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Engagement of Consultants and Technical Cooperation Portfolio in 2014



European Bank
for Reconstruction and Development

PUBLIC

EXECUTIVE SUMMARY

The first Section of this Annual Report analyses the Engagement of Consultants in 2014. The second Section analyses all approved Technical Cooperation (TC) projects in the TC Results Framework portfolio.

Engagement of Consultants. In 2014 the EBRD and its clients awarded **2,734 consultancy contracts totalling €166.6 million** compared to 2,879 contracts valued at €173.7 million in 2013. The decrease was due to changes in the Bank's internal reporting of consultancy contracts. Following the amendment of the Corporate Procurement Policy and Procedures, as of 1 January 2014 the Corporate Procurement Unit assumed responsibility for engagement of consultants necessary to support the operation of the Bank's Headquarters and Resident Offices primarily by the Administration, Communications, Information Technology and Human Resources departments and the Office of the Secretary General. These contracts will be reported in the Annual Corporate Procurement Review 2014.

However, comparing 2014 with 2013 after deducting the contracts for the above departments from the 2013 data, the number of contract awards in 2014 increased by two per cent and the value increased by six per cent.

The total number of contracts financed by TC funds increased by 11 per cent from 1,222 contracts in 2013 to 1,356 contracts in 2014, whereas their value remained the same (€99.7 million). Bilateral donors contributed to over a quarter by value of all contracts (309 contracts totalling €26.7 million), with Sweden and Austria together accounting for over 50 per cent of all bilateral donor funds. 2014 saw a further reduction in contracted "tied" funding restricted to consultants from TC Donor countries to about 10 per cent of the TC funded contract awards.

Two TC funds financed from EBRD's net income (Shareholder Special Fund and Post-Graduation Fund) accounted for a quarter by value of TC funded contracts. The European Union funded 28 per cent, with multi-donor and multi-lateral funds accounting for the remaining 20 per cent of contracted TC Funds.

The Bank's budget funded 1,357 contracts valued at €41.8 million, a decrease from 2013 (1,643 contracts totalling €65.6 million) partly due to the transfer of responsibilities for some EBRD department's contracts to the Corporate Procurement Unit.

In 2014, competitive selection methods were used to award almost 66 per cent by value of all contracts (€108.6 million), a decrease from 70 per cent in 2013 (€121.5 million). Direct selection increased largely due to high value TC funded contract extensions awarded under Section 5.9 of the Bank's Procurement Policies and Rules, and an increase in numbers of low value assignments.

By nationality, British consultants (both individuals and firms) had the largest share of contract awards by value (21 per cent totalling €35.1 million), followed by German 12 per cent (€19.2 million) and French 11 per cent (€18.3 million) consultants.

The value and number of contracts awarded to consultants from EBRD's countries of operation (CoO) increased from €42.7 million for 1,026 consultancy contracts in 2013, to €43.9 million and 1,131 contracts in 2014. This includes Office of the General Counsel (OGC) awarding 55 per cent of the total value of its 2014 contract awards to consultants based in CoO.

In 2014, the TC Team processed 2,336 contracts and 1,532 amendments in support of over 3,300 ongoing consultancy contracts.

In 2014, 98 per cent of consultants were rated as meeting or exceeding expectations, confirming the provision of consistently good quality of advice to the Bank and its clients.

In 2014, TC Team conducted 15 outreach events to over 700 consultants in 12 member countries and CoO. These activities raise consultants' awareness of EBRD opportunities, build their capacity and support consultant market development to encourage international competition in EBRD consultancy opportunities. TC Team is leading a programme to build consultants capacity and further market development as part of the Bank's Post-Graduation Operational Approach.

TC Team also built the capacity of staff from agencies implementing investment projects in nine CoO to engage and manage consultants following EBRD's procedures. This included staff at municipal and national level including those from specialised procurement agencies.

TC Portfolio. Investment and TC projects are the primary means through which EBRD attains results. In 2013, the TC Results Framework was introduced to improve the management of TC results, including redefining TC and distinguishing between TC projects directly supporting investment operations (transactional) and those that do not (non-transactional), establishing a new system to design, monitor, evaluate and report on TC results (the TC Reporting System) and introducing the success of TC projects as one of EBRD's Institutional Scorecard measures. Over 600 EBRD staff was trained in the new Results Framework and Reporting System.

In 2014, the TC Review Committee approved 279 TC projects including 357 assignments valued at €230.6 million. The largest approved TC project was the Infrastructure Project Preparation Facility for €40 million followed by the Small Business Support Annual Plan 2015 for €36 million. The 2014 portfolio was 17 per cent greater by number and 30 per cent greater by value than the 2013 portfolio.

By value, over half of all TC projects supported the Sustainable Resources Initiative. Almost 60 per cent were in the Municipal and Environmental Infrastructure and Small Business sectors. Over 30 per cent of TC projects were regional with a further 47 per cent in EBRD's three eastern regions including Central Asia. Over 60 per cent of projects were non-transactional and the Bank was the contracting entity in just under 70 per cent of assignments. The MEI team managed over a third of approved projects followed by the Small Business Support and Energy Efficiency and Climate Change teams. Over three quarters of all projects supported EBRD and the client to develop sound investment projects and then improve the client's corporate governance and capacity to manage and sustain an investment project's results. Finally, over a third of projects by number and 14 per cent by value either directly or indirectly contributed to policy dialogue.

By the end of 2014, 76 progress or completion reports had been prepared for projects approved under the new Results Framework. Due to the relatively short time since 1 July 2013, completion reports are for projects of less than nine months duration with over 50 per cent of these being project preparation TC which are yet to result in an investment operation. Similarly, progress reports are for projects with at least nine months of implementation over half of which reported on the project preparation phase of a multi-assignment transactional project. All but two completion reports were rated successful and all progress reports rated their projects on-track. The report summarises selected results by project type and concludes with lessons from these reports.

Abbreviations

BAS	Business Advisory Services
CAR	Consultant Assignment Reporting
CPU	Corporate Procurement Unit
CoO	Countries of Operations
DCF	Donor Co-Financing team
EBRD	European Bank for Reconstruction and Development
EGP	Enterprise Growth Programme
EoI	Expression of Interest
ETC	Early Transition Countries
EU	European Union
FAO	Food and Agriculture Organisation
FI	Financial Institutions
MDB	Multilateral Development Bank
MEI	Municipal and Environmental Infrastructure
OGC	Office of the General Counsel
PISSA	Project Implementation Support Services Agreement
PP&R	Procurement Policies and Rules
SBS	Small Business Support
SEFF	Sustainable Energy Financing Facility
SEMED	Southern and Eastern Mediterranean region
SGI	Strategic Gender Initiative
SPCom	Strategy and Policy Committee
SSF	Shareholder Special Fund
TC	Technical Cooperation
TC Com	Technical Cooperation Review Committee
TCSR	Technical Cooperation Reporting System
UDWG	Ukraine Dairy Working Group
UGA	Ukraine Grain Association
UGWG	Ukraine Grain Working Group

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Section 1 Engagement of Consultants 2014

1.1 Introduction

The Annual Report on Engagement of Consultants in 2014 (the “Report”) provides an overview of consultancy contract awards by the European Bank for Reconstruction and Development (the “EBRD” or the “Bank”) and its clients financed from the Bank’s budget, Technical Cooperation (“TC”) funds including Special and Cooperation Funds, Nuclear Safety grants and public sector loan proceeds. The Report also covers activities undertaken by TC Team in 2014.

The Report has been prepared by the Technical Cooperation Team (“TC Team”)¹ who are responsible for selection and engagement of consultants financed by the Bank’s budget and TC funds and administration of their contracts and for overseeing the Office of the General Counsel’s (“OGC”) selection and engagement of outside counsel. The Report presents figures for all consultancy contracts funded by the Bank’s budget and TC Funds in 2014 including those awarded for the Small Business Support (“SBS”) team,² by OGC, and for the Nuclear Safety team. It also includes consultancy contracts funded from public sector loan proceeds contracted by the Bank’s borrowers (clients) following the Bank’s Procurement Policies and Rules (“PP&R”) which are under the oversight of the EBRD’s Procurement Policy Department.³

As of 1 January 2014, with the amendment of Corporate Procurement Policy and Procedures the responsibility for engagement of consultants to support the operation of the Bank’s Headquarters and Resident Offices (namely: Administration, Communications, Information Technology, Human Resources departments and the Office of the Secretary General for the preparation of the Annual Meeting) was transferred from the TC Team to the Corporate Procurement Unit (“CPU”), Vice Presidency Human Resources and Corporate Services.

On approval by the Strategy and Policy Committee (“SP Com”) and the Audit Committee, and in accordance with the Bank’s Public Information Policy, the Report will be published on the Bank’s website.⁴

1.2 Overall Results of Consultancy Contract Awards

In 2014, **2,734 consultancy contracts totalling €166.6 million** were awarded by EBRD and its clients. The decrease in contract awards over 2013 was due to changes in the Bank’s internal reporting of contracts to support the operation of the Bank’s Headquarters and Resident Offices noted above. The five departments listed above accounted for approximately 10 per cent by value and seven per cent by number of all consultancy contract awards in 2013.

However, comparing the 2013 and 2014 overall results on a like to like basis, i.e. after the deducting of contracts for five departments from the 2013 statistics,⁵ there was a two per cent increase in the number of consultancy contracts from 2,670 to 2,734, and a six per cent increase in the value from €157.9 million to €166.6 million (Figures 1 and 2). For details see Annex 1.

¹ Until January 2013 TC Team was known as the Consultancy Services Unit as part of the Consultancy and Corporate Procurement Policy Department.

² Formerly known as Turnaround Management/Business Advisory Services Team and renamed to the Small Business Support Team in January 2012.

³ These contract awards are also reported in the Annual Procurement Review prepared by the Procurement Policy Department

⁴ Annual Reports on Engagement of Consultants for previous years are available at

<http://www.ebrd.com/work-with-us/procurement/consultancy-services.html>.

⁵ 209 consultancy contracts totalling €15.8 million for the Administration, Communications, Information Technology and Human Resources departments and the Office of the Secretary General featured in the 2013 Annual Report on Engagement of Consultants.

Figure 1. Consultancy Contracts Awarded by EBRD and its Clients by Value, 2010–2014

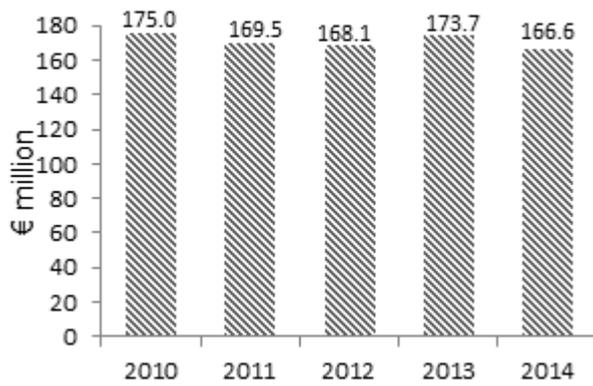
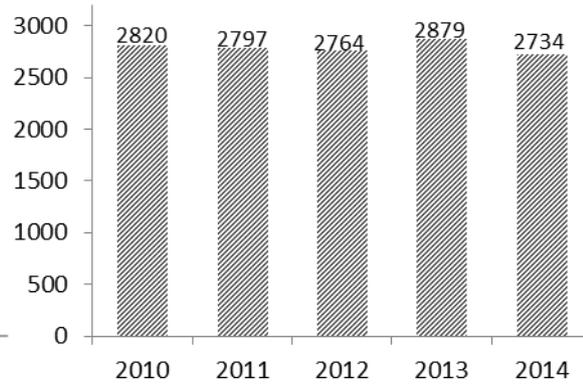


Figure 2. Consultancy Contracts Awarded by EBRD and its Clients by Number, 2010–2014



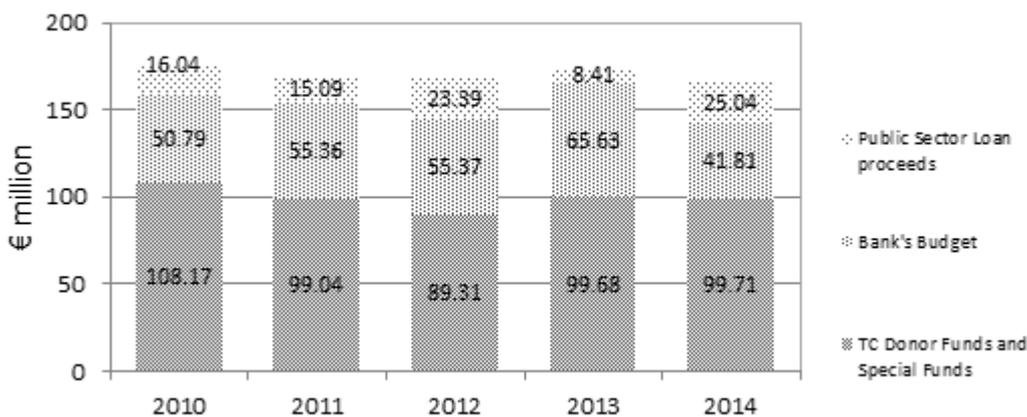
1.3 Funding Sources

For the analysis in this Report, the funding sources for consultancy contracts are grouped into:

- (a) TC funds provided by donors including Special Funds such as Shareholder Special Fund (“SSF”) and Nuclear Safety Funds,⁶
- (b) The Bank’s budget, and
- (c) Public sector loan proceeds.

Although there are annual fluctuations, over the past five years with the exception of 2013, the relative proportion of contracts financed from the above three fund sources has been similar (Figure 3).

Figure 3. Consultancy Contracts by Funding Source, 2010–2014



⁶ As the selection and engagement of consultancy contracts financed by Nuclear Safety grants and managed by the Nuclear Safety Department is supported by the Corporate Procurement Unit, these contracts are reported in the Annual Procurement Report. Only those consultancy contracts for the Nuclear Safety Department where the TC Team select and engage consultants are included in Section 1.7 of this Report.

TC Funds In 2014, 1,356 consultancy contracts totalling €99.7 million accounting for 60 per cent of all consultancy contract awards were funded by this source, compared to 57 per cent in 2013. Since the highest level in 2010 (1,530 contracts totalling €108.2 million),⁷ the steady decline in contract numbers and value in 2011 and 2012 was reversed in 2013 (1,222 consultancy contracts totalling €99.7 million). In 2014 the **number** of the contracts **increased by 11 per cent** with the **value similar** to the previous year. Annual fluctuations across funding sources are a common feature (Table 1). For details see Annex 1.

Table 1. TC Funded Contract Value by Source, 2009–2014

Source	2014	2013	2012	2011	2010
European Union	27,781,737	21,866,436	33,016,963	29,037,623	25,331,452
Shareholder Special Fund	24,478,659	25,157,593	19,964,821	24,183,516	27,490,782
Bilateral Donor Funds	26,659,674	30,981,859	19,453,131	28,579,443	29,967,122
Other Donor Funds including Multi-Donor and Multi-Lateral funds ⁸	20,788,118	21,680,899	16,873,690	17,100,815	25,380,017
TOTAL	99,708,188	99,686,786	89,308,605	98,901,398	108,169,373

The European Union (“EU”) financed 362 consultancy contracts totalling **€27.8 million**, 28 per cent of the total value of TC funds. This includes 11 Project Implementation Support Services Agreements (“PISSA”) totalling €4.7 million through the EU Structural Instruments.

Shareholder Special Fund In 2014, the number of SSF⁹ financed contracts (**373 contracts**) increased by 15 per cent over 2013 (323 contracts), whereas the total contract value decreased by 3 per cent from €25.2 million to **€24.5 million**. As SSF can be used to finance TC projects when donor funds are not available, it continued to be drawn upon to meet the increasing demand for financing after bilateral or multi-donor funding sources had been explored but not found, and it was used to fund, fully or partly, a growing number of TC assignments.

Bilateral Funds In 2014, 27 per cent by value of all contracts (**309 contracts** totalling **€26.7 million**) were financed by bilateral donors from 19 countries through 45 funding agreements (Table 2). Contracts financed by Sweden and Austria accounted for just over 51 per cent of the total bilateral donor funds, with the next six largest donors collectively accounting for a further 30 per cent, and 19 per cent was financed by donors in the remaining 11 countries.

Table 2. Value of Contracts Funded by Bilateral Donor Contributions by Country, 2014

Donor Countries	Number	Value (€)	Donor Countries	Number	Value (€)
Austria	14	3,350,433	Norway	15	969,002
Czech Republic	7	2,245,926	Russian Federation	8	129,918
Finland	11	641,571	Slovak Republic	6	581,051
France	4	945,626	Spain	7	493,235
Germany	1	35,000	Sweden	44	10,334,425
Italy	18	840,096	Switzerland	6	1,458,479
Japan	25	418,378	Taiwan	22	752,918
Kazakhstan	13	1,184,403	United Kingdom	1	300,000
Korea	4	63,664	USA	56	696,893
Luxembourg	47	1,218,655	TOTAL	309	26,659,674

⁷ The TC commitment amounts reported by the Donor Cofinancing (“DCF”) team were €341 million in 2014, €142 million in 2013, €129 million in 2012, €125 million in 2011, and €139 million in 2010. The difference is due to (i) the time lag between issuing TC commitments for earmarked projects and contracting; (ii) commitments for framework facilities are reported by DCF when donor funding is confirmed, but the actual utilisation (contracting and disbursement) is spread over several years; (iii) commitments for training costs, subsidies and expenses by the Bank’s clients fall outside the scope of the Annual Report on Engagement of Consultants.

⁸ Includes TC funds for framework contracts financed from various TC funding sources confirmed at the time of issuance of call-off notices

⁹ The SSF was established in 2008 with the resources of the Bank’s net income to complement TC funds provided by other donors using the principle of matching. It also provides funding for projects in some sectors and countries for which other TC funds cannot be found. Since its establishment, the SSF financed 2,322 consultancy contracts totalling €151.1 million.

Multi-Donor Funds The total value of multi-donor funded contracts amounted to **€11.2 million** (Table 3). The 236 contract awards funded from various multi-donor funds supported the Bank's strategic initiatives, including the Early Transition Countries Fund, Southern & Eastern Mediterranean Trust Fund, EBRD-Ukraine Stabilisation & Sustainable Growth Multi-Donor Account.

Multi-Lateral Funds Thirty three consultancy contracts totalling **€4.2 million** were funded from the multi-lateral donor funds, namely the Clean Technology Fund, Global Environmental Facility II, and EBRD-Middle East and North Africa Transition Fund (Table 3).

Table 3. Contracts Funded from Multi-donor and Multi-lateral TC Funds, 2014

Fund by Region	No	Value (€)	Fund by Sector	No	Value (€)
Early Transition Countries Fund	122	3,875,884	Nuclear Funds	9	537,387
Southern & Eastern Mediterranean Trust	43	2,122,141	EBSF SEMED Sub-Account	1	280,000
Southern & Eastern Mediterranean Multi-Donor Account	54	1,906,324	Western Balkans Fund	1	258,919
CIF - Clean Technology fund	7	1,876,047	European Western Balkans Joint Fund	1	183,803
MCCF - Green Carbon Fund	1	1,805,980	EBRD Water Fund	1	135,000
EBRD - Middle East and North Africa Transition Fund	12	1,197,454	Kozloduy International Decommissioning Support	1	60,000
Global Environment Facility II	14	1,100,264	EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account	2	43,423

EBRD Post Graduation Special Fund This recently established Fund also financed from the Bank's net income provided funding for the first contract in Estonia for a diagnostic study on the consultancy market.

EBRD's Annual Donor Report¹⁰ prepared by the Donor Co-Financing ("DCF") team provides a comprehensive review of the donors' TC funding.

Bank's Budget Contracts financed from the Bank's budget totalled €41.8 million or 25 per cent share. The share of value of the Bank's funded contracts fell from €65.6 million or 38 per cent in 2013. The decrease over 2013 was partly due to the transfer of the Bank-funded contracts to support the operation of the Bank's Headquarters and Resident Offices to CPU. However, after excluding these contracts from the 2013 statistics, there was still a 16 per cent reduction by value (€49.8 million in 2013 compared to €41.8 million to 2014). For details see Annex 1.

The Bank's budget financed consultancy services for a range of purposes including project preparation due diligence on legal, financial, technical, integrity and environmental matters, lender's supervisor to assist project monitoring and Nominee Directors representing the Bank on the boards of investee companies. Consultants for research and specialized responsibilities of non-Banking departments such as the Evaluation Department, Office of the Chief Economist, Office of the Chief Compliance Officer were also financed.

In 2014, the Bank's budget financed 1,357 contracts totalling €41.8 million. This included 508 contracts totalling €19.2 million for the Banking departments, 708 contracts totalling €17.3 million awarded by OGC for retention of outside counsel and 141 contracts for €5.3 million for non-Banking teams.

¹⁰ See: <http://www.ebrd.com/news/publications/donor-report/donor-report-2013.html>.

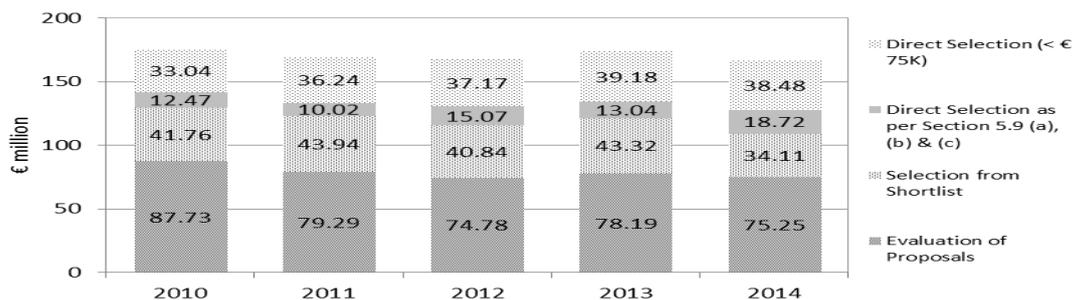
Public Sector Loan Proceeds As contracts funded from loan proceeds are dependent on the pace of investment operation implementation their overall value fluctuates from year to year. In 2014, **21 contracts** for consultancy services totalling **€25.04 million** funded by loan proceeds of public sector operations were awarded by the Bank's borrowers following the Bank's PP&R. In 2013, 14 consultancy contracts with a total value of €8.4 million were funded by loan proceeds.

1.4 Consultant Selection Methods

Consultant selection procedures are defined in the PP&R.¹¹ For low value assignments a qualified consultant may be selected directly.¹² For higher value assignments consultant selection should follow a competitive procedure, either a selection from a shortlist¹³ or evaluation of proposals.¹⁴ The Bank's PP&R, Section 5.9 stipulates when it may be necessary or advantageous to engage or continue with the same/specific consultant.¹⁵ Contracts awarded under Section 5.9 are justified by the teams and approved by the TC Review Committee ("TC Com") case by case. For details see Annex 2.

In 2014, competitive selection processes accounted for 66 per cent of the value of contracts awarded to both individual consultants and firms. The proportion of the value of directly selected contracts was higher than in the previous years (Figure 4).

Figure 4. Consultancy Contracts by Consultant Selection Methods, by value 2010–2014



TC Funded Contracts The distribution among selection methods for TC funded contracts shows an increase in share of direct selection for contracts within the €75,000 threshold as well as those awarded under Section 5.9 of the Bank PP&R (Table 4). The SBS programme, funded by TC funds, had a large number of small value contracts which accounted for 31 per cent by value of directly selected contracts (710 contracts totalling just over €9.4 million, averaging €13,200 per contract). Section 1.7 reports on the SBS programme consulting contracts. The average value of other directly selected contracts excluding SBS that were

¹¹ See the Bank's PP&R available at <http://www.ebrd.com/news/publications/policies/procurement-policies-and-rules.html>.

¹² See Section 5.3(a) of the Bank's PP&R.

¹³ Section 5.3 (c) of the Bank's PP&R: for contracts estimated to cost €75,000 or more with individuals, selection is made on the basis of an evaluation of short-listed, qualified candidates and the rationale for the choice is recorded. For contracts with firms that are estimated to cost €75,000 or more and less than €300,000, a short list of qualified firms is prepared. The selection is based on an evaluation of the short-listed firms' proven experience and current expertise related to the assignment. The selected consultant is invited to submit a proposal and to contract negotiations.

¹⁴ Section 5.3 (d) of the Bank's PP&R: major contracts with firms estimated to cost €300,000 or more normally follow a competitive procedure based on invited proposals from a short list of three to six qualified firms.

¹⁵ Section 5.9 of the Bank's PP&R permits direct selection when : (a) the consultant has unique expertise or experience; (b) the consultant has been or is involved in the early phases of the project such as feasibility or design and it has been determined that continuity is necessary and no advantage would be gained from following competitive procedures; or (c) additional services not included in the original contract have, through unforeseen circumstances, become necessary for the performance of the contracted services, on condition that those additional services cannot be technically or economically separated from the original contract without major inconvenience to the contracting authorities or when such services, although separable from the performance of the original contract, are strictly necessary for its completion. In such cases the consultant in question may be invited to submit a proposal and a contract negotiated directly.

within the threshold for direct selection was €32,000. The most competitive selection method for the SBS contracts is selection from shortlist.

Table 4. TC Funded Contracts by Consultant Selection Method, 2012–2014

	2014			2013			2012		
	Value (€)	Total Value %	No.	Value (€)	Total Value %	No.	Value (€)	Total Value %	No.
Direct Selection < €75K	18,526,392	19%	996	16,987,473	17%	884	14,748,304	16%	857
Direct Selection under Section 5.9	11,440,209	11%	61	5,519,391	6%	64	9,549,562	11%	60
Selection from Shortlist	19,452,289	20%	187	14,536,246	15%	157	16,784,108	19%	129
Evaluation of Proposals	50,289,298	50%	112	62,643,676	62%	117	48,226,630	54%	126
	99,708,188	100%	1356	99,686,786	100%	1,222	89,308,605	100%	1,172

Bank's Budget Funded Contracts There was a significant fall in contracts selected from a shortlist between 2013 and 2014 was due to exclusion of internal IT consultants usually competitively selected from shortlist (Table 5). The actual numbers and values of contracts awarded by direct selection decreased. However their share within the Bank funded contract awards increased as the TC Team no longer manages Bank funded contracts for the five Bank departments noted previously.

Table 5. Bank's Budget Funded Contracts by Consultant Selection Method, in 2014 and 2013

	2014			2013			2013 ^a		
	Value (€)	Total Value %	No	Value (€)	Total Value %	No	Value (€)	Total Value %	No
Direct Selection < €75K	19,891,329	48%	988	22,019,188	34%	1,070	20,703,146	42%	995
Direct Selection under Section 5.9	5,202,896	12%	76	7,519,247	11%	113	5,477,512	11%	96
Selection from Shortlist	14,455,133	35%	284	28,398,933	43%	441	17,787,401	36%	328
Evaluation of Proposal:	2,261,999	5%	9	7,690,152	12%	19	5,720,456	11%	15
	41,811,357	100%	1,357	65,627,520	100%	1,643	49,688,515	100%	1,434

^a Excluding contracts for five departments transferred to CPU

Public Sector Loans financed 21 consultancy contracts totalling just over €25 million in 2014. Over 90 per cent of the value of these contracts were awarded following competitive selection.

Contract Extensions Over the past two years, the value of extensions was far less than the original contracts with the exception of contract extension awarded directly under Section 5.9 (Figures 5 and 6).

Figure 5. Value of TC Donor Funded Contracts by Consultant Selection Method, 2013–2014

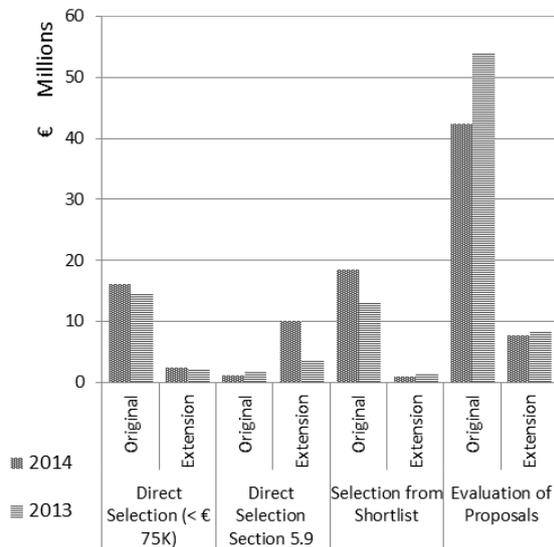
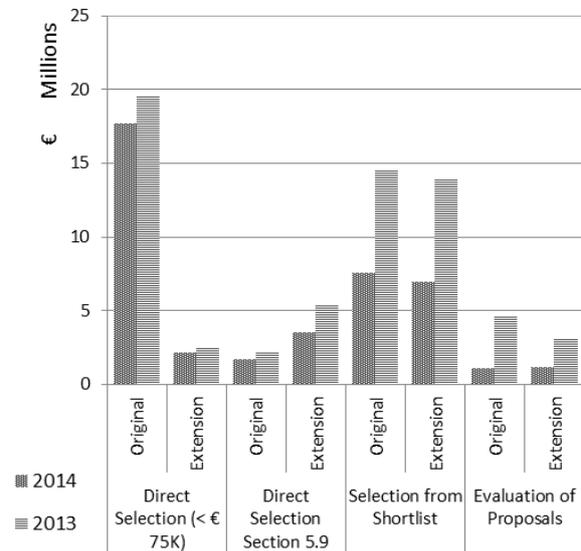


Figure 6. Value of Bank Budget Funded Contracts by Consultant Selection Method, 2013–2014



In 2014, top ten highest value TC funded contracts and extensions awarded under Section 5.9 of the Bank's PP&R had a total value of €7.8 million accounting for 68 per cent of all TC funded contracts and extensions awarded as exemption to competitive selection pursuant to the Bank's PP&R (i.e. 61 contracts totalling €11.4 million). For details see Annex 3.

1.5 Consultants Engaged for Operational and Institutional Needs

Consultant Contracts Supporting EBRD's Operational Needs Consultants are engaged to support either EBRD's operational or institutional requirements. In 2014, over 95 per cent of the value of all consultancy contracts were for the Bank's operational needs, i.e. in relation either to specific operations, including project preparation and project implementation loan/transaction assistance to the Bank's clients, or for assistance with the Bank's key programmes, facilities and initiatives. These 2,577 contracts totalling €159 million included 21 contracts (€25.0 million) funded by loan proceeds in public sector operations, and 654 contracts (€15.9 million) for retention of outside counsel by OGC.

Among the Bank's CoO, the largest value of contracts for operational needs was supporting TC projects in Ukraine (€22.8 million), followed by Kazakhstan (€11.5) and Moldova (€10.3 million). By region Central Asia had the highest value of contracts (€33.6 million), followed by South-Eastern Europe (€22.2 million) and Eastern Europe & the Caucasus (€19.4 million). Contracts supporting the Bank's activities in the Southern and Eastern Mediterranean ("SEMED") region further rose to seven per cent of the total value (from €6.4 million in 2012 and €8.2 million in 2013 to €11.0 million in 2014).

The EBRD remains present in Russia to support existing projects and our clients. However, the Bank is currently not in a position to undertake any new business there due to guidance given by the majority of the EBRD's Board of Directors, who in July 2014 indicated to the EBRD's Management that, for the time being, they would be unable to approve new investments in the Russian Federation. In the second half of 2014 there were 59 consultancy contracts with a total value of €2.9 million awarded for projects in Russia. The majority of

these contracts were for lender engineering services, nominee directors' appointments and specialist advisory services in relation to the Bank's existing investment portfolio in the country.

By sector, 24 per cent of consultancy contracts supported infrastructure projects (€38.5 million), followed by consultancy contracts supporting projects in the financial institutions (€24.5 million), energy efficiency (€11.04 million) and small and medium enterprises (€13 million) sectors.

Consultant Contracts Supporting the Bank's Institutional Needs In 2014, 157 contracts totalling €7.6 million were categorised in support of the Bank's institutional needs. These included consultancy services including JASPERS Specialists, business development consultants, as well as specialised expertise to provide on-going technical support to the Banking teams.

Individual Consultants In 2014, 29 contracts totalling €1.6 million were awarded to consultants performing services at the Bank's offices (Table 6).

Table 6. Contracts with Individual Consultants by EBRD Teams, 2014

Department	Value (€)	Number
Industry, Commerce & Agribusiness	363,491.49	5
Office of the General Counsel	347,471.30	2
Environment (including Gender)	162,945.63	3
VP Policy (Nuclear Safety Team)	142,743.70	2
SEMED (Morocco RO)	141,768.42	2
Office of the Chief Economist	130,370.29	6
Banking VP	121,965.38	3
SME, Finance and Development	117,943.00	3
Infrastructure	92,452.79	1
Non-sectoral & non-regional functions	16,623.52	2
	1,637,775.52	29

1.6 Nationality of Consultants

The nationality of an individual consultant is based on the nationality stated in their curriculum vitae and confirmed in their passport. The nationality of a consulting firm is based on the country where its office is located as stated in the selection documentation (e.g. proposals) received by EBRD. With increased globalization reflected in consulting firms establishing offices across EBRD's CoO, firms are able to bid for EBRD work from locations most advantageous to winning contracts.¹⁶ This applies not only to the larger multinational consulting firms, but increasingly to local consulting firms in CoO who first expand to neighbouring countries and then to other countries in their immediate region. Consequently, the nationality data in this section needs to be read with a discerning eye with the above in mind.

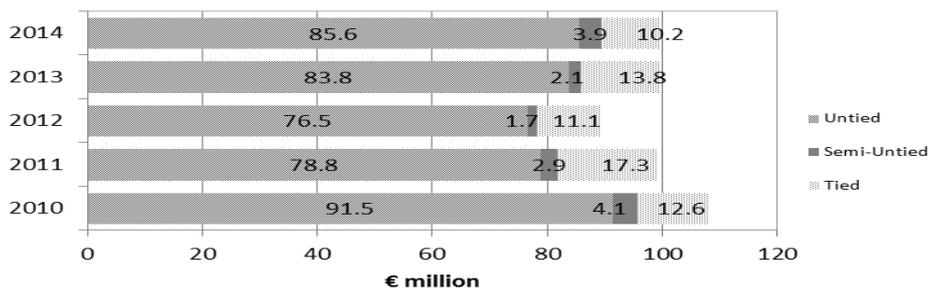
TC Funded Contracts and Nationality Eligibility Restrictions The Bank's PP&R requires open international competition in selecting consultants. For consultancy contracts financed with TC Funds, the Bank's policies are followed to the extent that they do not conflict with donor agreements on the use of such funds. These agreements may include nationality eligibility restrictions on consultant participation. There are three forms of restriction:

¹⁶ Section 5.4 of the Bank's PP&R states: "Short lists of consultants shall normally include no less than three and no more than six qualified and experienced consultants (individuals or firms, as the case may be). The list shall normally comprise a wide geographic spread of consultants, including wherever possible at least one qualified consultant from one of the Bank's countries of operations and normally no more than two from any one country".

- i. **Untied** TC funds carry no nationality eligibility restrictions on consultant participation;
- ii. **Semi-untied** TC funds carry only broad nationality restrictions or those with restrictions applied to a portion of the funds provided (thus including both tied and untied elements); and
- iii. **Tied** funding only allows participation by consultants of the donor's nationality. However, tied funding normally allows for local consultants from the CoO where the project takes place or from any other CoO to participate in the assignments by allocating between 10 per cent and 50 per cent of the funds, either through a consortium with a firm of the nationality of the donor or on a stand-alone basis.

The Bank intends to phase out tied funds. Since 2011, the Bank only accepts new tied funds on an exceptional basis and with a higher management fee. In 2014, 86 per cent by value of contracts were financed with untied TC funds. Over the past five years this proportion has fluctuated annually from 79 per cent to the highest of 86 per cent in 2014 as more donors untie their funding (Figure 7). Although the annual variation in the number of these contracts was very small, the value of contracts financed with tied funds rises or falls annually by between two per cent and five per cent. In 2014, the share of value of tied TC Funded contracts was at its lowest at 10 per cent. Semi-tied donor funded contracts accounted for the remaining four per cent of TC funded contract awards.

Figure 7. TC Funded Contracts by Nationality Eligibility Restrictions, 2010–2014



In 2014, the total value of contracts funded by donors with **Untied** TC funding provided through 61 contribution agreements was €85.6 million or 86 per cent of all TC funds. Among bilateral Donors that provided untied funding were Austria, Germany, Japan, Kazakhstan, Korea, Luxembourg, Norway, Russian Federation, Sweden, Switzerland, UK and USA. Funding provided through multi-donor and multi-lateral funds as Clean Technology Fund, SSF, EBRD Water Fund, ETC Fund, EBRD-Middle East and North Africa Transition Fund, as well as all EU funds was untied.

The overall value of contracts funded with **Semi-untied** TC funds, i.e. those with some nationality restrictions or with restrictions applied to a portion of funds, was €3.9 million financing 51 contracts. Examples of donors and projects financed with semi-untied funds in 2014 include: Switzerland–EBRD–SECO, North Tajik II & Khujand III Water Account; Switzerland, Osh and Jalalabad Water Rehabilitation Projects; MCCF, Green Carbon Fund; Japan–SEI TC Fund; Japan–EBRD Cooperation Fund, Spain–SEI Fund II ODA Fund; and TaiwanBusiness–EBRD TC Fund.

In 2014, the total value of contracts funded through **Tied** TC donor contribution agreements was €10.2 million, a reduction from €13.8 million in 2014. Austria was the largest donor of Tied funding with €3.3 million or 32 per cent financing 13 contracts. The Czech Republic's €2.2 million financed seven contracts and accounted for approximately 22 per cent of the Tied contracted funds. For details see Annex 4.

Open and targeted selection An open consultant selection process refers to assignments that are open to consultants of all nationalities without any eligibility restrictions to participate. The **targeted** consultant selection is a competitive selection process where eligibility to participate is restricted to consultants from the donor country as specified under the relevant contribution agreement (tied funding or tied portion of semi-untied funding). This is stated under the “Eligibility Requirements” section in consultant procurement notices. For competitively awarded assignments funded by TC funds where the donors of TC funds confirm their decision to provide funding prior to commencement of the consultant selection process, EBRD ensures economy, efficiency, transparency and donor visibility by stating the source of TC funding and applicable requirements in the procurement notice inviting expressions of interest. In 2014 there were 28 consultancy contracts awarded following competitive consultant selection processes targeted specifically at consultants from the TC Donor countries. For details see Annex 5.

Consultant’s Nationality EBRD and its clients engaged individual consultants and firms representing 71 nationalities in 2014. For details see Annex 6.

British consultants remained at the top of both the individual and firm consultant nationality tables by value of consultancy awards. The 723 contracts totalling €35.1 million awarded to British consultants included 176 contracts totalling €6.7 million for engagement of outside counsel by the OGC, and 133 contracts totalling €2.0 million for provision of management and specialist industry advice for the SBS programme.

Out of 723 contract awards to British consultants, the top ten contracts with the highest value accounted for €8.7 million or approximately 25 per cent. Large British firms and consortium of firms led by British partners won contracts in the sustainable energy investment, municipal infrastructure, transport and other sectors.

In 2014, the top-five consultant nationalities—British, German, French, Russian and Italian—accounted for 54 per cent of the total value of consultancy contracts awards by the EBRD and its clients (Table 7).

Table 7. Contracts by Top Five Consultant Nationalities, 2014

Nationality	Number	Value (€)	% of total value	Funding Sources (per cent of value)	Consultant Selection Methods (per cent of value)	Main Areas of Expertise
British	723	35,148,187	21%	TC funds – 46% Bank budget – 53% Loan funded – 1%	Direct – 42% Competitive – 58%	Legal, engineering, environmental, integrity & compliance, HR, management, economics
German	118	19,243,554	12%	TC funds – 82% Bank budget – 6% Loan funded – 12%	Direct – 8% Competitive – 92%	Technical, engineering, management, finance, environmental
French	76	18,287,246	11%	TC funds – 21% Bank budget – 3% Loan funded – 76%	Direct – 8% Competitive – 92%	Engineering, finance, banking
Russian	136	8,101,560	5%	TC funds – 56% Bank budget – 30% Loan funded – 14%	Direct – 25% Competitive – 75%	Environmental, engineering, legal, finance
Italian	92	7,382,975	5%	TC funds – 43% Bank budget – 11% Loan funded – 46%	Direct – 28% Competitive – 72%	Environmental, engineering, legal

German consultants were engaged in a wide spectrum of projects including power and energy, sustainable energy investment, municipal infrastructure and financial institutions. Many of the Russian consultants were from international firms such as PWC, KPMG, Ernst & Young and others bidding from their Russian offices.

Compared to the previous table, Table 8 does not include nationality breakdown for firms and individuals for loan funded contracts and contract awards by OGC. For TC Team's data only, British consultants were awarded 21 per cent of individual consultant contracts (€4.9 million) and 23 per cent contracts to firms and consortia by value. The remaining 79 per cent of individual consultant contracts were spread across 61 nationalities.

Table 8. Contracts with Individual Consultants vs Firms, 2014

	Nationality Individuals	Value (€)	Number	Total value %		Nationality of Firm	Value (€)	Number	Total value %
1	British	4,916,210	180	21%	1	British	23,263,804	366	23%
2	German	1,613,485	67	7%	2	German	15,139,108	46	15%
3	American	1,277,600	38	6%	3	International	5,104,998	5	5%
4	Italian	1,075,321	47	5%	4	Spanish	4,958,263	24	5%
5	French	1,000,763	41	4%	5	Russian	4,365,888	21	4%
6	Finnish	924,866	28	4%	6	Czech	4,181,057	20	4%
7	Dutch	791,579	34	3%	7	Austrian	3,786,397	28	4%
8	Austrian	758,301	8	3%	8	French	3,326,675	26	3%
9	Canadian	708,045	31	3%	9	Turkish	3,134,843	18	3%
10	Greek	663,428	21	3%	10	Italian	2,913,654	42	3%
11	Russian	623,839	36	3%	11	Danish	2,573,461	12	3%
12	Polish	516,417	19	2%	12	Swiss	2,504,985	14	2%
13	Belgian	501,020	25	2%	13	American	2,277,787	27	2%
14	Ukrainian	446,805	16	2%	14	Bulgarian	2,214,885	13	2%
15	Irish	442,706	28	2%	15	Croatian	2,062,028	11	2%
16	Australian	423,716	9	2%	16	Kazakhstanian	1,826,539	17	2%
17	Turkish	394,592	8	2%	17	Swedish	1,524,238	17	2%
18	Armenian	389,242	26	2%	18	Indian	1,434,150	2	1%
19	Moroccan	359,396	9	2%	19	Dutch	1,431,273	24	1%
20	Japanese	354,280	26	2%	20	Romanian	948,267	17	1%
21-61	Others	4,878,072	265	21%	21-61	Others	12,200,053	291	12%
	Total	23,059,683	962	100%		Total	101,191,350	1,043	100%

Note: OGC and loan funded contracts are excluded.¹⁷ The total may not equal 100% due to rounding of figures.

Consultants from the Bank's CoO In 2014, 1,131 contracts totalling €43.9 million were awarded to local consultants. This represented an increase of three per cent in value and 10 per cent in number over 2013 when 1,026 contracts totalling €42.7 million were awarded. These include 488 contracts for local legal consultants engaged by OGC with total value €9.5 million.

Consultants from the SEMED region were awarded 71 contracts totalling €2 million. Russian¹⁸ (€8.1 million), Turkish (€4.8 million), Kazakh (€4.8 million) and Croatian (€2.8 million) consultants had the highest value of contract awards. Contract awards to these four top nationalities accounted for nearly half of the value of contract awards to local consultants. For more details see Annex 7.

Consultants from CoO participated in projects in both their domestic markets and in neighbouring countries. They also participated through the Bank's PP&R winning contracts in the Bank's CoO against international competition.

As nationality data is based on the location of the bid/contract address of the lead firm that is being contracted it is expected that local consultant participation is wider than reported. However it is difficult to access accurately information regarding local consultants that were sub-contracted by lead firms directly engaged by the Bank and its clients, or those participating in the Bank's assignments as non-lead members of consortia.

¹⁷ The nationality of law firms retained by OGC (by the firm's office location) is provided in Table 16. For loan funded contract awards by the Bank's clients refer to Annex 6.

¹⁸ The EBRD remains present in Russia to support existing projects and our clients. However, the Bank is currently not in a position to undertake any new business there due to guidance given by the majority of the EBRD's Board of Directors, who in July 2014 indicated to the EBRD's Management that, for the time being, they would be unable to approve new investments in the Russian Federation.

In 2014, TC Team conducted 15 outreach and consultant workshops to enable consultants to participate in the Bank's consulting opportunities (See Table 23). Five of these events were in the Bank's CoO.

As part of the Bank's Post-Graduation Operational Approach, TC Team has embarked on developing a programme of training and policy dialogue to facilitate local consultants' market development and capacity building in CoO. EBRD's Post-Graduation Special Fund financed from the Bank's net income enables TC Team to design and deliver professional and technical training to increase consultants capacity, as well to advance policy dialogue with professional consulting associations and governments in order to strengthen the associations and to facilitate improvements to the regulatory environment.

1.7 Consultancy Contracts by EBRD Contracting Department

This section analyses the number and value of contracts awarded by the TC Team, SBS Team and OGC. For details see Annex 8.

TC Team In 2014, the TC Team managed the selection and engagement of 2,005 contracts financed by TC Funds and the Bank's budget with a total value €124.3 million. For comparison, in 2013, the TC Team managed the selection and engagement of 2,146 contracts with a total value €144.9 million. Prior to 2014, 70 per cent of value of contracts were financed with TC Funds. In 2014, following the transfer of contracts to support the corporate needs of operation of the Bank from TC Team to CPU, the share of contracts financed from TC funds rose to 80 per cent with the remaining 20 per cent financed from the Bank's budget.

The share by selection method for both funding sources fluctuates annually by up to eight percentage points. The three-year average by value of **TC funded contracts** awarded by competitive selection methods is 73 per cent of which over 55 per cent is by the most competitive selection method, evaluation of proposals (Table 9).

Table 9. TC Funded Contracts, 2012–2014

	2014			2013			2012		
	Value (€)	Total Value %	No	Value (€)	Total Value %	No	Value (€)	Total Value %	No
Direct Selection	18,526,392	19%	996	16,987,473	16%	885	14,748,305	17%	857
Direct Selection Section 5.9	11,440,209	11%	61	5,519,391	6%	64	9,549,562	10%	60
Selection From Shortlist	19,452,289	20%	187	14,536,246	15%	157	16,784,108	19%	129
Evaluation of Proposals	50,289,298	50%	112	62,643,676	63%	116	48,226,630	54%	126
	99,708,188	100%	1,356	99,686,786	100%	1,222	89,308,605	100%	1,172

This compares with 60 per cent of contracts financed by the **Bank's budget** over the 2012–2014 period using competitive selection methods. As the Bank's budget is used for lower value assignments, selection from a shortlist is more common than evaluation of proposals (Table 10).

Table 10. Bank Budget Funded Contracts, 2012–2014

	2014			2013			2012		
	Value (€)	Total Value %	No	Value (€)	Total Value %	No	Value (€)	Total Value %	No
Direct Selection < €75k	8,349,885	34%	347	10,170,206	23%	473	9,784,276	27%	481
Direct Selection Section 5.9	3,808,284	16%	46	5,079,602	11%	63	3,939,330	11%	51
Selection From Shortlist	10,122,680	41%	247	22,257,835	49%	369	19,288,696	53%	377
Evaluation of Proposals	2,261,999	9%	9	7,690,152	17%	19	3,619,449	9%	19
	24,542,848	100%	649	45,197,795	100%	924	36,631,751	100%	928

For **individual consultants**, there was a further increase in direct selection from 46 per cent in 2012 and 48 per cent in 2013 to 60 per cent in 2014 due to engagement of several senior experts, for example as EBRD-JASPERS Specialists and for Business Development in the CoO and new regions (Table 11). As per the Bank's PP&R Section 5.5(b), the most competitive selection method for individual consultants is selection from a shortlist.

Table 11. Individual Consultants Contracts by Selection Method, 2012–2014^a

	2014			2013			2012		
	Value (€)	Total Value %	No	Value (€)	Total Value %	No	Value (€)	Total Value %	No
Direct Selection	10,359,555	45%	727	12,279,921	38%	841	9,543,807	34%	721
Direct Selection	3,371,638	15%	44	3,221,890	10%	65	3,394,042	12%	73
Selection From Shortlist	9,328,490	40%	191	16,567,734	52%	265	14,989,427	54%	234
Evaluation of Proposals	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	23,059,683	100%	962	32,069,545	100%	1,170	27,927,276	100%	1,028

^a Including individuals engaged through firms, where consultant selection was made based on the individual consultant's qualifications and experience.

In contrast, the use of competitive selection methods with **consulting firms** is much higher with a three-year average of 75 per cent of contracts to consulting firms or consortium of firms being awarded this way. Further, evaluation of proposals which is the most competitive method has been used for over 55 per cent of contracts annually from 2012 to 2014 (Table 12).

Table 12. Contracts to Firms by Selection Method, 2012–2014

	2014			2013			2012		
	Value (€)	Total Value %	No	Value (€)	Total Value %	No	Value (€)	Total Value %	No
Direct Selection	17,299,290	17%	618	14,757,694	13%	521	14,988,773	15%	617
Direct Selection	11,876,856	12%	63	7,497,167	7%	64	10,094,851	10%	38
Selection From Shortlist	20,246,479	20%	243	20,226,348	18%	256	21,083,378	22%	272
Evaluation of Proposals	51,768,728	51%	119	70,333,827	62%	135	51,846,079	53%	145
	101,191,353	100%	1,043	112,815,036	100%	976	98,013,081	100%	1,07

TC Team monitors compliance with the Bank's PP&R to ensure economy, efficiency and value for money in consultant selection and engagement. Whereas quality of consultant's performance is paramount, procurement effort should remain proportionate to value of contracts.

EBRD contracts a large number of consulting firms to support its operational needs. The top-10 firms were collectively awarded only 10 per cent of the total number of contracts with consultancy firms by TC Team. This was 19 per cent of the total value. The average value of contracts with the top-10 firms was €180,230 whereas the overall average value of all consultancy contracts with firms 2013 (Table 13). Firms with the highest numbers of contracts are multinationals with capacity to carry out several complex assignments simultaneously.

Table 13. Top-10 Firms by Number of Contract Awards (regardless of office location), 2014^a

Consultancy Firm	Areas of expertise	Number of Contracts	Value (€)
PricewaterhouseCoopers	Financial, accounting	15	2,719,037
KPMG	Financial, accounting	15	1,052,509
D'Appolonia	Engineering, energy efficiency	14	1,574,501
Ernst & Young	Financial, market research	14	1,932,008
Fichtner	Engineering	12	3,624,484
Mott Macdonald	Engineering	11	1,294,437
SWECO International	Engineering	8	1,622,964
Egis International	Engineering	6	1,677,110
COWI	Engineering	5	2,463,737
Grontmij	Engineering	5	963,435
TOTAL		105	18,924,222

^a This table excludes call-off notices under framework agreements.

Finally, in 2014, the TC Team published 212 procurement notices inviting expression of interest in consultancy assignments on the Bank's website, compared to 165 notices in 2013, and 180 in 2012.

Nuclear Safety Department In 2014, TC Team also managed the selection and engagement of ten consultancy contracts totalling €0.55 million supporting EBRD's Nuclear Safety programme.¹⁹

Small Business Support Team Contracts awarded for the SBS programme are detailed separately in this Section even though they are included in the TC Team's statistics as, with the exception of Business Advisory Services ("BAS") consultants, the TC Team is responsible for selection and engagement of these consultants. In 2014, a total of 779 contracts for €11.8 million were awarded including contracts for the Enterprise Growth Programme ("EGP") Team Coordinators, and Market Development Activities consultants. As most SBS contracts were within the direct selection threshold this method was used in 80 per cent of contracts (for €9.4 million) with the balance of contracts selected from shortlist.

In 2013, a total of 677 contracts for €10.8 million were awarded within the SBS, with 74 per cent of the value of contracts (€8 million) awarded directly and the balance of contracts selected from shortlist. Over 57 per cent by number and 53 per cent by value of SBS contracts were financed by various EU programmes and the SSF (Table 14).

Table 14. SBS Contracts by Funding Source, 2014

Funding Source	Value, €	Number
Various EU Programmes	4,271,013	294
Shareholder Special Fund	2,015,024	150
Southern and Eastern Mediterranean Trust Fund	1,015,175	29
Early Transition Countries Fund	911,068	50
Others	3,574,310	256
Total	11,786,590	779

¹⁹ Procurement Policy Department oversees and administers grant agreements contracted by the Nuclear Safety Department. These grant agreements are reported in the Annual Procurement Report.

By nationality, British, German and Dutch consultants supporting SBS activities in 2014 topped the list (Table 15).

Table 15. SBS Contracts by Consultant Nationality, 2014

Nationality	Value, €	Number	Nationality	Value, €	Number
British	2,024,844	133	French	413,145	26
German	960,157	51	Japanese	394,125	31
Dutch	584,126	35	Latvian	269,000	6
Finnish	574,752	32	Moroccan	234,543	9
American	482,902	26	Uzbek	233,732	11
Greek	478,208	21	Portuguese	195,000	1
Canadian	458,295	26	Russian	177,978	18
Italian	440,312	38	Romanian	171,698	13
Irish	435,073	31	Others	2,414,226	226
Danish	429,045	18			
Belgian	415,429	27	Total	11,786,590	779

The SBS team are constantly looking to expand their network of advisers with expertise from every sector, industry, and specialisation and there is a permanent invitation on their webpage for consultants to register in the database of advisers.²⁰

BAS project consultants are contracted by BAS clients who are the beneficiaries of the business advisory services. Grant agreements for the part payment of TC funds are prepared by the local BAS teams in their offices in CoO. In 2014, 1,747 Grant Agreements were signed by the Bank for BAS projects totalling €8.7 million. Client cost sharing is essential to the BAS business model. The total net value of the underlying consultancy assignments amounted to €15.4m with BAS clients paying the balance of €6.7 million, an aggregate cost sharing contribution of 44 per cent. There was a 23 per cent increase in both number and value of Grant Agreements signed by the Bank for BAS projects compared to 2013 (1,421 agreements totalling €7.1 million with the total net value of the underlying consultancy assignments amounting to €12.4 million). The clients' cost sharing contribution also increased from 43 per cent in 2013 to 44 per cent in 2014.

Office of the General Counsel In implementing Paragraph 5.6 of the PP&R, OGC applies competitive procedures for assignments estimated to cost €75,000 or above. The shortlists of firms to be invited to compete for individual assignments above that value are generated from firms recorded in the OGC Database of Registered Law Firms. These firms have responded to the invitation posted on the Bank's website by providing an expression of interest ("EoI") in EBRD assignments that fall in their particular areas of expertise. Although for non-legal assignments invitations for EoI are posted for each specific assignment, the general invitation of EoI for legal assignments on ebrd.com and registration of responding firms on the OGC Database takes account of the following special considerations:

- i. A public invitation for EoI for each specific legal assignment would require the disclosure of confidential or commercially sensitive client information and hence would not be compatible with the Bank's obligation to preserve the confidentiality of such information.
- ii. OGC's reliance on its Database of Registered Firms serves to streamline the competitive selection of outside counsel. It also makes best use of OGC's expertise regarding the capabilities of firms and practitioners operating in the Bank's countries of operations and other significant jurisdictions.

The costs of engagement of outside counsel by OGC for operations funded from the Bank's budget are normally recovered from clients as part of transaction costs.

²⁰ <http://www.ebrd.com/work-with-us/advice-for-small-businesses/international-advisers.html%20>

In 2014, OGC awarded 708 contracts totalling €17.3 million. This was a two per cent decrease by number and a 15 per cent decrease by value from OGC's 2013 contract awards (719 contracts totalling €20.4 million). Ninety-two per cent of contracts by number totalling €16 million financed legal consultants for the Banking Department with the balance of €1.3 million for legal advice for non-Banking departments.

OGC is responsible to review every project undertaken by the Bank. For the majority of the Bank's projects OGC seeks outside counsel following the relevant selection method. Competitive selection methods were used for 5 per cent of OGC's contracts totalling €4.33 million (25 per cent of the total value). The remaining 671 contracts totalling €12.9 million were awarded by direct selection from the OGC database of registered law firms with 258 of these contracts being below €20,000. Section 5.9 of the Bank's PP&R was applied for 30 contract extensions totalling €1.4 million.

In terms of consultant nationality, law firms based in the UK had the highest share of the value and number of OGC contract awards, followed by Russian law firms. The top six consultant nationalities were awarded contracts totalling more than €12.7 million, 73 per cent of the total value (Table 16).

Table 16. OGC Contracts by Consultants' Office Location, 2014

Ranking	Consultant Nationality (location of office)	Value, €	Number	per cent of total value
1	United Kingdom	6,671,792.86	176	38.64
2	Russian Federation	1,945,921.65	78	11.27
3	Turkey	1,309,550.51	41	7.58
4	Ukraine	1,173,323.62	61	6.79
5	Poland	933,455.80	20	5.41
6	Kazakhstan	697,800.59	27	4.04
7	Croatia	489,820.00	23	2.84
8	United States	448,564.00	13	2.6
9	Romania	432,913.13	26	2.51
10	Georgia	386,957.26	19	2.24
11	Serbia	333,700.00	29	1.93
12	Armenia	202,840.67	16	1.17
13	Egypt	174,956.08	8	1.01
	Others	2,066,913.08	171	11.97
	Total	17,268,509.25	708	100%

OGC retained approximately 250 distinct firms/offices for 720 assignments, averaging less than three assignments per firm/office. Most of the Top-10 law firms awarded contracts are international firms with offices in more than one country and capacity to carry out several assignments simultaneously (Table 17).

Table 17. OGC Contracts Awarded to the Top-10 Law Firms, 2014

Law Firm	Value, €	Number
Clifford Chance	1,710,613.27	38
White & Case	1,314,582.86	12
Allen & Overy	1,269,128.24	21
Dentons	751,186.14	31
Bird & Bird	681,159.27	24
CMS	494,672.88	24
Morgan Lewis	492,264.67	19
Norton Rose	485,089.47	6
Nabarro LLP	477,394.76	3
Baker Botts	408,543.28	16

Law firms/offices were awarded 685 contracts totalling €16.3 million or 95 per cent of the total value of OGC's 2014 contracts for legal assignments in EBRD's CoOs. Legal assignments in the top five CoO accounted for 56 per cent of the total value of contracts for CoO assignments. These five countries all had over €1 million in total contracts, with the

Russian Federation leading with €2.4 million followed by Ukraine and “Regional” with around €2 million each (Table 18).

Table 18. OGC Contracts by Assignment Location (by Country of Operations), 2014

Country of Operation	Value, €	Number	% of Total Value	Country of Operation	Value, €	Number	% of Total Value
Russian Federation	2,372,816.94	103	14.54	Latvia	170,200.00	5	1.04
Ukraine	2,018,244.99	98	12.37	Kyrgyz Republic	163,349.93	13	1.00
Regional*	1,965,527.48	41	12.04	Morocco	162,400.00	8	1.00
Turkey	1,696,158.71	53	10.39	Belarus	158,425.00	14	0.97
Kazakhstan	1,040,019.57	40	6.37	Moldova	125,941.34	11	0.77
Poland	900,875.00	21	5.52	Tajikistan	114,540.12	9	0.70
Croatia	769,720.00	33	4.72	Montenegro	98,100.00	9	0.60
Jordan	728,419.96	9	4.46	Bosnia & Herzegovina	71,450.00	10	0.44
Romania	615,015.41	32	3.77	Slovak Republic	49,000.00	2	0.30
Mongolia	533,019.33	17	3.27	Kosovo	40,700.00	3	0.25
Egypt	481,672.08	12	2.95	Tunisia	33,610.32	7	0.21
Georgia	464,007.26	20	2.84	Lithuania	22,220.00	2	0.14
Serbia	359,700.00	28	2.20	Estonia	17,100.00	1	0.10
Armenia	310,814.41	21	1.90	Uzbekistan	14,425.92	2	0.09
Albania	227,301.65	14	1.39	Cyprus	7,500.00	2	0.05
Azerbaijan	206,842.11	20	1.27	Hungary	5,000.00	1	0.03
FYR Macedonia	195,473.54	9	1.20	Turkmenistan	2,673.99	1	0.02
Bulgaria	175,850.00	13	1.08	Slovenia	2,000.00	1	0.01
				Total	16,320,115.06	685	100%

* Regional=assignments across more than one country

1.8 Contracting by the Bank’s Clients

Consultants engaged to provide services in support of operations may be selected and managed by the Bank or its Clients. This decision is justified in a TC request and approved by TC Com.

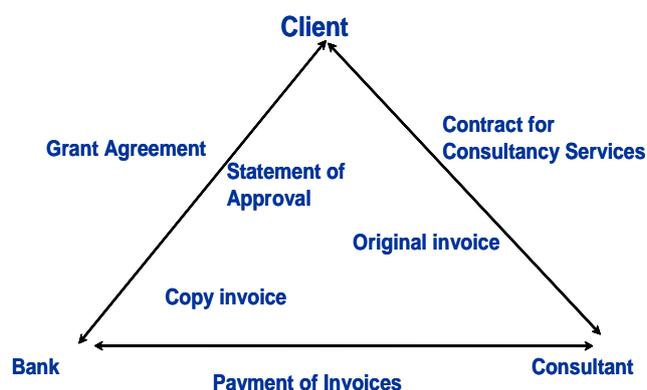
Client contracting refers to TC funded consultancy assignments, normally in transactional TCs, which are managed by the Bank’s clients. This is an important instrument in the provision of TC assistance and is formalized including respective roles and responsibilities through a Grant Agreement between the Bank and its client. Whereas in 2009-2013 the average value of Grant Agreements rose steadily from €254,954 to €323,838, in 2014 it fell to €242,100 i.e. below the 2009 average (Table 19). These figures exclude the 1,421 grant agreements totalling €7.1 million entered into with BAS clients, as their average agreement value would distort downwards the overall average.

Table 19. Grant Agreements with Clients, 2009–2014

Year	No. of Grant Agreements	Value, € millions	Average value of Grant Agreement (€)
2009	109	27.8	254,954
2010	134	36.4	271,343
2011	104	29.9	288,076
2012	82	25.4	309,878
2013	99	32.1	323,838
2014	98	23.7	242,100

The Bank’s clients, as beneficiaries of TC should select, engage and manage consultants in accordance with the Bank’s PP&R and donor requirements. The TC Team advises and assists the clients on all aspects of management of TC assignments and ensures compliance with the Bank’s PP&R, including providing necessary documents and templates, assistance in formulating consultant’s terms of reference, drafting and publishing procurement notices, issuing requests for proposals, preparing consultancy contracts and funding agreements and coordinating the administration of consultancy contracts.

Figure 8. Typical Client-Bank-Consultant Roles



The Bank also makes payments directly to consultants upon receipt of a statement of approval signed by the clients. This structure ensures the Bank avoids a conflict of interest as the Bank is simultaneously the lender and the party managing consultants during project implementation. It also enables capacity building as most often TC funded assignments are implemented prior to procurement of contracts under loan proceeds. This enables EBRD to

actively support new client's learning curve, deepening client ownership of the assignment and contributing to the transition impact (Figure 8).

In 2014, the Bank's clients contracted and managed 98 consultancy contracts totalling €23.7 million. There was a 25 per cent reduction in the average contract value from 2013. Clients in all the Bank's CoO managed contracts with the top five CoO by value—Tajikistan, Ukraine, Kyrgyz Republic, Kazakhstan and Moldova—accounting for 67 per cent of the total value (Table 20).

Table 20. Client Selected and Managed Contracts by Country, 2014

Country of Operation	Value, €	Number	Country of Operation	Value, €	Number
Tajikistan	6,716,102	15	Romania	381,776	4
Ukraine	2,590,829	9	Bulgaria	374,850	3
Kyrgyz Republic	2,473,070	9	Bosnia And Herzegovina	290,990	2
Kazakhstan	2,127,008	12	Serbia	264,942	1
Moldova	1,982,720	5	Egypt	200,719	2
Albania	1,357,020	5	Armenia	160,000	1
Croatia	1,215,550	6	Regional	105,108	4
Jordan	816,025	3	Turkey	104,492	2
Montenegro	793,926	3	Turkmenistan	102,656	3
Russian Federation	632,455	3	Georgia	51,000	1
Mongolia	515,000	1	Azerbaijan	30,000	1
FYR Macedonia	439,558	3	Total	23,725,796	98

Framework contracts and framework agreements are used by the Bank as instruments for retention of consultants for repetitive, similar assignments requiring same or similar expertise. Following competitive selection, consultants are awarded framework agreements with broad terms of reference defining the nature and scope of the services that may be required. The consultants are only mobilised as and when the Bank identifies the requirement for a specific assignment and awards a call-off notice (either directly or following evaluation of proposals submitted by consultants with framework agreements) which contains the specific terms of reference and budget for the assignment (Table 21).

Table 21. Number of Framework Agreements and Contracts, 2009–2014

	Number of Framework Agreements	Number of Framework Contracts
2009	19	1
2010	32	3
2011	46	7
2012	42	9
2013	43	15
2014	34	12

The key distinction between a framework agreement and a framework contract is that the framework agreement does not have a committed budget (ceiling on value) when the framework agreement is entered into. For the majority of Bank funded framework facilities there are no upper limits on the value of framework agreements; for framework agreements funded from TC/Special Funds an overall facility amount is referred to during selection processes. The value of framework agreements is reported as zero for both Bank and TC funded assignment and values of call-off notices, therefore, depend on the budget for specific assignments as per call-off notices. For details see Annex 9.

Framework contracts are sometimes used for high value assignments which require tight management of specific tasks and budget. These may involve complex interventions such as those required to support the introduction of new credit lines to participating banks e.g. sustainable energy financing facilities. The value and duration of contracts can vary considerably. For details see Annex 10.

In 2014, 285 contracts totalling €12.2 million were awarded as call-offs under existing framework agreements, and 60 contracts totalling €13.6 million awarded as call-offs under the framework contracts.²¹ For the call-offs under existing framework agreements, 177 (for €7.7 million) were awarded following competition among holders of framework agreements and 108 call-off notices (for €4.5 million) were awarded by direct selection. Only 20 of 285 call-off notices under framework agreements exceeded €75,000 (for €5.4 million) (Table 28), with the remaining 265 contracts amounting to €6.8 million, an average value of €25,688. Out of 20 call-off notices exceeding €75,000, only one was recorded as awarded through direct selection awarded under Section 5.9 of the Bank's PP&R. For details see Annex 11.

Advisory Services

Project Implementation Support Services Agreements In 2012–2014, at the request of the Governments of Bulgaria and Romania the EBRD entered into agreements with both governments to provide advisory services, project implementation support for projects funded through the EU Structural Instruments. These agreements known as Project Implementation Support Services Agreements (“PISSA”) aimed to enhance the respective Governments’ implementation capacity of EU funded projects and EU funds absorption in sector strategies and sector investment programs, project delivery, and institutional capacity. For details see Annex 12.

Under a PISSA, contracts are signed between the EBRD and the Beneficiaries/Managing Authorities²² with the Bank being engaged to provide project implementation support services within the scope and on the terms and conditions set out in the PISSA. To date project implementation support has been provided to energy efficiency, development of municipal services and support to private and commercial infrastructure operations. These services provided by the EBRD under each PISSA are financed by the corresponding Beneficiary/Managing Authority from EU Structural Instruments allocated to the corresponding country and made available to the Beneficiary/Managing Authority. EBRD’s full costs are charged in each PISSA and are recovered from the Beneficiaries.

In accordance with each PISSA, the EBRD provides expertise in designing a project including drafting the terms of reference, selecting and engaging consultants and providing its own staff to support implementation through monitoring the consultants’ services and advising on the quality of their deliverables. A standard consultancy contract is signed between the EBRD and the consultant. Payment(s) are made by the EBRD to the consultant conditional upon:

²¹ Call-off notices under framework contracts are not included in the overall statistics to avoid double counting.

²² As defined in the EU Structural Fund Regulations, including but not limited to ministries and governmental agencies of the corresponding country.

approval of the deliverables provided under the consultancy contract by both the Bank and the Beneficiary/Managing Authority; and, receipt by the Bank from the Beneficiary/Managing Authority of the corresponding part of funds allocated for the assignment under the PISSA.

In 2014, 11 contracts were signed under different PISSA arrangements in Romania and Bulgaria (in 2013, there were three contracts under PISSA arrangements).

1.9 Performance of Consultants

The performance of consultants financed by either TC funds or the Bank's budget is recorded in the Consultant Assignment Reporting ("CAR") system by the Operation Leader responsible to monitor consultants' performance. The CAR enhancement project implemented since December 2012, rated consultants' performance with respect to: technical competence, effectiveness, efficient use of resources, relevance and quality of the deliverables with the CAR system calculating an overall satisfaction rating. CAR completion reports are intended to provide feedback on consultants' performance to users of consultancy services across the Bank and as required review cases of under performance.

CAR prepared by Operation Leaders in 2014 show that over 98 per cent of all consultants met or exceeded the expectations outlined in their terms of reference (Table 22). This suggests that EBRD and its clients have been provided with good quality advice.

Table 22. Satisfaction Rating in Consultant Assignment Completion Reports, 2014

Satisfaction rating range	TC Funds (Number)	TC Funds (Percent)	Bank budget (Number)	Bank budget (Percent)
Unsatisfactory (0%–20%)	0	0	0	0
Below Expectations (21%–40%)	4	1	3	0
Met Expectations (41%–60%)	126	45	192	32
Exceeded Some Expectations (61–80%)	111	39	221	37
Exceeding all Expectations (81%–	41	15	186	31
Total	282	100	602	100

Under the TC Results Framework introduced in 1 July 2013, the CAR system has been revised. CAR is now used internally to measure consultant performance to address weak performance, provide feedback to consultants and to inform members of evaluation committees involved in consultant selection processes. The TC Team is leading the review of consultants performance appraisal and processes to address poor performance.

1.10 Technical Cooperation Team Activities in 2014

TC Team Operational Advice and Support. The TC Team's key functions include:

- Being member of the Technical Cooperation Review Committee (TC Com).
- Managing the TC Com Secretariat including observer status at Operations and Strategy and Policy committees to ensure coordination between EBRD key committees on TC related matters.
- Advising Bank and clients on the design, implementation and monitoring of transactional or non-transactional TC in line with the TC Results Framework which was introduced in 2013. In 2014 TC Team reviewed and advised on 279 TC projects (357 consultancy assignments) submitted to TC Com and valued at €230.6 million.
- Advising Bank and clients on the selection, engagement and management of consultants. In 2014 TC Team issued 2,336 contracts, 1,532 amendments and 60 call-off contracts under Framework Contracts.
- Ensuring TC results management and quality reporting to donors as well as to management via the TC Results Framework, in particular reviewing and verifying the

TC users' monitoring (self-evaluation reports) against the pre-determined desired outcomes. By the end of 2014, 76 progress and completion reports had been prepared for TC projects approved under the new Results Framework.

- Ensuring compliance with PP&R and donor requirements and providing specialist support to the Office of the Chief Compliance Officer (OCCO) in circumstances where allegations of prohibited practices in relation to the procurement of consultants and TC projects arise. Complaints regarding consultant selection and contracting are referred to the Procurement Complaints Committee. Two procurement complaints and one concern were referred in 2014: the procurement concern was closed because of lack of response from the complainant, one of procurement complaints was rejected with the other complaint currently under review. Details of cases are reported in the Annual Procurement Review prepared by the Bank's Procurement Policy Department.

TC Outreach and Consultant Workshop Programme TC Team, jointly with government agencies, professional and industry associations, chambers of commerce, other EBRD departments etc., regularly organises seminars and workshops to raise awareness among potentially interested consultants, to build capacity of consultants and to train them to be more successful when they participate in the selection processes for consultancy contract opportunities. Such events vary from promoting TC consultancy opportunities, to specialist workshops elaborating on EBRD PP&R compared to rules of other international financial or donor institutions (World Bank, EuropeAid etc.), case studies on how to express interest or write proposals, presentations by consultants already working with the EBRD, consultations or roundtables with associations to seek market feedback, and one-to-one meetings to address specific questions or concerns.

In 2014 TC Team designed and conducted 15 TC outreaches, consultant workshops (generally full day events) and in-depth business development and capacity building meetings reaching more than 700 consultants (Table 23).

Table 23. 2014 TC Team outreach and consultant workshop programme

Belgium	Flanders Trade & Investment and Brussels Export Agency at EBRD HQ (January 2014)
Ireland	EBRD HQ (March 2014)
Israel	Israel Commercial Attaches Delegation at EBRD HQ (April 2014)
USA	U.S. Department of Commerce in New York (April 2014)
USA	U.S. Department of Commerce and USAID in Washington (April 2014)
Estonia	TC workshop and market consultations with Estonian Chamber of Commerce and Industry in Tallinn (May 2014)
Jordan	Government Tenders Department in Amman (June 2014)
UK	British Expertise at EBRD HQ (June 2014)
UK	Institute of Consulting at EBRD HQ (June 2014)
South Korea	Korea Trade and Investment Promotion Agency in Seoul (June 2014)
Russian Federation	Russian Ministry of Economic Development in Moscow (June 2014)
Germany	German Association of Engineering Consultants at EBRD HQ (June 2014)
Tunisia	SEMED Trade & Investment Forum in Tunis (October 2014)
Poland	Part of EBRD seminar with Polish Ministry of Foreign Affairs in Warsaw (October 2014)
Regional	Roundtable with European Federation of Consulting Engineers (EFCA) and International Federation of Consulting Engineers (FIDIC) in Brussels (November 2014)

Programme for the Development of Consultancy Services Markets In close cooperation with SBS, TC Team offers as part of Post Graduation Operational Approach assistance to identify and implement market development activities (MDAs) to develop the competitiveness of their consultancy services markets. Based on findings of diagnostic studies for assessing the maturity of the concerned consultancy markets, specifically tailored MDAs are expected to contribute to the development of sustainable and commercially viable consultancy markets by focussing on opportunities and gaps in both the supply and demand-side of consultancy services on three levels (Table 24).

Table 24. Programme for the development of local consultancy services markets

<p>Micro level: Address professional and technical gaps by a capacity building programme for consultants, with training courses potentially ranging from project management to developing advanced technical skills</p>	<p>This three level approach is expected to:</p> <ul style="list-style-type: none"> - aid consultants to identify areas for business, professional and technical development; - adjust their long- and medium-term business strategies; - improve their performance in regional and international consultancy assignments awarded by the EBRD and other IFIs, EU and equivalent; - assist in the development of consultancy associations and their effectiveness in the representation of their members' interests; - remove any legal or regulatory bottlenecks to further facilitate the development of an effective consultancy services market.
<p>Meso level: Policy dialogue with the local authorities and domestic consultancy market's key stakeholders to foster the development of strong consultancy association(s) effectively representing the consultancies vis-à-vis authorities and clients</p>	
<p>Macro level: Policy dialogue with the local authorities to improve the legal, regulatory and procedural operating environment for consultants</p>	

In 2014 TC Team piloted the programme in Estonia. Following consultations with market stakeholders in May 2014, a diagnostic study (including a market survey) of the Estonian consultancy services market was completed in December 2014. The study identified challenges on the micro and meso levels as well as areas for further support (selected training courses, advice and capacity building for associations). Interventions addressing those bottlenecks will be designed in close coordination with key market stakeholders in 2015.

Programme for Building Client Capacity in Managing high-risk TCs In 2014 TC Team further developed its client capacity building programme for clients from the private as well from the public sector (ministries, municipalities, sub-sovereign utilities, publicly owned service companies). The programme's objective is to strengthen clients' capacity to effectively design, manage and monitor TC projects including consultant selection and engagement in line with the PP&R (Table 25).

Table 25. Programme for Building Client Capacity in Managing high-risk TCs

Objectives	2014 activities
<ul style="list-style-type: none"> - Enabling the Bank to exercise the same rigour and standards of fiduciary care to donor funded client-led consultancy assignments as it applies to Bank-led assignments funded by its own resources - Addressing clients' lack of capacity to manage high-risk TC in accordance with applicable EBRD policies and mitigating risks (significant delays in client-led TC, corruption and mis-procurement, etc.) - Addressing Bank's Internal Audit recommendations on better oversight 	<ul style="list-style-type: none"> - Update and re-launch of “Technical Cooperation: Guidelines for Clients Managing Donor Funded Consultancy Assignments” (October 2014) - Risk-based client capacity building programme (concept, tools, curricula) piloted, re-assessed and finalised - Nine capacity building projects reaching more than 150 participants were delivered to the Bank's clients. Highlights include: <ul style="list-style-type: none"> - Kyrgyz Republic (Bishkek) for various MEI projects with participants from the Ministry of Finance, city administrations and public service companies of the Bishkek and Karabalta municipalities - Kyrgyz Republic (Osh) for various MEI projects with participants from city administrations and public service companies from Osh, Kyzzyk-Kia, Karasuu, Batken municipalities - Jordan for MEI water projects with participants from the Jordanian Government Tenders Department - Serbia for the Digital Switchover Project with participants from the Deputy Prime Minister office, the Ministry of Foreign and Internal Trade and Telecommunications and the Department for Electronic Communications. - Montenegro for the Montenegro Local Roads Project with participants from Ministry of Transport, the city administration of Budva and publicly owned companies (water, railways passenger, railways infrastructure). - Kazakhstan for the Almaty LED Project, the Kyzylorda Water Project and the Kyzylorda Street Lighting Project with participants from regional and city administrations (Kyzylorda region and city) and publicly owned companies

MDB Harmonization The TC Team Director continues to co-chair the Multilateral Development Bank (“MDB”) working group on consultant selection and engagement, developing harmonized procedures and practices. The “MDB Harmonised Request for Proposal” used for client-led consultant selection and engagement was finalised in 2014 and has been used by the EBRD since 1 May 2014. TC Team further contributes to knowledge sharing on TC best practice, exploring synergies and improving cooperation among MDBs by engaging in continuous consultations with TC departments of MDBs and bilateral donor organisations.

Cost Sharing Following a review of cost sharing arrangements carried out in 2013, the Board approved new policy “Client Contributions to Technical Cooperation” on 15 October 2014 (BDS14-024 (Final)). The new arrangements became effective on 15 January 2015 and will further strengthen the Bank's approach for ensuring client commitment, committing scarce donor resources only where absolutely necessary and avoiding unduly subsidising. TC Team participated in the formulation of the new policy and continues to monitor clients' participation and contributions to TC funded assignments.

Electronic Contract Signature To improve efficiency through reducing process time and efforts, the risk and time associated with the loss of contracts in transit to and from consultants, TC Team was working on extending its stand-alone proprietary electronic contracting system known as 'DocuSign' from Bank contracting to Client contracted assignments to be implemented in 2015.

Training of EBRD Staff In 2014 TC Team (a) delivered training on the TC Results Framework and TC reporting to over 500 HQ and 100 RO staff; (b) conducted training sessions as part of major EBRD training programmes (primarily EBRD Banking Academy, EBRD Project Monitoring Course, External Nominee Directors Workshops) and (c) provided on-going Help Desk Support on the TC reporting system.

Monitoring EBRD External Auditor Requirements Deloitte LLP was the Bank's external auditor until 31 December 2014. Under the terms of the Board paper presented with respect to the appointment of external auditors (CS/AU/02-13), it was agreed that, in principle, the Bank's external auditors would not provide any consulting services to the Bank with the exception of TC funded contracts that relate to projects which should be approved through normal technical co-operation procedures. TC Team continues to monitor compliance with this requirement. In 2014, there was one contract award to Deloitte by the Bank that fell under the exception of TC funded contracts that relate to projects which should be approved through normal TC procedures (Assignment: Turkey: Development of the National Energy Efficiency Action Plan following the EU EE Directives, Contract Value: €283,576; Funding Source: EUR Enhancement of the Turkish Energy Sector in line with EU Energy Strategies; Consultant: Deloitte Advisory S.L., Spain).

Section 2 Technical Cooperation Portfolio 2014

2.1 Introduction

“Projects and TC results frameworks form the foundation of the Results Framework architecture – they are the primary means for achieving results”.²³ To assess the success of TC projects the Bank has developed a new monitoring and reporting system as part of the TC Results Framework introduced in 2013 with the following key features:

- TC is redefined as: **All assistance to clients, where there is a lack of know-how, technical skills, expertise; to facilitate capacity and institution building; policy, legal and structural reform, and all other incidental activities and necessary components of support to deliver that assistance.**
- Transactional TC projects include pre- and/or post-signing activities to directly support the implementation of a related investment operation and often bolster an investment’s transition impact.
- Non-transactional TC projects include activities that do not directly support an investment operation e.g. policy dialogue, legal and regulatory reforms, research, training, etc.
- The ‘TC Reporting System’ (“TCRS”), has been developed and implemented to manage TC projects from design to completion.
- From 1 July 2013, it is mandatory for all TC projects to have a results matrix specifying intended output and outcome results including indicators to measure outcome achievement prior to the TC project’s completion.
- Over 600 Headquarters and Resident Office staff was trained in the new Results Framework and the TCRS.
- The TC project’s results matrix is used to monitor implementation progress towards achieving results at least annually or more frequently as required by a donor, and as part of the overall performance assessment at completion.
- A TC **project** may have one or more assignments whose terms of reference describe the intended actions of consultants, EBRD and client staff to achieve outputs.
- The TC project performance evaluation methodology has been developed with the Evaluation Department as part of their reform of Evaluation Performance Rating in EBRD.²⁴
- EBRD’s Institutional Scorecard includes among other things a measure of the success of TC as, **the annual proportion of completed TC projects rated successful.**
- The TC project ‘Success’ rating is given to projects with an Overall Performance rating greater than 75 per cent.

This Annual Report analyses the TC project portfolio approved by the TC Com in 2014, including analysis at assignment level where appropriate. The Report concludes with a section on Reporting that analyses the implementation and status of all projects approved by TC Com since 1 July 2013 and in particular those scheduled to provide either a progress or completion report prior to 30 December 2014.

2.2 TC Portfolio – 2014 Projects Approved

In 2014, a total of 279 TC projects including 357 assignments valued at €230.6 million were approved by the TC Com. Seventy five of the 279 projects had multiple assignments. In 2013,

²³ The Architecture of Transition Impact Results Frameworks in the Bank, CS/FO/14-27, 23 September 2014, p. 6.

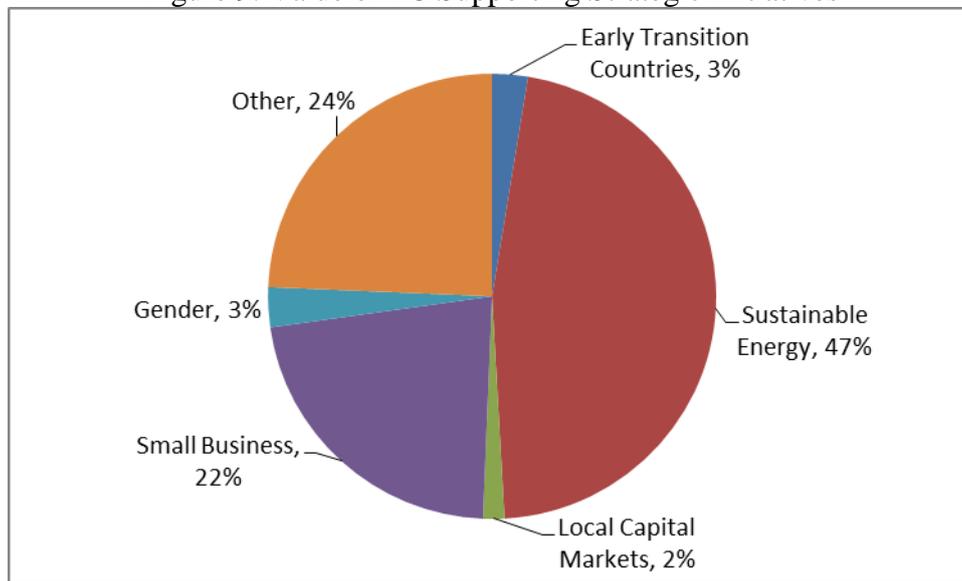
²⁴ The TC Project performance evaluation methodology is incorporated in the Evaluation Department’s Guidance Note on Performance Evaluation Rating, January 2015.

a total of 296 assignments valued at €160.3 million were approved by TC Com.²⁵ The 2014 TC portfolio was 17 per cent greater by number and 30 per cent greater by value over the 2013 portfolio.

TC Projects Supporting Strategic Initiatives

The Bank's Institutional Scorecard tracks five strategic initiatives—Sustainable Resources,²⁶ Local Currency and Capital Markets, Early Transition Countries (“ETC”), Small Business and Gender Strategy. Just over three quarters of all TC projects by number supported one of these five initiatives with a total value of €174.5 million. However, 43 per cent by number and 47 per cent by value of these TC projects supported the Sustainable Resource Initiative. A further 22 per cent by value supported the Small Business Initiative, including the SBS 2015 Annual Plan which was the largest TC project approved by the TC Com.²⁷ To avoid double counting, only TC projects undertaken in ETC CoO but not supporting one of the other four strategic initiatives were counted. In 2014, a total of 71 TC projects valued at €34.2 million were approved across the ETC CoO (Figure 9).

Figure 9. Value of TC Supporting Strategic Initiatives



TC Projects by Sector

Almost 60 per cent by value but 40 per cent by number of TC projects were in two sectors—municipal and environmental infrastructure (“MEI”) and small business. The energy, financial institutions (“FI”) and transport sectors accounted for a further 32 per cent by value but 40 per cent by number. Just over 20 per cent by number and value of TC projects were in the energy and transport sectors with the balance spread over four sectors (Figure 10).²⁸

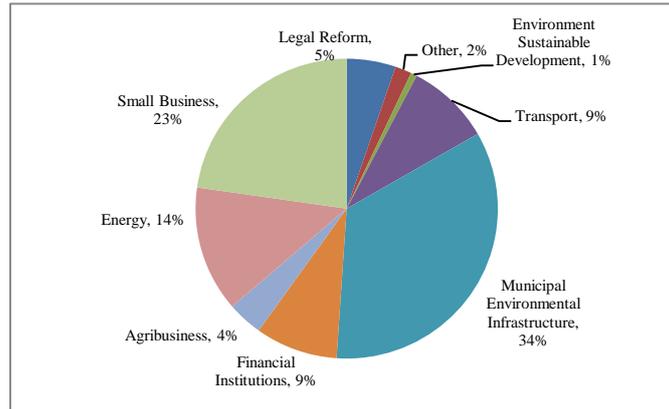
²⁵ Prior to the TC Results Framework introduction on 1 July 2013, submissions to TC Com were for individual TC assignments rather than for TC projects.

²⁶ The Sustainable Resource Initiative includes projects formerly classified as supporting the Sustainable Energy Initiative.

²⁷ The SBS 2015 Annual Plan had a value of \$36 million. Although approved by TC Com, SBS has separate reporting arrangements and will not report through the TCRS.

²⁸ Other includes telecommunications, natural resources and manufacturing and services.

Figure 10. Value of TC Projects by Sector



TC Projects by Country and Region

Over half of TC projects by number but just under half by value are implemented in CoO in EBRD’s three eastern and southeast regions (Figures 11 and 12). A further third by value and a fifth by number of TC projects are regional. Almost all regional projects are non-transactional, with the exceptions being TC projects supporting regional financing facilities. In south east Europe, the number and value of TC projects are reasonably evenly spread across all CoO except for Cyprus the Bank’s newest CoO in this region. In East Europe and the Caucasus, Ukraine has the highest number and value of projects (30 projects valued at €9.7 million), followed by Moldova (12 projects valued at €7.5 million) and Georgia (9 projects valued at €3.2 million). Three CoO dominate the Central Asia portfolio—Kazakhstan with 30 projects valued at €14.9 million, followed by Tajikistan (18 projects valued at €14.6 million) and Kyrgyz Republic (25 projects valued at €10.2 million). These three CoO have a relatively large number of multi-assignment transactional TC projects in the MEI sector.

Figure 11. Number of TC Projects by Region

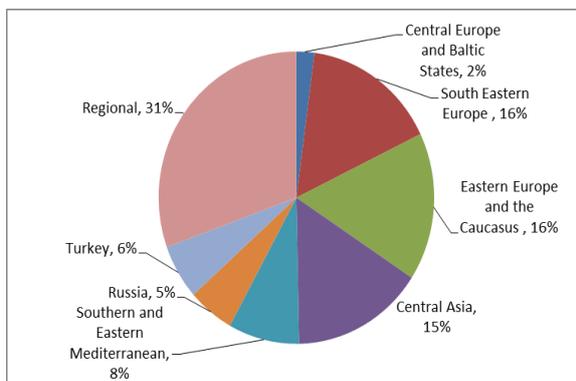
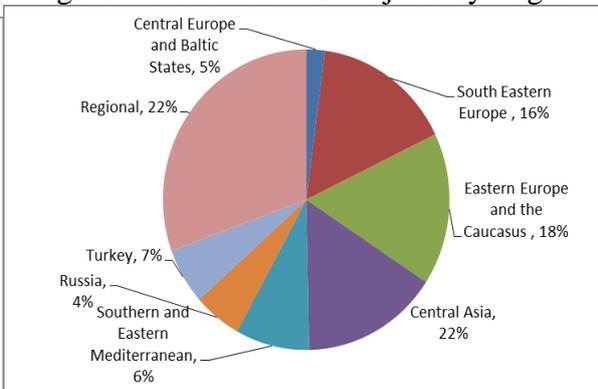


Figure 12. Value of TC Projects by Region



Transactional and Non-transactional Projects

In 2014 more non-transactional than transactional TC projects were approved by both number and value. All TC projects supporting research, legal and regulatory reform, policy dialogue and capacity building²⁹ were non-transactional. Although the value of these types of TC projects is often relatively low, the inclusion of a significant number of non-transactional TCs supporting institution building of clients who are not engaged in EBRD funded investment operations and the SBS Annual Plan explains the relatively high total value of non-transactional TC projects.

²⁹ Only four transactional projects are categorised as capacity building.

Over three-quarters of the 75 multi-assignment TC projects were transactional, most often beginning with project preparation, such as feasibility or due diligence studies. These are followed some time later by institution building and/or project implementation support assignments to enhance the client’s corporate governance and their capacity to manage an investment project. Furthermore, it is common for transactional TC projects to bolster the investment operations’ transition impact (Figures 13 and 14).

Figure 13. Transactional and Non-transactional TC Projects by Number

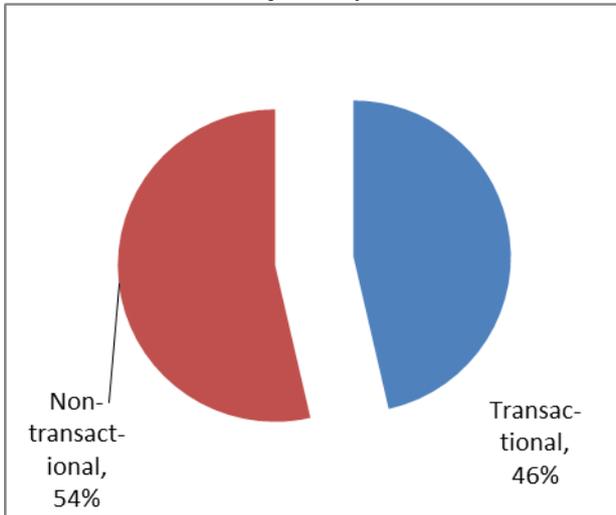
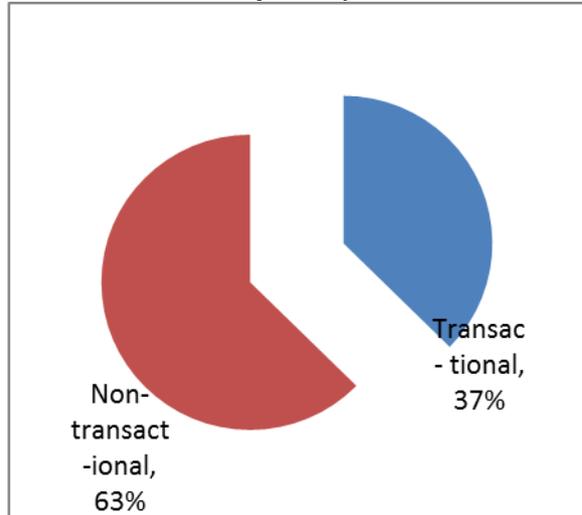


Figure 14. Transactional and Non-transactional TC Projects by Value



TC Projects by EBRD Team

The MEI team managed almost 40 per cent by number and one third by value of the approved portfolio (Figures 15 and 16). A further 40 per cent of the portfolio by number and almost 40 per cent by value was managed by five teams (FI, Transport, Legal Transition, Energy Efficiency and Climate Change and Power and Energy). The balance was spread across numerous teams in the Bank.

Figure 15. Number of TC Projects by Team

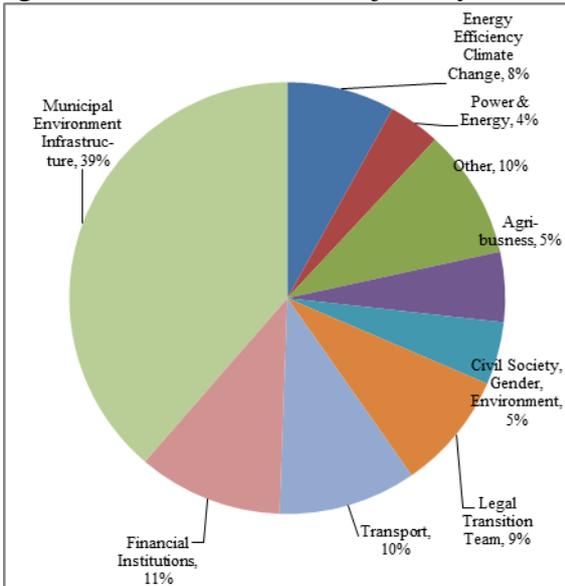
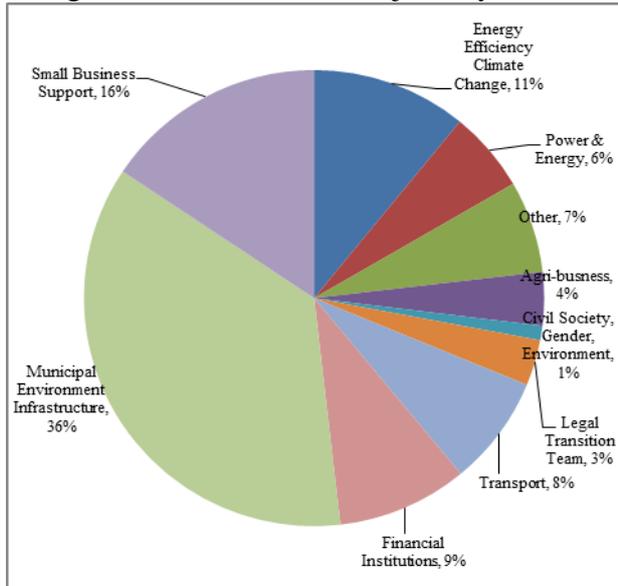


Figure 16. Value of TC Projects by Team



Although a number of assumptions underpin the value of assignments, the range across teams is significant (Table 26).

Table 26. Average Value of TC Projects by Team

Team	Average Value of TC Project (€)
1 Power and Energy	942,664
2 Energy Efficiency & Climate Change	867,639
3 Municipal & Environmental Infrastructure	595,567
4 Financial Institutions	542,599
5 Transport	484,514
6 Agribusiness	459,837
7 Other ^a	440,828
8 Legal Transition	233,896
9 Civil Society Engagement/Gender/Environment	137,133

^aIn this analysis the SBS 2015 Annual Plan has been excluded.

Types of TC Assignments

A typology was developed to distinguish the primary purpose of TC assignments (Table 27). For example, capacity building is often undertaken in institution building and project implementation support assignments. In this typology capacity building refers to only those assignments with training as its primary purpose—these are predominantly regional or sector specific training events including study tours. Similarly, legal and regulatory reform or research assignments often contribute to policy dialogue either as part of the process of engaging with stakeholders in preparing the reform or in the use of the deliverables. Again by categorizing the assignment by its primary purpose double counting of types is avoided.

Table 27. TC Typology of Assignments

Type	Description of Assignment	TC definition
Project preparation	Transactional TC supporting pre-signing project preparation including: pre- and feasibility studies and due diligence—technical, legal, environmental, financial, etc. e.g. Energy audits, environmental action plans,	<i>lack of know-how, technical skills, expertise</i>
Capacity building	Normally non-transactional TC supporting regional training, study tours, exchanges, etc. Occasionally a transactional TC assignment supporting staff training – formal and on-the-job, study tours, exchanges, internships, etc.	<i>facilitate capacity building</i>
Institution building	Transactional TC supporting institutional and organizational reform in public or private sector clients, including: planning (Corporate Development Plan, Financial Operations Planning and Investment Programme, etc.), new credit line procedures and practices, etc. Often including capacity building activities as part of an assignment. Non-transactional TC supporting institutional and organizational reform of clients engaged in legal, regulatory or banking reforms across sectors, including capacity building activities as part of an assignment	<i>facilitate institution building</i>
Project implementation support	Transactional TC supporting effective project implementation in accordance with EBRD procurement policies and rules, including building client staff project management capacity	<i>lack of know-how, technical skills, expertise</i>
Research	Normally non-transactional TC supporting sector, market, economic studies, etc. where the resulting study contributes to policy dialogue	<i>all other incidental activities and necessary components of support to deliver that assistance</i>
Legal and regulatory reform	Normally non-transactional TC supporting new and/or amended laws and regulations, where the process of developing and approving new laws and regulations and associated institutions contributes to policy dialogue	<i>facilitate legal reform</i>
Policy dialogue	Normally non-transactional but can be in transactional TC to facilitate structural reform, supporting policy formulation conferences, standard setting, and mechanisms (working groups, investment councils etc.). E.g. Ukraine National Reform Council, Investment Councils, Agribusiness private sector working groups and engagement with public sector	<i>facilitate policy and structural reform</i>

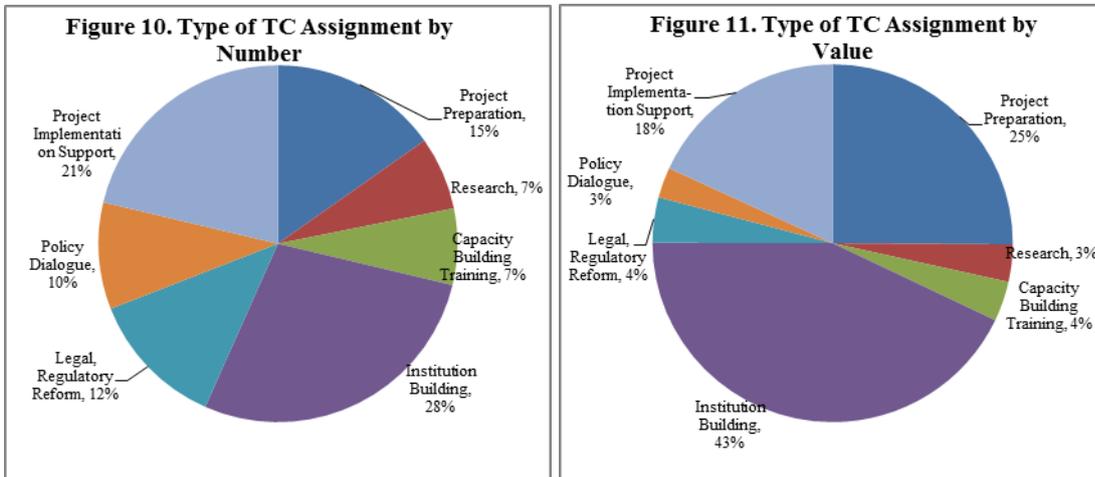
Multi-assignment transactional TC projects will most often have multiple types. For example, it is common for these projects to begin with a project preparation assignment, followed by institution building and project implementation assignments. Occasionally legal and

regulatory reform or policy dialogue assignments may also be included. While capacity building activities are normally incorporated within an institution building assignment, it is possible that a stand-alone capacity building assignment could also be included.

The typology was applied to all 359 TC assignments submitted for approval in 2014 (Figures 17 and 18). As expected three types—project preparation, institution building and project implementation support—account for 64 per cent by number and 86 per cent by value of all assignments. These assignments provide EBRD with sufficient information to develop an investment operation and then support the client to improve corporate governance and their capacity to sustain the results of an investment project.

Although over a third of assignments by number support policy dialogue, legal and regulatory reform, research and capacity building, their total value is 14 per cent. Almost a third of assignments by number but 10 per cent by value, supported policy dialogue initiatives either directly or indirectly through processes associated with legal and regulatory reform or the use of research studies.

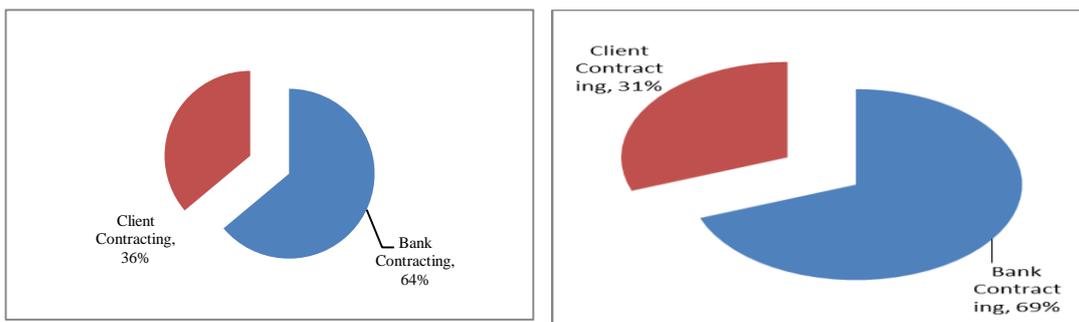
Figure 17. Type of TC Assignment by Number Figure 18. Type of TC Assignment by Value



TC Assignments by Contracting Entity

The Bank was the contracting entity for the majority of assignments by both number and value (Figures 19 and 20). This partly reflects the predominance of non-transactional TC projects where the Bank is most often the beneficiary. In addition, around three quarters of the SBS Annual Plan is Bank contracted, as are FI transactional TC projects with multiple clients.

Figure 19. Assignment Contracting Entity by Number Figure 20. Assignment Contracting Entity by Value



2.3 Results in Progress and Completion reports

Progress and Completion reports are prepared in the TCRS which was launched in the last Quarter of 2014. The timing of reports is dictated by each TC project's implementation cycle. Consequently, reports are spread over the year rather than under the Consultant Assessment Reporting system when all reports are prepared in the first quarter. The TC Operation Leader undertakes a self-assessment including evidence to substantiate the achievement of outputs and outcome indicators and rates the TC's overall performance using a methodology agreed with the Evaluation Department. For quality assurance and objective review, the TC Team in VP Policy verifies progress and completion reports, including their ratings.

From 1 July 2013 to 31 December 2014, TC Com approved 393 TC projects. Of these, 35 completion reports and 41 progress report were prepared at December 2014. Key results in these progress and completion reports are summarised using the TC Project typology with the exception of Project Implementation Support, where no TC projects were due to report.

Overall TC Performance

At 31 December 2014, 76 completion or progress reports were submitted on the performance of TC projects approved since 1 July 2013 (Table 28). These completion reports are all for short duration TC projects, typically 3–9 months and are dominated by project preparation TC which have not yet resulted in an approved investment operation. Progress reports describe at least 9 months of implementation with almost 50 per cent being multi-assignment TC projects where only the project preparation output has been completed at the time of reporting.

Table 28. Summary of Performance of TC Projects Approved since July 2013

Rating	No. Completion Reports	No. Progress Reports
Successful	33	
Unsuccessful	1	
Cancelled	1	
On-track		41

Project preparation

The outcome of project preparation is to provide sufficient information for EBRD to decide on future financing options, including detailed information on how to structure and implement an investment operation. With the exception of a due diligence assignment that was cancelled at the client's request soon after contracting the consultant, 17 project preparation completion reports were rated successful, with one project cancelled and all 19 project preparation outputs in on-going multi-assignment TC projects were rated on-track.

Although EBRD may choose not to proceed with an investment operation based on project preparation findings, one measure of the impact of project preparation work is the approval of subsequent investment operations. The 17 completion reports are for TC projects where the project preparation studies had not resulted in an investment operation as of 31 December 2014. Nine were feasibility studies that at December 2014 had yet to develop follow-on investment operations to concept review stage or beyond, three multi-CoO project identification studies, two environmental and three technical due diligence studies one of which was cancelled soon after implementation due to change in client priorities and one energy audit. All but one of these studies successfully met their outcome. Should an investment operation be developed and approved in 2015, future complementary TC assignments will be approved and reported under the existing TC project.

Whereas the 19 progress reports include 17 multi-assignment TC projects where investment operations had been signed or were at concept review stage and additional TC projects had

been approved in support of the operation. The other two progress reports were prepared for two stand-alone project preparation frameworks. Collectively, these 19 project preparation studies contributed to over €2.4 billion in newly approved loans, grants and additional TC projects.

By December 2014, the 17 project preparation studies with a total value of €3.8 million had resulted in 10 signed investment operations with €114 million of EBRD loan financing, €67.2 million complementary investment grants and €7.3 million of new grant financed TC assignments approved by TC Com. Seven investment operations were at concept review stage proposing a total of €70 million EBRD financing supported by €6.4 million grant financed TC assignments approved by TC Com. In these multi-assignment TC projects, progress reports have been submitted describing the successful achievement of the project preparation output, with the remaining outputs supporting the investment implementation expected to bear results over the next 3–5 years.

As noted above, the Gender Team is managing two on-going TC projects valued at €1.5 million providing advice to Banking teams and clients on the promotion of gender equality to enhance economic empowerment, through the three key channels of the Strategic Gender Initiative (“SGI”). Over 80 per cent of assignments were conducted in SGI priority CoOs. These project preparation assignments have already contributed to an investment portfolio totalling almost €1.4 billion in signed projects and €748 million in projects under preparation. Details by channel include:

- i. Access to finance develops investment operations with a gender focus aimed at improving access to finance, e.g. women in business products. Of the 17 investment operations improving access to finance with a gender focus, 11 with a total value of €899 million had been signed, with a further five valued at €63 million being under development.³⁰
- ii. Access to skills and employment promotes equal opportunity in the workplace. Of the eight investments improving access to skills and employment three valued at €250 million had been signed, one valued at €40 million was under development, one valued at €28 million was under initial assessment and three did not proceed.
- iii. Access to services removes barriers to access to key infrastructure such as safe transport. Of the 27 investments improving access to services, five valued at €274 million had been signed, three valued at €247 million were under development, 15 valued at €370 million were at initial assessment stage and four did not proceed.

Research

Three research TC projects have been successfully completed and one on-going research project is on-track. The joint EBRD/Food and Agriculture Organisation (“FAO”) development and piloting of a methodology for assessing irrigation investment needs required additional time to develop the methodology. However, the broader consultation across EBRD and FAO resulted in a much more valuable methodology. A final draft has now been prepared which has been well received by EBRD banking teams. The market demand study for energy efficiency projects with companies providing energy services in the Lithuanian public sector has enabled the Lithuanian government to improve its policy decisions by using the commercial private sector oriented concept of companies providing energy services to achieve national energy efficiency targets under the European Union (EU) directive 2012/27/EU. As expected, EBRD has sufficient information to decide whether to launch a comprehensive energy performance contracting TC programme in Lithuania.

³⁰ One investment operation did not proceed.

Capacity building

Four capacity building projects were successfully completed in 2014. A further ten TC projects were on-going with progress reports rating them on-track. Pre- and post-training tests conducted for all training show that all 518 participants improved their knowledge during the training course. A further test some three to six months later on the use to which participants put their new knowledge will be carried out in the 14 on-going projects during 2015.

The Legal Transition Team had three on-going TC projects building capacity of judges in accounting skills in insolvency matters in Croatia, Kosovo and FYR Macedonia, law and market in Serbia; and commercial law in Montenegro. The accounting skills training builds on material developed from the module piloted in Bulgaria in 2012/2013, and adapted to meet the legal framework in each of the three countries. In 2014, 45 FYR Macedonia and 20 Kosovo judges were trained in live seminar modules. The Croatian judges are scheduled for training in 2015. Pre- and post-training tests showed improvements in knowledge by all judges. Post-training surveys and follow up with participants to assess the extent to which judges have applied training in their work will take place in 2015.

Modules on law and market in Serbia have been prepared for training to begin in early 2015. Also for the first time the judicial academy has agreed to a systematic training monitoring and evaluation system. To date 30 Montenegrin judges have participated in four of the five training commercial law courses covering company law, insolvency, maritime law, consumer protection and intellectual property law. The courses will be concluded in 2015 along with a self-assessment of their value in improving judicial decision making.

Judicial academy staff from each country was actively engaged in the design and implementation of the training. An unintended result of this engagement has been consideration by senior judicial academy management to implement a more systematic approach to monitoring and evaluating their training programmes.

Although early, there is a growing body of evidence that e-learning modules for judges have two positive effects on sustainability. First, as judicial training academies are often underfunded these modules enable academies to expand the scope of their training curriculum and offer continuing education for judges after the completion of the TC. Second, e-learning modules enable judges to undertake training in their workplaces across the country thus reducing costs and time away to attend training courses in the judicial academy offices.

TC projects built the capacity of 28 staff in Montenegro's Agency for the Protection of Competition and Serbia's Commission for the Protection of Competition. The project led the Serbian Commission to conduct a comprehensive review of its training and institutional needs. This has led to a new TC project to raise the Commission's overall operational effectiveness.

In 2013 a successful pilot project with the University of Tor Vergata (Rome) developed and delivered an international (English language) version of the Master in Procurement to improve public procurement professionalism of selected staff in EBRD CoO public procurement agencies and clients in public utilities. This course is unique drawing from engineering, economics and law disciplines engaging both academics and practitioners including EBRD staff. In 2014 a further 26 procurement officials³¹ in eight CoOs enrolled and will graduate in March 2015. While it is essential that EBRD financed investments are procured in accordance with our policies and procedures, the graduates of this course can have a much broader impact through their positive influence on the integrity of procurement

³¹ 15 participants were funded by EBRD TC with 11 officials from EBRD client public utilities in Jordan funded by the Italian Government.

of their Government's capital expenditure budgets. The financial sustainability of this course is looking promising with nine of the 30 participants in the 2015 course being self-financed.

All three TC projects building capacity of local civil society organizations in Montenegro to promote smart metering and associated energy efficiency, in Moldova to promote road safety in an EBRD financed road project and in Kyrgyz Republic to promote energy efficiency in buildings were successfully completed. A total of 144 representatives attended different training courses across the three projects with the post-training scores showing significant increase in knowledge and skills. Organisation staff reported they had undergone a significant shift to a positive attitude towards energy efficiency, road safety and both EBRD and the client's role in promoting new technology. This very encouraging result of the training has longer term implications in each country as staff build on their increased confidence to work independently with the public to promote the technologies, form partnerships with local companies and engage with local authorities on road safety issues.

For example, the road safety pilot TC project demonstrated the value of local training on road safety in areas of potential risk, particularly in communities directly affected by Bank road investments. In villages in particular, local people had strong views about the impact of local road rehabilitation on their communities, but little idea of how to raise their concerns or whom to contact. There was generally poor awareness of the role of the EBRD and little understanding of what authorities are responsible for national, local and village roads. The TC projects could be replicated in relation to other Bank's infrastructure projects where significant environmental and social impacts are foreseen and where training and awareness raising are required to mitigate potential risks and complaints.

Institution building

The progress of the two Legal Transition Team on-going non-transactional projects supporting institution building is on-track. Support to the Mongolia Chamber of Commerce to establish a mediation centre is well advanced with the centre opening 6 months earlier than planned with fourteen (rather than ten) mediators trained and formally accredited as mediators. By November 2014, the centre had attracted over 40 disputes, well above the target of 25 in the first year, of which 14 had been successfully resolved. The fact that at such an early stage the centre has attracted a larger than expected response from businesses suggests the public and particularly businesses are convinced of the value of mediation, which is a very new concept for most people in Mongolia.

Progress in reforming Mongolia's Bailiff Agency's institutional arrangements has been delayed by ministerial changes. Although there has been slower than expected progress in Parliamentary approval of key legislative revisions, advice on the changes has been accepted by the government's working group. This has enabled training modules to be developed with 20 trainers already graduated and preparing to train over 200 enforcement officers in 2015. In addition, the apprenticeship programme is proceeding ahead of schedule.

Policy Dialogue

Eight TC projects were successfully completed facilitating policy dialogue around specific issues through forums bringing together private and public participants. A further seven on-going projects are on-track. For example, in Turkey a study of the agribusiness sector's competitiveness and review of dairy and meat sectors was discussed in a Public-Private Partnership workshop. This led to policy dialogue at an EBRD/FAO facilitated Public-Private Workshop in November 2014 with the Turkish Ministry of Food, Agriculture and Livestock, international financial institutions, Turkish banks, agribusiness associations and private companies. The workshop focused on programmes and instruments designed to support agricultural producers and the impact and effectiveness of government policies in the agribusiness sector. Participants agreed to underwrite a mapping study of all existing support mechanisms by subsectors to enable stakeholders to jointly analyse priorities and future steps,

and organize working groups around prioritised themes between Ministries, industry, EBRD, and banks to prepare a set of detailed policy recommendations, based on international best practices and specificities in Turkey. The study has also enabled the Bank to consider two investment operations in Turkey—increasing production and diversification of a local dairy processor’s product portfolio and supporting a new meat processing facility.

A forum with over 300 Tajik women entrepreneurs and policy makers discussed the needs of women entrepreneurs in Tajikistan. For the first time women entrepreneurship has been included in the policy agenda in Tajikistan with the Government expressing its commitment to support to women entrepreneurs as part of the overall effort to support private sector development. As a first step and a direct result of the roundtable held in June, the Government will include one item focused on women entrepreneurs in the Second Phase of the State Action Plan to support entrepreneurship (2015-2020). The Government, donors, and private sector have agreed to create a joint working group/taskforce to improve coordination of programs and policies in support of women entrepreneurship in Tajikistan, and to design an Action Plan to support women entrepreneurship. Policy dialogue is expected to continue in 2014 and 2015 through this taskforce. In response to a request from the Government and international partners, EBRD will deploy a gender specialist in Tajikistan’s RO to support institutional capacity building and coordination of women entrepreneurship. Gender technical support to the Task Force, under the auspices of the Secretariat of the Investment Council will be provided. Support to women entrepreneurship will be one of the critical areas of EBRD’s Tajikistan Country Strategy, currently under preparation

On a global scale, a TC project to support the Trust Women Conference in November 2014 attended by 550 global leaders from 55 countries discussed gender equality and empowerment issues. Thirty Trust Women Actions were agreed in the fields of slavery, human trafficking, land rights and women’s economic empowerment. EBRD speakers committed to where possible ensuring that all feasibility studies for relevant MEI projects include a gender assessment with corresponding Technical Cooperation support to be provided to those clients able to move the initiative forward.

Despite the difficult times the Ukraine Grain Working Group (“UGWG”) is now self-financed and led by the Ukrainian Grain Association (“UGA”) which is assuming funding responsibility to ensure the self-sustainability of the platform. Public private dialogue through two congresses with over 200 senior representatives from the Ukrainian Grain industry, Ukrainian public authorities (from the Min of Agriculture; Min of Economy and Cabinet of Prime Minister) and IFIs has enabled the UGWG to focus on specific policy reforms on grain exports including ongoing consultation with the Ministry of Agriculture and supporting improved policy transparency using key data collected through “grain balance system” to analyse possible quota for export of high quality wheat for milling. The group is consulting with the Authorities to prevent the imposition of such a quota, in line with the MoU signed under the previous EBRD-FAO project. EBRD Agribusiness team are preparing two CRMs in the Grain Sector in Ukraine to be submitted in late 2015. The 2 projects valued at €47 million are with UGWG members and it is expected that the availability of credit in the grain sector in such a difficult time will significantly improve investor confidence and policy making to enable these investments.

With EBRD and FAO support, the Secretariat of the Ukraine Dairy Working Group (“UDWG”) is operational holding monthly public-private meetings on key issues including upcoming legislative and policy developments for 2015 and the UDWG’s potential contribution to policy discussions. The development of a set of commonly accepted milk market indicators is on track and will improve transparency in the Ukrainian dairy market. Similarly an updated Ukrainian dairy market and policy review in collaboration with the market research unit of the Dairy Producers Association, in consultation with all UDWG

members is on track. The UDWG co-financed a successful study tour to Land O'Lakes Inc. one of the largest dairy cooperatives in the US, and to many other US based companies which implement best practice in the sector. In less than a year the EBRD-facilitated dialogue in Ukraine's dairy sector contributed to significant positive policy change. The UDWG has provided technical input to the government on the adoption of the law "On Amendments to Certain Legislative Acts of Ukraine Regarding the Identification and Registration of Animals" which came into force in September 2014. The law created an effective mechanism of disease prevention and control for products of animal origin to meet EU food safety requirements and help diversify exports.

Legal and Regulatory Reform

One of two completion reports for legal and regulatory reform TC projects rates it successful with the other being unsuccessful. The two on-going projects are on-track. Legal and regulatory reform projects are subject to a range of unique institutional and political risks that impact on the achievement of outcomes. These TC projects in the Ukraine have often been subject to delays resulting from the country's dynamic political and economic landscape. For example, the draft law on Derivatives Transactions reflecting stakeholder's comments was submitted to the Ministry of Economic Development and Trade in the autumn of 2013. However, progress has considerably slowed down after the recent events in Ukraine and the change of the government. The responsibility for the draft law will likely be transferred to the National Securities and Stock Market Commission. Resolution of these institutional issues and the passage of the law through the Verkhovna Rada will enable work on secondary legislation and awareness raising activities to begin. The successful completion of the advice on bank reorganization and debt restructuring is an exception with the National Bank of Ukraine implementing the recommendations.

In contrast support for reforms in Serbia are proceeding on-track with the draft revisions of the Serbian Mortgage Legal Framework prepared after an extensive consultation process with a range of stakeholders and accepted by the Ministry of Finance and the Mortgage Insurance Agency. In early 2015 these revisions will be open to public consultation. Considerable progress has also been made on the implementation of a Crops Receipt System with the draft law enacted by Parliament and due to come in force in March 2015. Registration procedures for the Serbian Business Register Agency should be finalised in time for the register to be fully operational by mid-2015, with training and awareness raising materials for agri-professionals and banks being prepared for 2015 and 2016 implementation.

Lessons

The following lessons have been identified in the first set of reports.

- The time planned to achieve outputs and outcome is often overly ambitious;
- The time required after TC Com approval to confirm donor financing and engage consultants has not caused implementation delays;
- Draft completion and progress reports seldom provide sufficient evidence to justify ratings. However, this is addressed in response to TC Team verification comments;
- The TC project design chain has sufficient information to facilitate effective monitoring and evaluation;
- A limited number of key result indicators by project type that can be aggregated need to be agreed upon and consistently included in TC project results matrices.