summarised above (1.5.1).

This evaluation will not examine non-TC grants for nuclear safety, since the Bank's work in that sector involves separate issues to which the study could not do justice.

2.1.1 Range of incentives

Section 1.3.1 above outlines the four types of subsidies which are covered by the Bank term "non-TC grants" and will be covered by this evaluation. As noted there, although in some operations TC grants could be seen as subsidies, this evaluation will not deal with them.

2.1.2 Range of projects

Non-TC grants have been used mainly in three sectors: energy efficiency and renewable energy, transport infrastructure, and financial institutions' lending to small and medium-sized enterprises and to women in business. The evaluation will be focused there.

Non-TC grants have been used mainly in the Early Transition Countries (ETCs) and other countries prioritised by donors for certain kinds of operations, notably the Western Balkans. Other countries where non-TC grants have been used are Turkey, Poland and Ukraine.

2.2 Timeframe

If approved, Phase 1 will begin in October with the aim of circulating a draft report at the end of January 2016. Details are below in section 3.3.

2.3 Evaluation questions

2.3.1 How practicable has it been recently for the Bank to apply its principles for use of subsidies (as stated in the 2008 and 2015 staff guidelines for non-TC grants)?

a) How closely have these principles been followed in individual operations and facilities?

b) Have there been cases where subsidies were a "given" rather than being designed by the Bank?

c) Have subsidies been applied economically?

d) How often in follow-on facilities or operations have subsidies been scaled down or ended?

2.3.2 How have subsidies been justified, in their various types and contexts?

a) Can any differences in transition impact potential be attributed to subsidies?

b) Have there been refinements through time in the design of incentives and risk-sharing facilities?

c) Have assumptions about user tariffs or other prices linked to subsidies been confirmed during implementation?

d) How do donors see the comparative effectiveness of Bank operations using subsidies?

2.4 Results framework and theory of change

A subsidy is an input that comes at the start of a results chain of inputs, activities, outputs, outcomes and impacts. A results framework lists a projects inputs, activities, outputs, outcomes and impact while a theory of change shows the linkages between the inputs and activities (what the Bank does) and the results that flow from these (the outputs, outcomes and impacts). The theory of change is the logic that is implicitly or explicitly embedded in every project - "if we do this, then we expect that to happen." Of course, EBRD-supported transactions take place in dynamic contexts of changing market, economic and political situations so every transaction includes risks and assumptions associated with the expected results framework and theory of change. Risks and assumptions should be made explicit at the time of approval of the transaction. Risks routinely are made explicit in EBRD transaction but assumptions are not

A results chain that embodies a theory of change is of great help to those designing projects, implementing them and to evaluators. For those that structure deals use of a results framework and theory of change helps increase the plausibility of expectations regarding transition impact. Monitoring risks and assumptions provides confidence that we are heading in the right direction, or that problems are emerging and corrective action is needed. For evaluators, a results framework and theory of change provides a testable hypothesis and structure for an evaluation.

As stated in the introduction to this approach paper, this is a first phase of an expected two-phase evaluation. The second phase will look at the results that flow from the use of subsidies - here the use of results chains and theories of change for different types of subsides in the various sectors and contexts in which they are used will be important. However, answering sub-question 2.3.2 a) above - can any differences in transition impact potential be attributed to subsidies? - will seek also require consideration of the results chains involved and the embedded logic. Question 2.3.2 b) that seeks to identify changes made over time can be looked at in terms of changes made to the implicit theory of change. Sub-question 2.3.2 c) looks specifically at the extent to which assumptions were borne out in practice - Phase II of the evaluation will extend the work on assumptions.

Given the above, phase I of the evaluation will start to develop the results chains/theories of change to help answer various of the sub-questions in the preceding section, and to identify the hypotheses that will be tested in the second phase of the evaluation.

2.5 Evidence sources

The intended sources are:

- document review,
- quantitative portfolio data gathering and analysis, and
- structured interviews with Bank staff and representatives of donors.

Selection of case studies will keep the work of evidence-gathering within manageable bounds, and limit the study’s demands on the time of Bank staff.

Field visits are not envisaged as part of Phase I, although heads of ROs may be interviewed by video conference call.

Sending questions by email to selected Bank staff who have worked on operations or facilities involving subsidies will be considered as Phase 1 progresses.

2.6 Deliverables

Beyond this approach paper, outputs of Phase 1 will be:

- a one-page information sheet,
- a final report of 20 to 30 pages of main text, with necessary annexed material,
- a companion document presenting the evidence in more detail, available on request,
- a presentation to the Audit Committee,
- a web summary, and
- a brown bag presentation.

2.7 Potential problems and limitations

The two main limitations apparent at this stage are:

- the number of evaluations of completed operations or facilities in which subsidies have been used is small, since growth in their use has been quite recent; and
- there is limited comparability between operations and facilities using subsidies and others without subsidies, since it seems there have been few if any of the latter in the same sectors and countries.

3. Administrative arrangements

3.1 EvD team

The evaluation is managed by Olga Mrinska, Evaluation Consultant at EvD, and led by John Eyers, external Senior Consultant.

3.2 Peer reviewers

Keith Leonard, Deputy Chief Evaluator, and Harvey Susser, Senior Evaluation Manager, will be EvD peer reviewers. An external peer reviewer will not be used for Phase I of the evaluation.

3.3 Timetable

Stage	Duration (weeks)	Date for completion
Comments on AP back to EvD	4	23 Sep
EvD meeting with management to discuss comments to AP		19 Oct
EvD review of AP and go-ahead	1	30 Oct
Retrieval, reading and analysis of documents	4	27 Nov
EvD plan for meetings and video-conferences	1	6 Nov
Meetings and video-conferences in EBRD HQ	1	27 Nov-7 Dec
Preparation of draft report	6	31 Jan
EvD review, revision and circulation of draft report	4	29 Feb
Management comments to draft report back to EvD	4	28 Mar
Meetings in EBRD on draft report	1	7-8 Apr
Preparation of the final report and sending to management	1	18 Apr
Management response to final report	5	23 May
Response to Management comments and circulation of final report	1	30 May
Final report presentation at Audit Committee meetings		6 June

3.4 Budget

The budget for the first phase of the study (not including EvD's staff and internal costs) is £28,000, corresponding to the consultant's fees including £4,000 for travel expenses as detailed in the Consultant's ToR.

Annex 1: Evaluation design matrix

Evaluation Question	Judgement criteria	Indicators	Sources of Data	Collection Methods	Potential limitations of data and means to address these
How practicable has it been for the Bank to apply its principles for use of subsidies (as stated in the 2008 and 2015 staff guidelines for non-TC grants)?	Application of these principles to individual operations and facilities	Any deviations from principles: described as resulting from donor or competitor offers, or suggested by the nature or amount of subsidies	OpsCom and Board documents OCE and banking teams	Analysis of documents Interviews with OCE and banking teams about selected cases	Because the principles embody flexibility, and their application requires judgements as well as measurements, these data are likely to be arguable more often than clear-cut. Conclusions may therefore be only tentative.
	Frequency of subsidies being a "given" in Bank financing plans	Frequency of (a) above in relation to total of subsidy cases and sub-totals by type	OpsCom and Board documents OCE and banking teams	Analysis of documents Interviews with OCE and banking teams about these cases	Documents are unlikely to provide clear indications, and opinions of staff are likely to vary. Therefore, again, conclusions may be only tentative, except in outlying cases.
	Economical application of subsidies	Cost of subsidies in relation to – estimated value of intended environmental benefits affordability gaps Estimated viability of operations or sub-projects without subsidy	OpsCom and Board documents for sub-sets of cases where – environmental benefits were main objective, or affordability gaps were cited, or threshold EIRRs were identified in documents Any follow-up studies done to verify or update cost-benefit values or	Analysis of documents Interviews with OCE and banking teams about these cases Contacts with consultants in selected cases	Documents in many cases may not contain these figures, or may not identify assumptions made in calculating them Further collection of data will not be feasible, and consultants who made cost-benefit or affordability studies may be unavailable or unwilling to reopen these issues.

Evaluation Question	Judgement criteria	Indicators	Sources of Data	Collection Methods	Potential limitations of data and means to address these
			affordability estimates		
	Scaling down or ending of subsidies in follow-on facilities or operations	Frequency of reduction or discontinuation versus continuation	OpsCom and Board documents for sub-set of cases where follow-on facilities or operations have been approved	Analysis of documents Interviews with OCE and banking teams about these cases	EvD work on SEFFs suggests that it will be straightforward to identify this at facility level, but not necessarily at sub-loan level where wide discretion may have been allowed

Evaluation Question	Judgement criteria	Indicators	Sources of Data	Collection Methods	Potential limitations of data and means to address these
Have subsidies been effective, in their various types and contexts? (It is assumed that results of subsidies cannot be identified separately from results of the operations in which they were used.)	Differences in transition impact potential attributable to subsidies	Comparisons of transition impact potential of operations using subsidies with that of other operations (if any) in the same countries/regions and sectors	TIMS records Any studies in which transition impacts have been re-assessed in follow-up studies some years after project completion	After identifying target operations and comparator operations (probably excluding facilities and their sub-loans), compare TIMS ratings initially and through time	TIMS ratings have limited comparability, since they are context-specific, and operations without subsidies but otherwise comparable may not exist, especially in ETCs: conclusions will have to be limited accordingly
	Refinement through time of incentives, guarantees and risk-sharing products	Changes in design or administration of subsidies in these forms which have improved their linkage to operation/facility objectives	OpsCom and Board documents OCE and FI teams	EvD (in SEFFs study) and FI have identified such changes in design of EE/RE incentives; parallel work will be needed, with help from Treasury and Credit, for guarantees and risk-sharing	Refinements may be too recent for clear evidence to have emerged of their effects In the absence of control groups, evidence is likely to be impressionistic

Evaluation Question	Judgement criteria	Indicators	Sources of Data	Collection Methods	Potential limitations of data and means to address these
				products	
	Fulfilment of covenants or assumptions about tariffs and prices	Whether policy promises in subsidised operations (such as about user tariffs) linked to the temporary nature of subsidies have been delivered	Implementation reports TIMS	Identification in documents of compliance with policy covenants, breaches of them, and follow-up actions Discussion of cases of breaches with OCE and banking teams	Data are likely to be clear-cut, but the practicality of fulfilling policy promises, and the seriousness of breaches, are matters of interpretation and therefore arguable.
	Comparative effectiveness as seen by donors	If there are contexts where Bank operations using subsidies can be compared with other means used by donors or governments for similar objectives, how well Bank operations are regarded, and what are the reasons	Representatives of EC, UN Climate Investment Funds and major bilateral donors Bank teams in selected ROs	It remains to be explored, through contacts with donor representatives, country teams and ROs, how far this line of collection is worthwhile - discussions with officials or public-sector clients in COOs may not be practicable	Bases for donors' assessments of effectiveness of subsidies through the Bank may be different from those of the evaluation – in particular, donors may have given their attention to disbursement or delivery of outputs, rather than to transition impact