MOPAN ASSESSMENT REPORT
European Bank for Reconstruction and Development
(EBRD)

Part II. Technical and Statistical Annex

2024

MOPAN
Multilateral Organisation Performance Assessment Network

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STRATEGIC MANAGEMENT

Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities.

KPI 1: Organisational architecture and financial framework enable mandate implementation and achievement of expected results.

Table 1. KPI 1 Ratings

KPI / MI	Rating	Scores
KPI 1	Satisfactory	**3.23**
MI 1.1	Highly Satisfactory	3.75
MI 1.2	Satisfactory	3.40
MI 1.3	Unsatisfactory	2.33
MI 1.4	Satisfactory	3.43

MI 1.1 The strategic vision and intended results based on a clear long-term vision and analysis of comparative advantage in the context of the 2030 Sustainable Development Agenda

- Element 1.1.1: The MO has a publicly communicated strategic vision (or equivalent) that contains a long-term vision.
- Element 1.1.2: The MO's strategic vision is based on a clear analysis and articulation of comparative advantage.
- Element 1.1.3: The MO's strategic plan is operationalised through a policy and operating framework that identified intended results.
- Element 1.1.4: The MO's strategic vision and policy and operating frameworks are reviewed regularly to ensure continued relevance and attention to risks.

Table 2. KPI 1 – MI 1 rating

MI / element	Rating	Score	Confidence Level
MI 1.1	Highly Satisfactory	3.75	Medium
Element 1.1.1	Highly Satisfactory	4	Medium
Element 1.1.2	Highly Satisfactory	4	Medium
Element 1.1.3	Satisfactory	3	Medium
Element 1.1.4	Highly Satisfactory	4	Medium

MI 1.1 Evidence documents

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MI 1.1 Analysis

Element 1.1.1

The MO has a publicly available strategic plan (or equivalent) that contains a long-term vision.

EBRD's long-term vision is identified in its establishing document "Agreement Establishing the EBRD." The Strategic Capital Framework (SCF) identifies the EBRD's medium-term directions and priorities. Both documents are available publicly.

This element is rated as **highly satisfactory** based on the clarity and public availability of EBRD's mandate, its long-term vision and medium-term strategic direction.

The EBRD's mandate, which serves as its long-term vision, is "to foster the transition towards open market-oriented economies" [EBRD, Agreement Establishing the Bank]. It is publicly available in the Agreement Establishing the EBRD, which also sets out sets out three key principles governing the Bank's operations: sound banking, transition impact and additionality.

The concept of transition and the corresponding framework have been adapted over time to address the evolving challenges faced by Countries of Operation (CoO), including following an external review of concept and implication of transition and transition impact implemented in 2010 (Besley Report). The Besley Report found that the EBRD's model of supporting TI through project-specific loans had been successful and that the core principles of sound banking, additionality, and TI had provided a sound framework. However, it found that the existing framework did not fully reflect current thinking about dynamic institutional change and its impact on economic development. The report noted that introducing concerns such as social cohesion, occupational safety and gender balance would foster broader development goals and help to promote sustainable market economies. As such, to achieve sustainable transition impact, "there is a case for considering an extension of EBRD lending into areas such as education, healthcare, (social) housing, environment, and innovation and knowledge" [Besley Report].

An update to the first Besley report in 2016 proposed that "the transition mandate of the EBRD should be understood as supporting a move towards a competitive, well-governed, sustainable and inclusive market economy". In 2016, the EBRD revised its transition concept to be broader than contributing to a well-functioning market economy and expanded it to include six transition qualities i.e., competitive, inclusive, well governed, green, resilient and integrated.

The qualities are described by EBRD as follows (From IEvD (2024) The Long Journey of the EBRD's Transition Impact):

- **Competitive** – This quality includes promoting market structures that support competition, including dynamic economic structures that promote competition and diversification, widen choice, improve the quality of good and services and provide fairer prices to customers. It also includes promoting the capacity of markets to generate valued added, including by promoting production factors, connectivity within the country and abroad, availability of a skilled workforce, the use of more sophisticated technologies and the development of more innovative products.

- **Well-governed** – This quality includes both national and sub-national governance with respect to: (i) the quality of public governance and relevant institutions; (ii) the rule of law; and (iii) public sector integrity and the control of corruption. This quality also reflects corporate governance in terms of strengthening the system by which companies are directed and controlled, including strengthening corporate integrity, implementing the EITI, adoption of anti-money laundering and countering the financial proceeds of terrorism, anti-corruption measures, corporate and social responsibility, among others.
- **Green** – This quality concerns the interconnection between the market economy, human welfare and environmental sustainability, including preservation of natural assets such as minerals, water resources. These assets provide inputs for direct consumption and production but also serve as a sink for pollution and waste. Key issues include climate change mitigation and adaptation as well as other environmental issues such as nature and biodiversity.
- **Inclusive** – An inclusive, market-based system ensures all population groups have fair and full access to labour markets, finance and equal economic opportunity, irrespective of gender, age, geographic location or other characteristics. The inclusive quality considers gender gaps, regional gaps and gaps in opportunities for young people, among other challenges.
- **Resilient** - A resilient market economy is one that develops and efficient financial sector and a system of infrastructure that supports growth while avoiding volatility, supply disruptions and economic reversals. In the energy sector, this quality related to the availability of essential market structures and institutions to provide reliable and transparent price signals and building the right infrastructure at the right time and in the right place.
- **Integrated** – Economic integration can boost competition help anchor economic reforms and provide political leverage for government policies that promote liberalisation. Integrated market economies have the policies, institutions and connectivity (energy, infrastructure and IT links) to minimise the costs of trade and support competition in product services and markets and tap into a wider range of financing channels.

The EBRD’s Strategic and Capital Framework documents (SCF) translate the EBRD’s vision into medium-term directions and strategic and operational priorities. They serve as the foundation of the Bank’s strategic approach, anchored in an analysis of capital resources and the Bank’s value added. The SCFs are approved by the EBRD’s Board of Governors and set the Bank’s strategic orientation for the subsequent five years.

Under 2016-2020, the Bank identified three priorities for its work over the period: (i) resilience; (ii) integration, and (iii) common global and regional challenges. Under SCF 2021-2025, EBRD further underscored its highest priority as maximising transition impact in its countries of operations. It identified three strategic themes: (i) supporting transition to a green, low-carbon economy; (ii) promoting equality of opportunity; and (iii) accelerating the digital transition.

Based on Board of Governor resolutions approved at the 2023 Annual Meetings, future priorities will include: an expansion to Sub-Saharan Africa and increased support for Ukraine (consistent with a proposed capital increase).[1]

[1] Resolutions No. 258 and No. 259.

Element 1.1.2

The MO's strategic vision is based on a clear analysis and articulation of comparative advantage.

EBRD's comparative advantage is its unique focus on supporting transition through private sector development, including a dual focus on the public and private sectors and the interaction between them. It deploys a range of instruments to deliver on its comparative advantage, including policy engagement and technical assistance (both pre-transactional and transactional) that complement private sector investments and selective public sector investments.

This element is rated as **highly satisfactory** based on EBRD's clear articulation of its comparative advantage as well as initiatives undertaken to strengthen the delivery of this comparative advantage over time.

The vision as set out in the SCF articulates the EBRD's key comparative advantage as the Bank's focus on the private sector and its transition architecture, delivering transition impact through its investment, and policy and advisory activities. "The Bank's distinct contribution is grounded in its focus on private sector development combining investment, policy and technical assistance in a single management and incentive structure, with the ability to make selective interventions in the public sector. Strong local presence and deep sectoral knowledge support the Bank's successful delivery of transition impact." [SCF 2021-2025]

Emphasized in interviews, the combination of public and private sector operations through investment and policy engagement are the key factors that set EBRD apart from other Development Finance Institutions. EBRD combines policy reform and investments to help its CoOs implement critical reforms that create and enabling environment and facilitate the transition to competitive, well-governed, green, inclusive, resilient and integrated market economies. Investments contribute to deepening, diversifying and strengthening markets and promoting the availability of critical infrastructure and services. The combination of these two lines of intervention interacts to support and accelerate market transition.

In 2015, the Bank introduced an Enhanced Approach to Policy Dialogue. This approach sought to implement policy dialogue in a more strategic and selective way, focusing on the areas where the Bank has a comparative advantage. This approach allowed EBRD to make tangible progress towards prioritisation of its policy activities in CoO and position them for impact. In particular, the introduction of Priority Policy Objectives that allowed for annual prioritisation of the most important policy reform dialogues for each CoO. Although a self-assessment of this approach confirmed progress being made, it identified room for further improvement with respect to enhancing prioritisation and selectivity.

EBRD has addressed this through the introduction of Policy Compacts – an internal management tool for policy prioritisation that allows for greater selectivity and intentionality in its policy activities and ensures better focus on impact and strategic priorities. The ongoing Policy Compact for Egypt identifies key priorities for policy dialogue and technical cooperation engagement aligned with EBRD's Country Strategy Objectives as well as an indication of progress in addressing these priorities. However, there remain opportunities to strengthen result measurement for EBRD's policy engagement and better integrate this into country-level results frameworks, demonstrating EBRD's contribution to transition impacts.

The Bank further articulates its specific strengths and comparative advantage as: (i) a central focus on supporting the private sector, complemented by selective engagement with the public sector; (ii) a commercial focus that supports the development of sustainable markets; (iii) deep sectoral knowledge combined with local presence, strong financial standing, ability to finance a range of project sizes; (iv) strong green credentials; (v) a track record of providing local currency financing and supporting capital market development, including deep experience supporting small and medium-sized enterprises (SMEs); and (vi) demonstrated ability and agility to expand into new geographies. [SCF 2021-2025]

EBRD's unique comparative advantage was reaffirmed by its Board of Governors at the thirty-first Annual Meetings in 2022 for two specific contexts:

- In response to the war on Ukraine, Board of Governors acknowledged the value of “EBRD’s distinctive position in Ukraine, based on its long experience, local knowledge, unique transition mandate and private sector focus, which form a strong basis for its critical work in the country within the overall international effort and its close collaboration with other partners”. [Resolution No 247] EBRD’s comparative advantage was further confirmed by the substantial donor contribution made showing €1.22 bn donor funds mobilized for the Resilience Package and evidence of the support afforded to the sectors.
- In relation to EBRD’s consideration for expansion into Sub-Saharan Africa and Iraq, the “Report of the Board of Directors: The EBRD’s Possible Limited and Incremental Expansion to Sub-Saharan Africa and Iraq” sets out a clear value proposition including on complementarity to other development actors. [Resolution 248]

Element 1.1.3

The MO’s strategic plan is operationalised through a policy and operating framework that identified intended results.

The EBRD’s vision is operationalised through a strategic planning system comprised of a five-year Strategic and Capital Framework (SCF); three-year Strategy Implementation Plans (SIP) prepared on a rolling annual basis, five-year medium-term country strategies; and Country Strategy Delivery Reviews (CSDRs). Results related to SCF priorities are reported annually in the SIP though the Corporate Scorecard.

This element is rated as **satisfactory** based on the presence of a clear architecture for operationalising EBRD’s strategic priorities. However, due to the demand-driven nature of its operations, EBRD faces challenges in implementing thematic planning and budgeting in line with other MDBs.

As noted above, EBRD’s core mandate is to support the transition of its CoOs towards open market-oriented economies. It does this by promoting the six transition qualities outlined in Element 1.1.1. These transition qualities and the EBRD’s mandate are operationalised through the Bank’s strategic priorities and results architecture, covering its corporate scorecard, country strategies, policy dialogue, and projects.

The SCF sets EBRD’s medium-term high-level strategic orientations, reviews the adequacy of its capital to implement these and establishes a control framework. SIPs then translate these priorities into annual three-year rolling operational plans. Together, the SCF and SIPs provide strategic direction for the design of country strategies, sector strategies, new initiatives and annual budgets. The SIPs set the context for the annual budget and corporate scorecard. Country Strategies allow for the prioritisation of Bank activities through result-oriented objectives, structured around the six transition qualities.

The EBRD’s Corporate Scorecard is a vehicle for setting and measuring the Bank’s annual objectives and impact, as agreed between the Bank and its shareholders. It sets key parameters for managing the process of achieving and balancing the dual goals of delivering transition impact and being financially sustainable at the portfolio level. The scorecard represents an important strategic tool in aligning operations with the priorities of the institution. The Corporate Scorecard is periodically reviewed to ensure a balanced set of incentives are in place to achieve the goals set out in the SCF. It is presented annually in the SIP.

Figure 1. Corporate Scorecard 2024

	2024	30/09/2023		2023	2022	
	BP and budget	Actual	Plan rate	BP and budget	Actual	Plan rate
TRANSITION IMPACT						
Expected transition Impact	63 – 69	68.3		63 – 69	67.0	
Portfolio transition Impact	Min 68	75.4		Min 68	76.4	
Transition qualities						
Competitive, innovative economies	CPA*	CPA*		CPA*	Good	
Well-governed economies and firms	CPA*	CPA*		CPA*	Good	
Environmentally sustainable, green economies	CPA*	CPA*		CPA*	Very Good	
Inclusive, gender-equal economies	CPA*	CPA*		CPA*	Very Good	
Resilient economies and firms	CPA*	CPA*		CPA*	Good	
Well-integrated, connected markets	CPA*	CPA*		CPA*	Good	
Green Economy Transition (% ABI)	50%	53%		45%	50%	
Gender-tagged operations (% No. of ops)	min 35%	41%		min 30%	37%	
OPERATIONAL PERFORMANCE						
Number of operations	395 – 435	317		395 – 435	431	
Annual Bank Investment (€ billion)	11.5–12.5	8.4	8.4	10.5-11.5	13.1	12.8
Annual Mobilised Investment (€ billion)	Min 2.0	1.6		Min 1.4	1.7	
Private sector share (% ABI)	Min 75%	80%		Min 75%	74%	
Disbursements (€ billion)	8.0-9.0	7.1	7.1	7.0 – 8.0	8.8	8.7
Activity in the ETCs, Western Balkans and SEMED (% ABI)	**Min 48%**	**37%**		**Min 48%**	**43%**	
FINANCIAL PERFORMANCE						
Return on required capital (three-year rolling average)	**Min 3.5%**	11.3%		Min 3.5%	3.30%	
Debt return on required capital before costs	**Min 9%**	14.7%		Min 12%	-10.50%	
INSTITUTIONAL PERFORMANCE						
Productivity (number of operations based)	1.2-1.4	Annual		1.3-1.5	1.5	-
Cost to debt income ratio (12 months rolling avg)	**Max 65%**	61.4%		Max 63%	60.5%	
Staff engagement ratio	tracked	Annual		tracked	7.0	
Operational risk assessment	tracked	Annual		tracked	Adequate	
RESOURCE FRAMEWORK						
EXPENDITURE						
Administrative expense budget						
Euro (million)	**603.6**	371.1		510.9	478.5	
Pound sterling (million)	**515.9**	326.2		448.4	407.8	

*Composite Performance Assessment

Source: SIP 2024-2026

The Corporate Scorecard reflects the priorities of the most recent SCF through sets of indicators focused on: Transition Impact, Operational Performance, Financial Performance, Institutional Performance, and Resource Framework. In terms of transition impact, the corporate scorecard looks at the average expected transition impact (ETI) of new projects and portfolio transition impact (PTI). Composite Performance Assessments for each of the transition quality combine qualitative and quantitative evidence from the EBRD's operations in COOs with ratings (very good, good, or requires attention).

Operational Performance indicators include: (i) the number of new operations; (ii) Annual Bank Investment (ABI), Annual mobilised investment (AMI), private sector share of ABI, disbursements, and % ABI of activities in Early Transition Countries, Western Balkans and SEMED (reflecting those countries that face most substantial barriers to transition). Cross-cutting issues are reflected through two operational targets reflected as a percentage of ABI: % ABI of GET projects and % of operations that are gender-tagged (See MIs 2.1 and 2.2).

Financial Performance is tracked through return on required capital (RORC) and debt return on required capital before costs. Institutional Performance is tracked through a productivity index, cost to debt income ratio, staff engagement ratio, and an operational risk assessment indicator. (See MIs 3.4, 5.4 and 11.2).

There have been ongoing discussions around adequacy, advantages and disadvantages of these tools in supporting strategic planning. The current strategic planning architecture was introduced in 2014. Following the approval of the SCF 2021-2025, the Board of Directors asked IEvD to review previous SIPs to inform the ongoing SIP process and improve the operationalisation of the SCF. This review of SIPs implemented between 2016 and 2021 found that the SIP is technically sound and includes the key elements needed to operationalise the SCF priorities. However, the review indicated that the SIPs are not fully integrated with other components of the strategic planning architecture in three aspects. First, SIPs were considered to not clearly articulate linkages with transition impact and how the implementation of EBRD's activities in CoOs would contribute to transition impacts. Second, linkages with country and sector strategies were noted to be unclear. The objectives of country and sector strategies were considered to not be specific enough to serve as inputs to the SIP. Similarly, institutional targets could not readily be reconciled with sector and country strategies. This has been referred in several reviews as the "missing middle" in EBRD's strategic and results framework.

In its response, Management noted that the SIP does not define the EBRD's strategic direction but the Bank's plan to operationalise and implement its strategy (both overall and on a country and sector-level). Country and sector strategies are expected to reflect SCF directions but need to be flexible to respond to the demand-driven and bottom-up nature of EBRD activities. Management rejected that Country Strategies should feed into, be subordinate to or be shaped by the SIP. This statement is also reasserted in the 2023-2025 SIP, which notes that the "[SIP] translates the SCF's medium term aspirations into near term priorities, sequencing delivery of the SCF as appropriate based on country demand and institutional readiness". [SIP 2023-2025]

Unlike peer institutions, EBRD does not have top-down policy programmes or a large pipeline of sovereign (public sector) operations agreed in advance. Beyond strategic planning, this constraint also holds implications for budgeting, limiting EBRD's ability to budget according to strategic priorities and themes. SIP formulation and the development of budgets involves a bottom-up process that identifies incremental funding needs linked to SCF priorities, accompanied by a process of identifying how incremental increases can be offset by efficiencies.

Element 1.1.4

The MO's strategic vision and policy and operating frameworks are reviewed regularly to ensure continued relevance and attention to risks.

EBRD's strategic vision is reviewed regularly through the five-year SCF and the annual SIP process. Additionally, the Annual Meetings serve as an opportunity to confirm the relevance of the strategic direction and introduce new commitments and high-level priorities to respond to changes in EBRD's operating context. IEvD and Internal Audit have a key role in reviewing and evaluating the strategic architecture of the Bank.

This element is rated as **highly satisfactory** based on the presence of periodic reviews, structures and processes for reflecting on strategic and operational priorities and the demonstrated use of audits and evaluations to feed into these reflections. EBRD's five-year SCF process is considered good practice. Overall, this approach to reviewing the Bank's strategic vision and policy and operating frameworks reflects those of peer organisations.

SCFs were introduced in 2015, replacing the previous Capital Resources Review (CRR) process which existed from 1996-2015. The SCF is reviewed and approved by the EBRD Board of Governors every five years. It represents an opportunity assess the capital adequacy of the Bank, including through a series of stress tests, reporting the outcome and implication of this assessment to the Board of Governors. The SIP is reviewed and approved by the EBRD Board of Directors every year. The Board of Directors reviews and approves country strategies every five years.

EBRD's Board of Governors meets annually through the Annual Meeting of the Board of Governors of the EBRD. This meeting serves as an opportunity to assess and endorse the EBRD's strategic vision and operational policies and to introduce new commitments as necessary.

Though they are not the only opportunity to do so, the presence of the entire Board of Governors at Annual Meetings has been used to agree formal resolutions to update the Bank's objectives. For example, at the 2021 Annual Meeting, the Governors approved the Bank's full alignment with the Paris Agreement by the end of 2022, while discussions at the 2022 annual meetings centred on support for Ukraine and other countries affected by the War. In 2023, discussions among the Board of Governors centred upon a EUR 4 billion paid-in capital increase for the EBRD and incremental expansion to Sub-Saharan Africa.

The Board has three Board Committees – the Audit and Risk Committee, the Budget and Administrative Affairs Committee, and the Financial and Operations Policies Committee. Each have distinct responsibilities in terms of reviewing the policy and operating framework of the Bank:

- The **Audit and Risk Committee** is responsible for ensuring the soundness of EBRDs internal control systems. It is likewise responsible for ensuring compliance, internal audit, evaluation, and risk management functions are able to perform their duties independently and for monitoring their performance.
- The **Budget and Administrative Affairs Committee** oversees policies related to HR, governance and ethics, as well as oversight of efficiency and budgetary prudence.
- The **Financial and Operations Policies Committee** has oversight responsibility for the Bank's financial and operational policies, as well as the Bank's strategic portfolio management within the framework of the Medium-Term Strategy.

IEvD, as articulated in EBRD's Evaluation Policy, "has primary line of responsibility in the Bank for evaluating strategies, policies, programmes, operations and activities". [EBRD Evaluation Policy (2024)] Its activities address institutional accountability and learning needs, including through independent evaluation of any aspect of the Bank's operational activities pertaining to results. IEvD has delivered on this role through pertinent special studies (now called evaluation reports) that review the functioning of the strategic architecture, including a Corporate Evaluation of EBRD's approach to Early Transition Countries (2017-2022), a Special Study Review of Strategy Implementation Plans (2016-2021), and an Evaluation Review of Country Strategies (2016).

The Internal Audit Department (IAD) is responsible for providing independent and objective assurance on the adequacy of internal controls, governance, and risk management processes. Over the course of the assessment period, IAD has played an instrumental role in reviewing and strengthening key institutional processes, including the budget process, risk management process, the Investment Profitability Model, EBRD's Green processes and the Transition Objective Monitoring (TOMS) system.

MI 1.2. The MO's organisational architecture is congruent with a clear strategic vision and associated operating framework.

- The MO's organisational architecture is congruent with a clear strategic vision and associated operating framework.
- Element 1.2.1: The MO's organisational architecture is congruent with the strategic vision.
- Element 1.2.2: The MO's operating framework supports implementation of the strategic vision.
- Element 1.2.3: The MO's operating framework is reviewed regularly to ensure its continued relevance.
- Element 1.2.4: The MO's operating framework allows for strong co-operation across the organisation.
- Element 1.2.5: The MO's operating framework clearly delineates responsibilities for results.

Table 3. KPI 1 – MI 2 rating

MI / element	Rating	Score	Confidence Level
MI 1.2	Satisfactory	3.40	Medium
Element 1.2.1	Highly Satisfactory	4	Medium
Element 1.2.2	Satisfactory	3	Medium
Element 1.2.3	Highly Satisfactory	4	Medium
Element 1.2.4	Satisfactory	3	Medium
Element 1.2.5	Satisfactory	3	Medium

MI 1.2 Evidence documents

- EBRD (2013), *Agreement Establishing the Bank*, EBRD, London, www.ebrd.com/news/publications/institutional-documents/basic-documents-of-the-ebrd.html.
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MI 1.2 Analysis

Element 1.2.1

The MO's organisational architecture is congruent with the strategic vision.

EBRD's organisational architecture is congruent with its strategic vision. Teams are structured around strategic and operational priorities. EBRD has progressively modernised its organisational structure to deliver on its priorities. In updating its organisational architecture, it continues to prioritize operational sustainability by strengthening decentralisation, enhancing delivery of GET 2.1, and rolling out of the Transformation Agenda.

This element is rated as **highly satisfactory** based on EBRD's ongoing efforts to not only align its organisational architecture with priorities but also modernise and "future-proof" its systems and processes, building capacity to implement and manage ongoing transformation as needed in future.

EBRD's operating model focuses on private sector investment and policy reform to promote transition toward economies that are competitive, inclusive, well-governed, sustainable, resilient and integrated. The Bank provides a range of instruments, including co-financing through domestic and foreign capital, as well as technical cooperation (TC). EBRD's full list of products include investment finance, risk mitigation instruments, advisory finance, and policy reform dialogue services.

The EBRD is currently organized into 5 units: Client Services, Finance, Risk and Compliance, Transformation, and Central Services.

The largest team in **Client Services** is the **Banking** team which includes:

- Sector departments – Financial Institutions; Sustainable Infrastructure Group; SME Finance and Development;
- Country departments – Central and South-eastern Europe; Southern and eastern Mediterranean; Eastern Europe and the Caucasus; Central Asia; and Türkiye;
- Portfolio and Russia;
- Equity; and
- Operations Committee (OpsCom) and SBIC.

Client Services also includes the **Policy and Partnerships** team, which includes:

- Climate Strategy and Delivery;
- Policy Strategy and Delivery; and
- Impact and partnerships.

The Finance team is sub-divided into four teams:

- Finance – Strategy, Planning and Control,
- Debt Mobilisation,
- Operations and Service Management, and
- Treasury.

Risk and Compliance is further sub-divided into four teams:

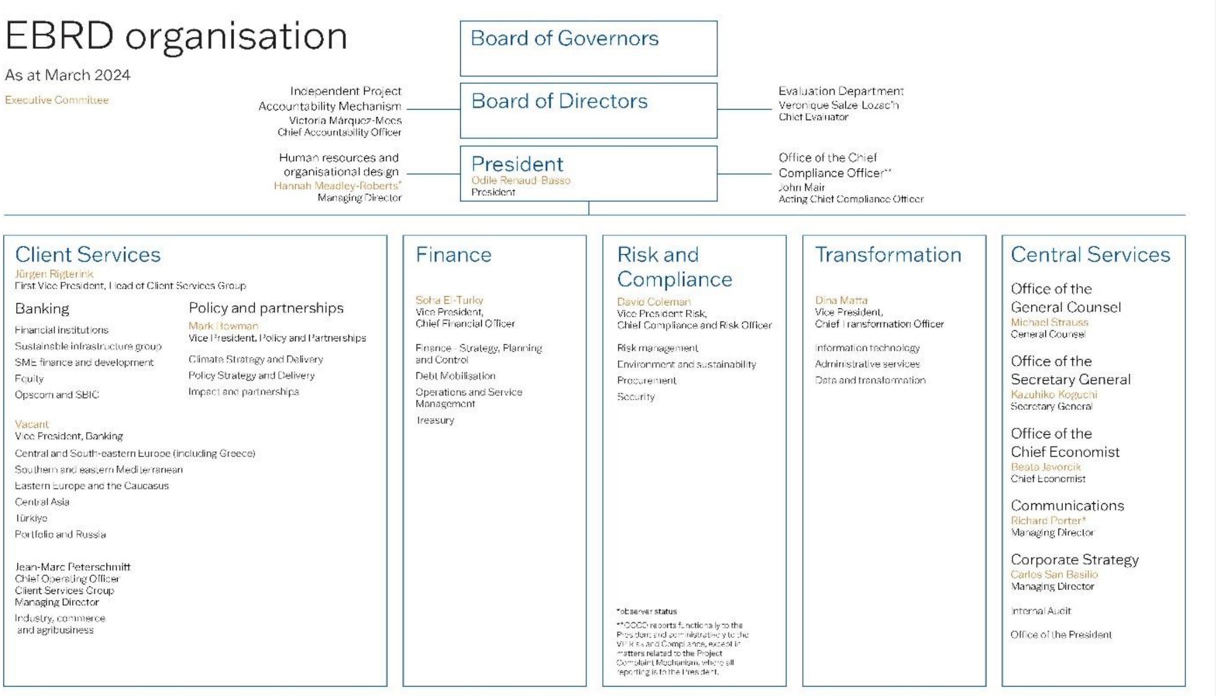
- Risk Management,
- Environmental and Sustainability,
- Procurement, and
- Security.

The **Transformation Team** is sub-divided into six teams:

- Information Technology,
- Administrative Services team,
- the Data Management Team,
- the Transformation Office,
- the Design & Transformation team,
- the Enterprise Transformation team.

Central Services houses the General Counsel, the Secretary General, the Chief Economist, Communications, Corporate Strategy, and Internal Audit.

Figure 2. EBRD Organisational Chart as of March 2024



Source: EBRD

EBRD has periodically updated its organisational structure to address evolving business needs. For example, the Strategy and Policy Committee was established to deepen focus and help prioritise strategy and policy work. More recently, this team has been working to support the implementation of Policy Compacts (as described in element 1.1.2).

EBRD implements its operations through an extensive network of around 60 Resident Offices (ROs). There are multiple ROs in some countries with particularly large portfolios. These ROs house roughly 1/3 of EBRD's staff. While the EBRD has a substantial field presence, it does not have an institutional strategy for decentralisation.

The SCF 2021-25 envisions the potential of expanding the countries of operation, contingent on the Board's approval, which may require organisational changes in additional to having additional resource implications. To deliver on the SCF 2021-25, the Bank sets organisational resourcing priorities of people, technology and data, as well as learning, monitoring and evaluation through both its administrative and capital budgets. EBRD's Transformation Agenda, introduced in 2020, is a multi-year plan to invest in a comprehensive programme of modernising EBRD's core technologies and processes to build a new operating platform and contribute to a “digitally enabled institution with an expert workforce, well connected across all locations, confidently using data and technology to add value, making decision based on good access to analytics and decision-support tools and able to properly share and collaborate with stakeholders and clients in line with their expectations” [SCF 2021-2025].

Transformation is an institutional priority supported by a £ 205 million multi-year investment plan (MYIP) and oversight of the transformation agenda has been elevated to a VP-level position. The transformation agenda includes: (i) improving the Bank’s networks and infrastructure; (ii) maximising the use of cloud-based infrastructure and business solutions’ platforms; (iii) building technologies and processes to support integrated work; (iv) moving to integrated Enterprise Resource Planning through modernisation of systems; (v) improving data and analytics capability, and (vi) building a connected and digitally enabled workforce and workplace.

The Transformation Agenda is being implemented over three phases, the last of which is expected to conclude in 2027. A significant number of deliverables have been completed or are ongoing and progress is tracked and reported internally.

Element 1.2.2

The MO’s operating framework supports implementation of the strategic vision.

The EBRD’s vision is operationalized through its SCFs, SIPs, Country Strategies, and Country Strategy Delivery Reviews (CSDRs). To achieve its strategic vision, EBRD provides financing, policy engagement, and technical cooperation to its countries of operations. EBRD operates through a matrix system, whereby regional bankers in ROs are matrixed to sector teams.

This element is rated as satisfactory given alignment of EBRD’s operating framework with good practices implemented across other DFIs.

The EBRD’s vision is operationalised through a strategic planning system comprised of: (i) a five-year Strategic and Capital Framework (SCF); (ii) a three-year Strategy Implementation Plan (SIP) prepared on a rolling annual basis, (iii) five-year medium-term country strategies; and (iv) country strategy delivery reviews. The SIP describes the indicative operational activities and projected portfolio over its defined period, including the regional portfolio distribution and country prioritisation of transition qualities.

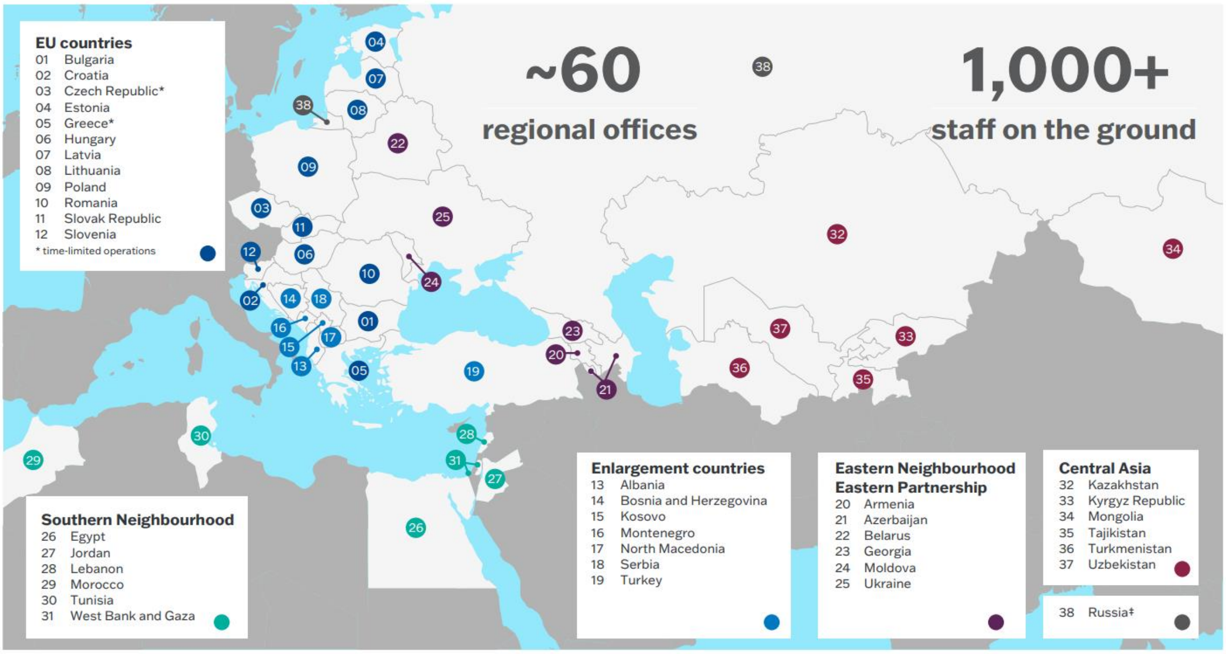
EBRD’s business model rests on three operating principles: transition impact, sound banking, and additionality. At the heart of EBRD’s business model is its private sector focus. The business model features: (i) a commercial approach that complements private finance by pricing in line with market norms; (ii) strict discipline when blending concessional finance; and (iii) significant risk taking against the Bank’s balance sheet while maintaining a triple-A credit rating.

EBRD delivers on its strategic vision through a combination of investments, policy engagement and technical assistance. In terms of investments, EBRD provides loans, equity, and guarantees structured to match client and project needs. Additionally, EBRD engages with national authorities and promotes dialogue between public and private sector entities to accelerate policy, regulatory, and institutional reform. Advisory support and technical cooperation are provided to maximise impact, including through investment preparation and implementation. Technical cooperation is provided through initiatives like the Small Business Initiative (SBI), which applies EBRD’s support to small businesses, and the Shareholder Special Fund (SSF), which complements existing donor funding operation through technical assistance or cooperation and non-technical assistance (investment grants, incentive payments, and equity participation).

As noted above, EBRD implements its operations through an extensive network of around 60 ROs, with some countries with particularly large portfolios having multiple offices (Figure 2). EBRD operates in a matrix system between these regional banking teams and sector teams. Deals originate in ROs, with staff collaborating with sector teams that provide specific expertise. Under EBRD's matrix management structure, regional bankers have a "dotted" reporting line to the sector teams. Cross-cutting teams (green, inclusive, and digital) add another layer to the matrix reporting structure, promoting institution-wide collaboration.

Interviews confirmed that one of EBRD's strengths is its geographic footprint, which allows for strong engagement with both private clients and governments. Some interviewees indicated that collaboration between regional teams and HQ was sometimes reliant on the personalities of the individuals involved with some offices going so far as instituting monthly coordination meetings with the sector teams. However, most interviewees indicated that this matrix structure is working as intended to promote collaboration in delivering on EBRD's strategic priorities.

Figure 3. EBRD Countries of Operation



Source: EBRD.

Element 1.2.3

The MO's operating framework is reviewed regularly to ensure its continued relevance.

The SCFs and country strategies are prepared and reviewed every five years. The SIPs are reviewed annually.

This element is rated as highly satisfactory based on EBRD's multiple processes in place to review its strategic vision and the adequacy of resources to deliver it as well as demonstrated use of audit and evaluation to strengthen and refine the operating framework.

The SCFs were introduced in 2015 and replaced the Capital Resources Review (CRR) process which existed from 1996-2015. The Board of Governors reviews and approves the SCF every five years and the SIP annually. The Board of Directors reviews and approves SIPs annually and country strategies every five years.

The EBRD updates its strategic documents regularly based on changes in the operating context. However, systematic review and adaptation are a challenge. The monitorability and evaluability of the SIP are limited.

The learning potential is reduced since the SIP does not provide an in-depth analysis of the causes for the success or failure of programs and operations.

Both Internal Audit (IAD) and Independent Evaluation (IEvD) play an important role in reviewing different aspects of EBRD's operating framework. Internal Audit is responsible for providing independent and objective assurance to executive management and the Board on the adequacy and effectiveness of internal controls, governance and risk management processes. Likewise, IEvD plays a critical role in enhancing EBRD's effectiveness by contributing in two equally important and mutually reinforcing ways: (i) by reinforcing institutional accountability for the achievement of results; and (ii) by promoting institutional learning through the provision of objective analysis and relevant findings to inform operational choices and to improve performance over time". [EBRD Evaluation Policy, 2023]

IEvD has looked at various aspects of the operating framework. This includes an evaluation of the EBRD's experience with ROs in 2016, which found that the RO system is fundamental to EBRD's business model. It serves as an important source of face-to-face contact with clients as well as being critical to policy dialogue. Recommendations included that EBRD approve a policy on decentralisation and ROs by 2018, the resolution of staff-related issues affecting organisational effectiveness and inequities between field and HQ staff by 2018, and the delegation of authority in select areas to heads of ROs (potentially including for small, non-complex or repeat projects, administrative approval authority for budget expenditures, and selected portfolio management actions) by 2017. Management, with agreement from the Board, chose to address the findings of the evaluation through enhancing existing arrangements rather than developing a separate policy for empowering ROs.

Element 1.2.4

The MO's operating framework allows for strong co-operation across the organisation.

Although the Bank seeks to improve collaborative working across the institution, evidence suggests that there are issues related to learning across the institution.

This element is rated as satisfactory given that EBRD's means of promoting collaboration across the institution reflect good practices across other MDBs.

As noted in 1.2.1, EBRD's organisational structure includes 5 major units: Client Services, Finance, Risk and Compliance, Transformation, and Central Services. These teams perform banking, client service, sectoral, cross-cutting and institutional functions and implement their responsibilities through a matrixed management structure.

EBRD's Operations Manual identifies division responsibilities for different activities. For example, the manual outlines roles and responsibilities as part of the approval procedures, including the role of key management committees in investment approval and implications for the approval process, particularly when they serve as designated approver in place of the Board of Directors.

A number of management committees assist the President in the overall management of the Bank. These include:

- **Executive Committee**: Chaired by the President, the Executive Committee is the custodian of all key aspects of the strategy, performance and financial soundness of the Bank and meets monthly or as required.
- **Asset and Liability Committee**: Chaired by the Senior VP, CFO and COO, ALCom considers all matters of significance falling within Management competence in the areas and liquidity, policy and management as well as funding and other Treasury activities, advising the President on submissions to the Board. ALCom meets quarterly.

- **Crisis Management Team**: Chaired by the VP CAO, the Crisis Management Committee prepares coordinated response to all critical internal and external issues arising in connection with events that affect the normal operations of the Bank. It meets at least three times per year.
- **Equity Committee**: Chaired by First VP, Head of Client Services, the Equity Committee maintains oversight over listed and unlisted equity investments. It revies and identifies suitable listed exit opportunities and makes recommendations on exits to the Operations Committee. It meets quarterly.
- **Information Technology Governance Committee**: Chaired by the VP, CAO, the IT Governance Committee ensure the Bank's IT strategy and business plan support the Bank's business strategy, established the framework for measuring business benefits, oversees the realisation of benefits arising from IT projects, approves business requests for budget allocation on new projects from the approved IT budget, and is responsible for the implementation of the Information Security Framework. It meets at least six times per year.
- **Procurement Complaints Committee**: Chaired by the Deputy General Counsel, the Procurement Complaints Committee considers complaints and disputes arising from tendering and contracts for goods, works, and consultant services subject to the Procurement Policies and Rules for the Corporate Procurement Policy. It also reviews procurement and related matters referred to it by ExCom.
- **Risk Committee**: Chaired by the VP, CRO, the Risk Committee oversees Bank-wide risks including credit and operational risk. It oversees risk aspects of the Banking and Treasury portfolios, approves risk polices, risk reports and considers new Banking and Treasury products.
- **Strategy and Policy Committee**: Chaired by VP, Policy and Partnerships, the committee is the custodian of transition strategy and policy work, including country, sector, and thematic strategies and related policies, policy products and policy related research.

OpsCom, SBIC and the Board serve as the designated approver. OpsCom considers all banking transactions at various stages (concept, structure, and final review), regardless of its role as designated approver. SBIC considers and may approve certain sub-operations under Frameworks that fall under the relevant delegation threshold and do not require Board approval.

The Operations Manual likewise outlines the roles and responsibilities of departments, including Risk Management, the Policy Strategy and Delivery Department (formerly the Economics, Policy and Governance Department), the Office of the General Council, the Procurement Policy and Advisory Department, the Office of Chief Compliance Officer, the Environmental and Sustainability Department, Loan Syndications, and Treasury.

The formulation of country strategies is led by the Country Strategy team. Strategies are prepared by a core team of the Country Head, a Country Strategy counsellor, a Political Counsellor, and a country economist. During the drafting of the country strategy, Sectoral and other specialised Teams are consulted. Investments are developed in the country offices in consultation with sector team experts.

Stakeholders report that management of the organisational matrix (as between sectors and country management and between headquarters and resident offices) is generally working well in facilitating collaboration among cross-cutting priority teams and sectoral and banking teams.

There remain, however, some challenges to address. While ROs support banking functions effectively, there has been limited delegation of authority to ROs resulting in inefficiency from information asymmetries. In particular, smaller resident offices often lacked a critical mass of senior staff to lead policy dialogue. [IEvD, Special Study: The EBRD's experience with resident offices]. As noted above, EBRD lacks a decentralisation strategy to guide the resourcing of ROs. Finally, an IEvD study on Learning and Knowledge Management at the EBRD found that internal cooperation could be strengthened with respect to learning and knowledge management, for which EBRD lacks standardised processes and central coordination.

EBRD's SCF 2021-25 identifies strengthening collaborative work across departments as a strategic priority as part of its ongoing workforce planning and Transformation initiatives.

Element 1.2.5

The MO's operating framework clearly delineates responsibilities for results.

SIPs define management's accountability to the Board for the upcoming year, measured by the corporate scorecard. Across operational processes, EBRD implements a RACI system to identify how different functions within the organisation collaborate in implementing key operational processes that position decision-making and investment to deliver results.

This element is rated as satisfactory given that EBRD's practices for articulating responsibilities for results reflect good practices in place across other MDBs.

The SIP sets out specific annual business plans and the resource requirements to achieve them. They further define management's accountability to the board for the year ahead, as measured by a set of scorecard performance objectives. The Corporate Scorecard is subject to approval from the Board of Directors.

The template for the Corporate Scorecard was approved by the Board in October 2020 to reflect SCF 2021-2025 priorities. The indicators act as incentives for management and staff to deliver results, including for areas related to transition impact, operational performance, financial performance, institutional performance and the resource framework. The most recent Corporate Scorecard is presented in Figure 1.1. Across these indicators, targets and control parameters (e.g. "floors") help ensure EBRD's activities reflect its strategic directions and create incentives to expand investment while promoting impact.

However, IEVD has noted some important challenges pertaining to the evaluability of the SIP as a decision-making tool and the ability to monitor its implementation. Furthermore, annual budgets that accompany the SIP are primarily organised by business lines and units, rather than by themes and priorities, creating challenges in clearly delineating resourcing and responsibility for results.

EBRD's results management architecture at the institutional level defines as reporting tools the Quarterly Progress Reviews, Annual Reports on Performance under scorecards parameters, Sustainability and Annual Report, results and performance analysis on strategic issues, and the Evaluation Department's (IEvD) studies.

EBRD implements a RACI system (Responsible, Accountable, Consulted, Informed and Perform) through its institutional Decision-Making Framework which identifies how different teams collaborate and provide inputs to support management decision-making. The cover sheets for submission to Executive Management Committees (ExCom, Strategy and Policy Committee, Risk Committee, Asset and Liability Committee) reflect the RACI for the document. RACI is also used for all Board submissions. There is clear documentation on sign-off processes related to project approval, across all stages of the approval process.

MI 1.3: The MO's strategic vision supports the implementation of the 2030 Sustainable Development Agenda and relevant global commitments.

Element 1.3.1: The MO's strategic vision is aligned to the 2030 Sustainable Development Agenda and other relevant global commitments as appropriate and their results.

Element 1.3.2: The MO applies a system to track results aligned to the 2030 Sustainable Development Agenda and other relevant global commitments.

Element 1.3.3: The MO's progress on implementation and aggregated results against global commitments, including Agenda 2030 and other global commitments, are published at least annually.

Table 4. KPI 1 – MI 3 ratings

MI / element	Rating	Score	Confidence Level
MI 1.3	Unsatisfactory	2.33	Medium
Element 1.3.1	Satisfactory	3	Medium
Element 1.3.2	Unsatisfactory	2	Medium
Element 1.3.3	Unsatisfactory	2	Medium

MI 1.3 Evidence documents

- EBRD (2018), *Transition Impact Methodology Update*, EBRD, London.
- EBRD (2020), *EBRD Transition Results Management Architecture: Overview, Recent Progress and Remaining Challenges*, EBRD, London.
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- EBRD (2021), *Annual Report on Transition Performance 2020*, EBRD, London.
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- EBRD (2023), *The EBRD in Türkiye – Results Snapshot*, EBRD, London, www.ebrd.com/what-we-do/turkey-results-snapshot.pdf.
- EBRD (2024), Country results snapshots website, www.ebrd.com/what-we-do/country-results-snapshots (accessed 17 May 2024).
- EBRD (n.d.), *Reporting Indicators by SDG*, EBRD, London.
- IEvD (2020), *Evaluability assessment of EBRD's Transition Qualities*, EBRD, London, www.ebrd.com/documents/evaluation/2020-discussion-paper-evaluability-assessment-of-ebrds-

transition-qualities.pdf.

MI 1.3 Analysis

Element 1.3.1

The MO's strategic vision is aligned to the 2030 Sustainable Development Agenda and other relevant global commitments as appropriate and their results.

EBRD's operations are aligned with several global commitments, including the 2030 Sustainable Development Agenda, the Hamburg Principles, the Addis Ababa Action Agenda, and Paris Alignment. During the 2018 update of its Transition Impact Methodology update, EBRD conducted a mapping of its transition qualities with the SDGs.

This element is rated as satisfactory on the basis of EBRD's efforts to demonstrate how it's transition mandate aligns and contributes to the Sustainable Development Agenda.

In its SCF 2021-2025, EBRD notes that its transition mandate is well aligned with the SDGs. Its Transition Impact Methodology update included a mapping of the 6 transitions qualities with the 17 SDGs. Linkages between the SDGs and the EBRD transition qualities and sector groups are shown in Figure 4.

Challenges remain, however, in understanding the EBRD's contribution to results for the SDGs and the alignment between the SDGs and country-level results indicators. A 2020 IEvD study found that country-level indicators and project-level results indicators are juxtaposed with the SDGs where possible, but alignment between the transition qualities and the SDGs remains "superficial."

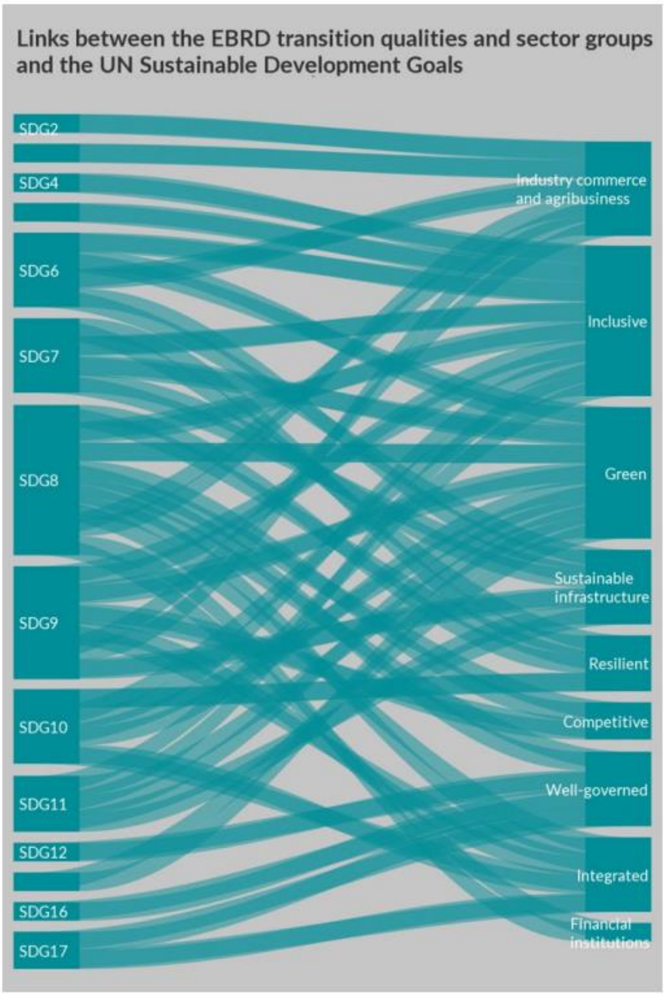
In response to the study, Management recognised "the important role of the MDB community in helping countries achieve the sustainable development goals" [Evaluability Assessment of the EBRD's Transition Qualities – Management Comments, 2020]. Management further highlighted that, although transition mandate continues to drive its activities, there is strong alignment between transition and the SDGs.

A mapping of EBRD' mandate and transition qualities with the SDGs being conducted in 2019. This mapping built upon a ToC for transition objectives and indicators to SDG goals as well as SDG targets and indicators to determine alignment and report on the contribution of EBRD activities to SDGs. Alignment of EBRD's activities to the SDGs is reported internally (through the Annual Report on Transition Performance (ARTP) for all operations) and externally through the Annual Review and Country Results Snapshots, as well as other channels.

EBRD reports that its work aligns with 14 of the 17 goals, with particular value provided in its support of SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities) SDG 11(Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

The Evaluability Assessment of EBRD's Transition Qualities of 2020 found that Management has prepared a template based on a designed framework for communication of results to external stakeholders, including how EBRD work aligns and contributes to SDGs. Country Results Snapshots ("Snapshots") aim to communicate the Bank's transition results and impact effectively to external stakeholders using a credible narrative supported by evidence, including communicating how EBRD work aligns and contributes to SDGs. These country results snapshots provide a narrative of the cumulative achievements in the context of country-specific challenges, while highlighting partnerships and links to the SDGs. To date, 23 results snapshots have been published. A review of country snapshots available for the country sample show which SDGs are aligned to each country strategy component for the respective country.

Figure 4. Linkages between the SDGs and the EBRD Transition Qualities and Sector Groups



Source: EBRD Sustainability Report 2019.

EBRD's activities also reflect the Hamburg Principles – common principles for MDBs to increase levels of private investment in support of development – as well as the Addis Ababa Action Agenda, which sought to align all financing flows and policies with the vision outlined in the 2030 Agenda for Sustainable Development. As part of the Hamburg Principles, MDBs agreed to focus their efforts on strengthening investment capacity and policy frameworks at the national and sub-national levels, enhancing private sector involvement and prioritizing commercial sources of financing, with MDBs playing a catalytic role. The SCF 2021-2025 highlights EBRD's commitment to mobilisation, in particular increasing "private sector mobilisation in light of the Addis Ababa Action agenda and in conformity with the 2016 Hamburg Principles". [SCF 2021-2025]

As part of its GET Approach, EBRD is dedicated to supporting the economies in which it invests achieve their commitments under the Paris Agreement, an international treaty with the goal of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels".

As such, from the end of 2022, all of its activities have been aligned with the Paris Agreement. ERBD has worked with other MDBs to develop an operational framework for Paris Alignment, centred on the core areas of: (i) alignment with mitigation goals; (ii) adaptation and climate-resilient operations; (iii) accelerated contribution to the transition through climate finance, strategy, engagement and policy development; (iv) reporting; and (v) alignment of internal activities.

Element 1.3.2

The MO applies a system to track results aligned to the 2030 Sustainable Development Agenda and other relevant global commitments.

EBRD links activities with the SDGs and has conducted a mapping of relevant operational indicators to SDGs. However, these indicators do not reflect official SDG indicators and mostly reflect output-level results and reach. It is not clear to what extent these SDG-mapped results indicators are tracked internally or reported.

This element is rated as unsatisfactory based on limited alignment between EBRD's operational indicators and official SDG indicators. Furthermore, there is no aggregated monitoring or reporting of these indicators to reflect EBRD's contribution to the Sustainable Development Agenda. However, EBRD also monitors and reports a series of other indicators linked to global challenges such as climate change.

As noted above, EBRD undertakes activities to report on the SDGs by mapping them against Transition Qualities. However, an IEvD Evaluability Assessment of the Transition Qualities found that understanding of the actual contribution to the SDGs is limited and alignment is superficial.

The EBRD has undertaken initiatives to align project design and results measurement with the achievement of the SDGs. A mapping of over 55 results indicators from EBRD's overall Compendium of Indicators (COI) to 14 of the 17 SDGs has been conducted internally, further cross-referencing which transition quality the indicator corresponds with.

However, these represent only a small selection of EBRD's COI. Furthermore, challenges remain with respect to the level of these indicators, which mostly reflect activities, output and beneficiary reach rather than outcomes. These mapped indicators are also not aligned with the official SDG indicators, making it more challenging to assess EBRD's contribution to the Sustainable Development Agenda. Finally, although indicators have been mapped, it is not clear to what extent they are tracked internally and there is little evidence of their use in corporate reporting.

SDG reporting is linked to overall investment by goal/theme and number of projects. There is limited results-based reporting on EBRD's overall the contribution to the SDGs. Management has noted that improving reporting and communicating its transition story, including how work is aligned and contributes to SDGs is a priority.

Table 5. EBRD's "Contribution" to the SDGs (as of 2020)

Transition Quality	Associated SDG	Investment Volume	Project Number
Competitive	**SDG 8: Decent Work and Economic Growth** SDG 9: Industry, Innovation, and Infrastructure SDG 17: Partnerships for the Goals	€3.9 bn	294
Well-governed	SDG 8: Decent Work and Economic Growth SDG 12: Responsible Consumption and Production **SDG 16: Peace, Justice and Strong Institutions** SDG 17: Partnerships for the Goals	€2.3 bn	83
Green	**SDG 6: Clean Water and Sanitation** SDG 7: Affordable and Clean Energy SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation, and Infrastructure SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action	€4.2 bn	172
Inclusive	SDG 4: Quality Education SDG 5: Gender Equality SDG 6: Clean Water and Sanitation SDG 7: Affordable and Clean Energy SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation, and Infrastructure **SDG 10: Reduced Inequalities** SDG 11: Sustainable Cities and Communities	€0.9 bn	55
Resilient	SDG 7: Affordable and Clean Energy **SDG 8: Decent Work and Economic Growth** SDG 10: Reduced Inequalities	€4.0 bn	211
Integrated	SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation, and Infrastructure SDG 10: Reduced Inequalities **SDG 17: Partnerships for the Goals**	€1.2 bn	37

Source: IEvD Evaluability Assessment of the EBRD Transition Qualities (2020). *Bold represents the SDG under which each quality most aligns.

In its Annual Review, EBRD present case studies and identify the specific SDG that that activity contributed to. EBRD also produces country results snapshots and the Sustainability Report both identify specific activities as contributing to specific SDGs. In particular, Sustainability Reports provide data against the EBRD's extensive Green Economy Transmission Indicators (presented in 9.2.2) and GET finance, alongside information about Paris alignment implementation, greening financial systems, green cities and decarbonisation. Beyond this, EBRD also contributes to joint MDB reporting around climate finance, blended finance and mobilisation, which rely on harmonised indicators and measurement are broadly aligned to the Sustainable Development Agenda, discussed further in 1.3.3, below.

Element 1.3.3

The MO's progress on implementation and aggregated results against global commitments, including Agenda 2030 and other global commitments, are published at least annually.

EBRD reports on some of its global commitments, including participating in joint-MDB reporting. This includes reporting on mobilisation, Paris Alignment, and on SDGs. Although EBRD reports through various documents the links between activities and the SDGs, consolidated data reporting on EBRD's contribution to the SDGs is limited.

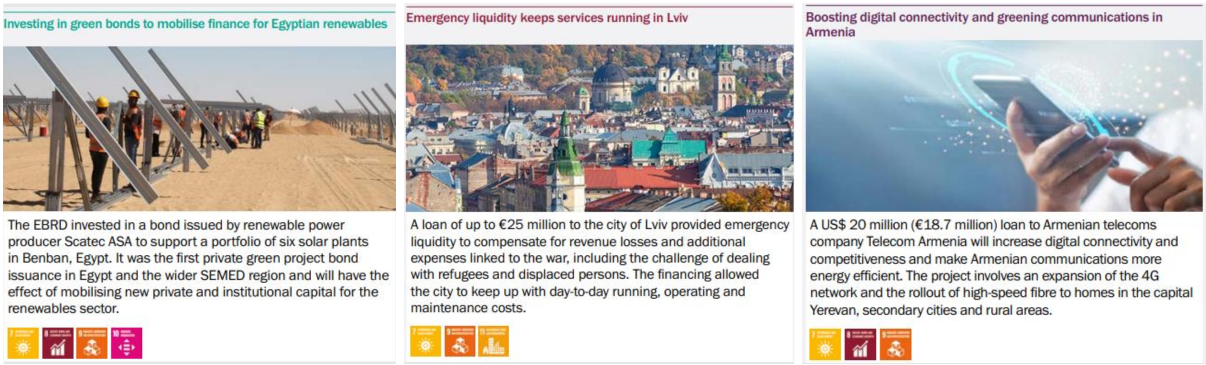
This element is rated as unsatisfactory to reflect the absence of systematic annual reporting on EBRD's contribution to delivering the SDGs. This reflects a common challenge across DFIs.

Some of EBRD's key corporate documents, such as the Annual Report on Transition Performance, Sustainability Report, the Annual Donor Report, the Country Results Snapshots and Quarterly Performance Reports, indicate links between its projects and the SDGs. In the case of the Annual Review and the Sustainability Report, EBRD presents case studies for operations that articulate the SDGs to which these contribute or align (Figure 5 and Figure 6).

In particular, the Sustainability Report, Global Reporting Initiative (GRI) Sustainability Disclosures and Taskforce of Climate-related Financial Disclosures Reporting provides an overview of: (i) Sustainability-related activities and milestones; (ii) EBRD's activities and approach to addressing environmental, social and governance issues (both in its operations and within the organisation); and (iii) Financial risks and opportunities associated with climate change. Although broadly aligned, this reporting does not fully identify how EBRD's operations contribute to sustainable development results aligned to the SDGs.

Country Results Snapshots show how Country Strategy components align or contribute to specific SDGs and provide a narrative of the work being done towards that strategic objective (Snapshot headers are depicted in Figure 7). However, reporting with consolidated data on the contribution of the EBRD to the SDGs is limited.

Figure 5. Examples of Case Studies from the 2022 Annual Review



Source: EBRD Annual Review 2022.

Figure 6. Examples of Case Studies from the 2021 EBRD Sustainability Report

Source: EBRD Sustainability Report 2021.

Figure 7. Examples of Country Snapshot Headers

Source: EBRD Country Snapshot Albania; EBRD Country Snapshot Egypt.

MI 1.4: The MO's financial framework supports the implementation of its mandate.

- Element 1.4.1: The MO's financial and budgetary planning ensures that all priority areas have adequate funding in the short term or are at least given clear priority in cases where trade-offs are required.
- Element 1.4.2: The MO has a single integrated budgetary framework that ensures transparency.
- Element 1.4.3: The MO's financial framework is reviewed regularly by its governing body.
- Element 1.4.4: A strategy and framework are in place to enable and guide the raising funds to deliver the MO's investment programme.
- Element 1.4.5: A framework is in place to enable and guide the raising of funds including from donors, own income and other sources, to support advisory work, technical assistance, analytical work and blended concessional finance to deliver on the MO's corporate objectives.
- Element 1.4.6: Policies/measures are in place to ensure that funds raised from the capital markets as well as from donors and other partners are applied flexibly to target priority themes and markets as needed.
- Element 1.4.7: The MO manages concessional funds to optimise development impact in line with strategic priorities agreed with donors. When concessional funds are provided as part of a financing package, they are applied flexibly in line with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations.

Table 6. KPI 1 – MI 4 ratings

MI / element	Rating	Score	Confidence Level
MI 1.4	Satisfactory	3.43	Medium
Element 1.4.1	Satisfactory	3	Medium
Element 1.4.2	Highly Satisfactory	4	Medium
Element 1.4.3	Highly Satisfactory	4	Medium
Element 1.4.4	Highly Satisfactory	4	Medium
Element 1.4.5	Satisfactory	3	Medium
Element 1.4.6	Satisfactory	3	Medium
Element 1.4.7	Satisfactory	3	Medium

MI 1.4 Evidence documents

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MI 1.4 Analysis

Element 1.4.1

The MO's financial and budgetary planning ensures that all priority areas have adequate funding in the short term or are at least given clear priority in cases where trade-offs are required.

Strategy Implementation Plans (SIPs) present a budget by department with justification for incremental shifts in budget being linked to strategic priorities. However, a comprehensive overview of budget allocations by SCF priorities is not available. Furthermore, interviews revealed that changes in operational program targets have not always been accompanied by commensurate changes in budget/resource allocation.

This element is rated as satisfactory based on the fact that annual SIPs are systematically accompanied by an annual budget that aligns budget and incremental shifts to strategic priorities. These documents provide a robust means of resourcing planned operations despite some challenges in linking budget allocations directly to strategic themes and priorities.

SIPs contain budgets that are informed by the SCF. The process to construct the SIP, and subsequently the budget, is an iterative process that involves extensive dialogue between senior management, planning and delivery units.

This process has evolved over time. The 2021 IEvD special study on SIPs found that the process is neither regulated by a transparent process map nor supported by an IT-enabled platform. In response to consideration of the study by the Board committee, which determined that there was not a strong recommendation to materially change the SIP, rather a direction of travel to improve the SIP process and paper, Management has implemented "cornerstone discussions." Since SIP 2021-2023, cornerstone discussions have involved a series of open and frank discussion with Board members in Budget and Audit and Risk Committee meetings regarding important budget issues – which have allowed for upstream discussion of emerging budget directions. Stakeholders reported that these discussions help address issue of transparency and need for an improved SIP preparation process raised by IEvD study.

Table 7 shows the change in administrative expense budget over time. Table 8 shows key movements in the budget from 2021 to 2022, showing movements to key priority areas.

Table 7. Administrative Expense Budget (£ million)

	Budget								Projection	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Core Administrative Expenses				359.5	370.0	383.4	394.5	401.1	430.7	452.2
Extraordinary Items				-	-	-	11.6	22.1	29.3	38.4
Total Administrative Expense Budget				359.5	370.0	383.4	406.1	432.2	460.0	490.6

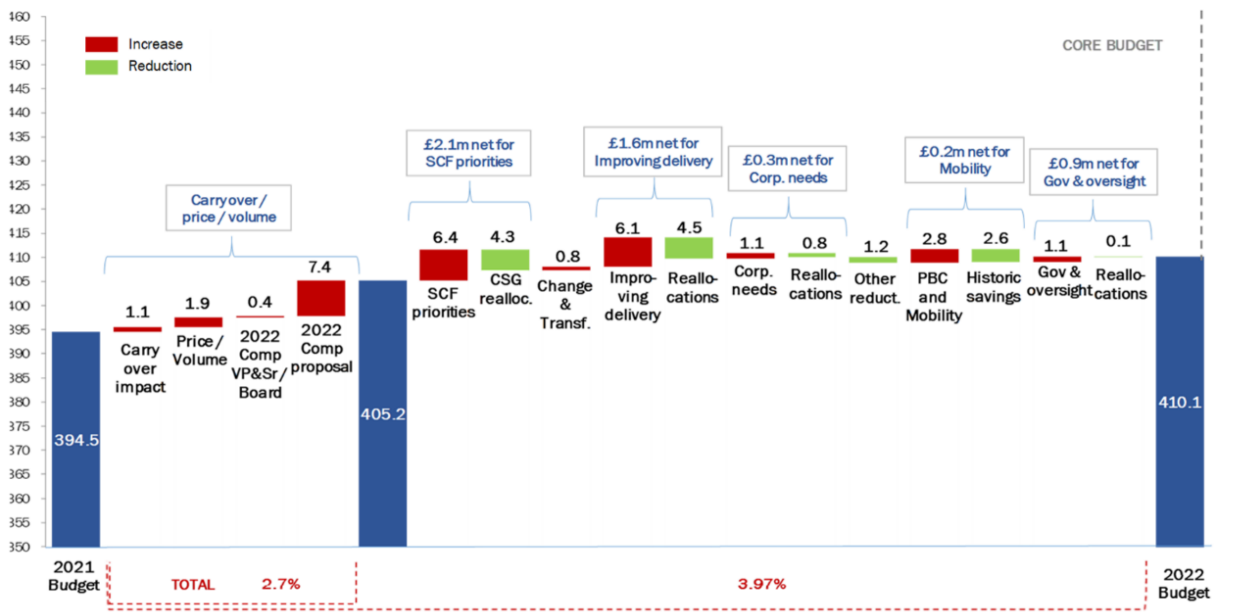
Source: EBRD Strategy Implementation Plans.

Table 8. Key Movements in the 2022 Budget

	Proposed	Saving	Net	Increase
Cary over / price / volume	10.8	-	10.8	2.7%
SCF Priorities	6.4	(4.3)	2.1	0.5%
Change & Transformation capability	0.8	-	0.8	0.2%
Improving delivery	6.1	(4.5)	1.6	0.4%
Corporate business needs	1.1	(0.8)	0.3	0.1%
Budget reductions / adjustments	-	(1.2)	(1.2)	(0.3%)
PBC accrual and Mobility	2.8	(2.6)	0.2	0.1%
Governance and oversight functions	1.1	(0.1)	0.9	0.2%
Total movements	29.1	(13.6)	15.6	3.97%

Source: EBRD Strategy Implementation Plan 2022-2024.

Figure 8. Core Administrative Expense Budget for 2022 (£ million)



Source: EBRD Strategy Implementation Plan 2022-2024.

Importantly, IEvD review of SIPs between 2016-2021, noted that establishing a more robust connection between SCF, which is "defined on the basis of cross-cutting strategic and thematic priorities," and budget information remains a work in progress. Management, in its response to the IEvD report, broadly stated it "recognises there would be merits in having other perspectives, namely cost allocations per key strategic priorities and activities."

While a comprehensive view (for example cost allocations per key strategic priority) remains unavailable, there have been continued improvements in identifying resources directed to SCF priority areas. SIP 2022-24 highlights “First and foremost, additional resources are provided for SCF priorities. The scaling up of SCF thematic priority resources builds on incremental investments approved for the first year of SCF”. [SIP 2022-2024] It further states that "whereas the 2021 Budget concentrated mainly on Green, with some elements of Self-evaluation and Results Management-related resources, the 2022 Budget proposal increases Green resources further and builds additional capacity to deliver on three additional priorities – Equality of Opportunity, the Bank’s Approach to the Digital Transition and Mobilisation. The amount of new resources allocated to SCF priorities - Green Economy Transition, Equality of Opportunity, Digital, Mobilisation and Self-evaluation - is £6.4 million, with the largest allocation, £2.0 million, for ramping up Green activities." [SIP 2022-2024]

SIP 2023-2025 acknowledges that “While the war on Ukraine has become a central focus, the Bank continues to pursue core SCF priorities, leveraging resources approved in the first two years of the SCF.” [SIP 2023-2025] It “further increases the quantum of new resources going to SCF priorities - Green, Equality of Opportunity and Digitalisation - by £3.0 million". [SIP 2023-2025] The Annual Donor report and Annual SSF Report further indicate how grants and concessional finance have been deployed in support of the SCF thematic priorities (discussed further in 1.4.5).

Interviews indicated that there were sometimes disconnects between changes in operational program targets (which are cascaded down from corporate targets) and commensurate changes in administrative budget resources to ROs (or headquarters departments) in support delivery on strategic business delivery targets. This disconnect was attributed to two constraints. First, there is an expectation that some incremental needs are to be met through internal redeployment of administrative budget resources. Second, the increase in the overall institutional budget has generally remained below inflation in recent years and has not increased to reflect changes in operational delivery. This is due in part to shareholder expectations for constrained budget growth. While external comparators are used wherever feasible (for example with regards to IT services), there is limited information regarding the use of standard coefficients to guide resourcing of operational activities. Finally, given the centrality of Country Strategies in the strategic architecture, there is limited consolidated reporting of budget use to implement country programs.

Element 1.4.2

The MO has a single integrated budgetary framework that ensures transparency.

EBRD has a single integrated budgetary framework that presents its administrative budget and expenses. EBRD is also undertaking efforts to improve information on cost allocations per key strategic priorities and activities.

This element is rated as highly satisfactory reflecting strong management of the budget process to support institutional transformation while controlling growth in the administrative budget.

Through its SIP, EBRD presents a Budget for Administrative expenses (Table 9) as well as the actual administrative expenses of previous years (Table 10). It breaks down core administrative expenses into staff costs (salaries, total benefits, performance-based compensation, and other staff costs), non-staff costs (consultancy/legal, travel/hospitality, and other direct costs), and centrally managed costs (occupancy costs, technology, annual meeting, central staff expenses, institutional fees, depreciation, and contingency). The SIP also presents direct costs by department and capital expenditures.

Over the period, EBRD budget has increased by an average annual growth rate of 4% from 2017-2023. Actual expenses from 2016-2021 have increased on average by 3%.

Table 9. Administrative Expense Budget

	2017	2018	2019	2020	2021	2022	2023
Core Administrative Expenses	**346.0**	**359.5**	**370.0**	**383.4**	**394.5**	**410.1**	**448.2**
Operating Expenses	327.6	338.6	327.4	339.8	351.4	366.6	406.4
Depreciation	18.4	20.9	42.6	43.6	43.1	43.6	41.8
Extraordinary Budget Items					**11.8**	**22.1**	**34.4**
LIBOR Transition					7.8	5.3	2.7
MYIP – Phase 1					3.9	11.3	22.9
MYIP – Phase 2					-	5.5	8.5
MYIP – Phase 3					-	-	0.2
Total Administrative Expense Budget					***406.1***	***432.2***	***482.6***

Source: EBRD Strategy Implementation Plans. Note: EBRD changed how it presented its projected annual budget in SIP 2022-2024 from reporting only the core administrative expense budget to also presenting extraordinary items.

Table 10. Core Administrative Expenses

	2016 *Actual*	2017 *Actual*	2018 *Actual*	2019 *Actual*	2020 *Actual*	2021 *Actual*	2022 *Budget*	2023 *Budget*
Direct Costs	269.0	271.9	278.9	290.6	298.2	307.1	322.9	356.1
Staff Costs	223.9	229.0	236.4	249.7	273.7	277.8	287.5	319.2
Non-Staff Costs	45.1	42.8	42.5	40.9	24.5	31.4	35.4	36.9
Centrally Managed Costs	72.2	70.1	79.9	79.4	80.9	87.0	87.2	92.1
Core Administrative Expenses	**341.2**	**341.9**	**358.8**	**249.7**	**379.1**	**396.2**	**410.1**	**448.2**

Source: EBRD Strategy Implementation Plans.

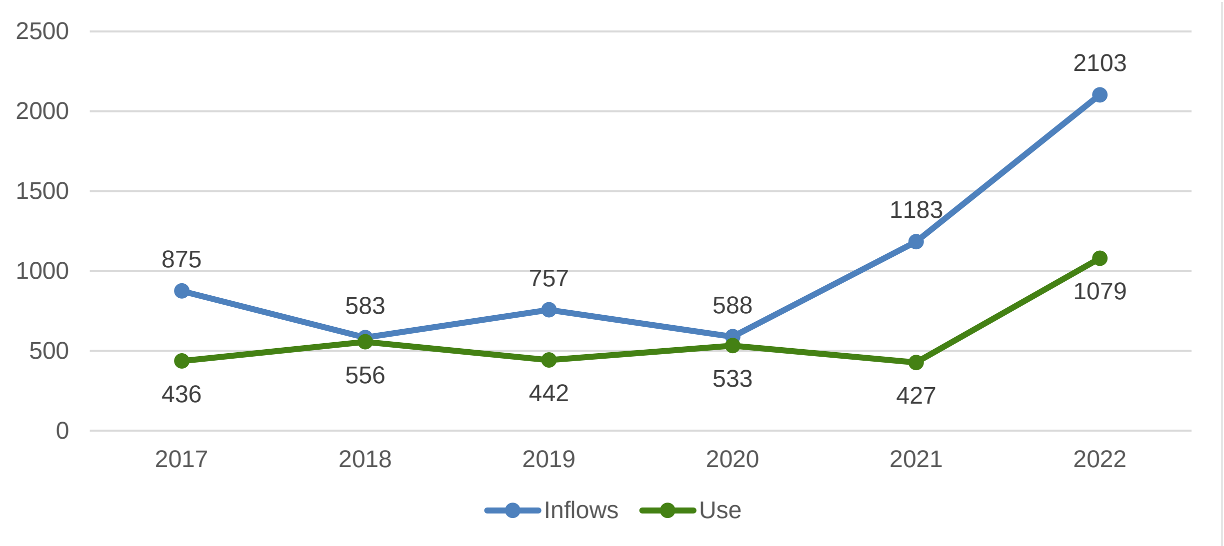
Table 11. Budget and Expense Growth

Budget	2018	2019	2020	2021	2022	2023	Av. Growth Rate (2017-2023)
Core Administrative Expense Budget	**4%**	**3%**	**4%**	**3%**	**4%**	**9%**	**4%**
Operating Expenses (Budget)	3%	-3%	4%	3%	4%	11%	3%
Depreciation (Budget)	14%	104%	2%	-1%	1%	-4%	12%
Actual Expenses	2017	2018	2019	2020	2021		Av. Growth Rate (2016-2021)
Core Administrative Expenses	**0%**	**5%**	**-30%**	**52%**	**5%**		**3%**
Direct Costs	1%	3%	4%	3%	3%		2%
Staff Costs	2%	3%	6%	10%	1%		4%
Non-Staff Costs	-5%	-1%	-4%	-40%	28%		-6%
Centrally Managed Costs	-3%	14%	-1%	2%	8%		3%

Source: Author calculations.

Alongside its administrative budget, EBRD manages a number of regional and thematic multi-donor funds as well as single donor accounts. These include the Sustainable Infrastructure Fund (previously Early Transition Countries Fund), the Small Business Impact Fund, the Southern and Eastern Mediterranean Multi-Donor Account, the Ukraine Stabilisation and Sustainable Growth Multi-Donor Account, the High Impact Partnership on Climate Action, the Multi-donor Trust Fund for West Bank and Gaza, the Action for Equality of Opportunities and Gender Fund, the Eastern European Energy Efficiency and Environment Fund, the Western Balkans Investment Fund, the Blue Mediterranean Partnership Fund, and the Crisis Response Special Fund. In its Donor Report, EBRD presents inflows of donor funds by source as well as use of donor funds (by region and by instrument). In 2022, EBRD saw an increase in donor fund inflows of 78% from 2021.

Figure 9. Core Figure 1.9 Donor Funds (€ million)



Source: EBRD Donor Report 2021 and 2022.

In 2023, total inflows accounted for €1,596 million, of which €1,190 million were deployed.

Table 12. Composition of Concessional Resource Inflows in 2023 (€m)

Funded Contributions from Donors	1,066
Unfunded Contributions from Donors	402
Net Income Allocation	128
Total Secured Concessional Resources Raised	1,596
EBRD managed funds	581

Source: EBRD Donor Report 2023.

Element 1.4.3

The MO's financial framework is reviewed regularly by its governing body.

Capital Adequacy is reviewed on a five-year basis by the Board of Governors through the SCF. Throughout this period, there is regular monitoring of capital adequacy as well as the financial and risk profile of the Bank. Bank finances are reported through annual Financial Reports.

This element is rated as highly satisfactory, reflecting EBRD's "best in class" approach to managing its capital adequacy, including through the five-year SCF process.

AEB (Article 5.3) requires the Board of Governors to review the Bank's capital adequacy at least every five years. The Bank manages its capital adequacy based on: (i) the nominal statutory capital utilisation, under Article 12.1 of the AEB, within a 92 per cent prudential threshold; and (ii) the risk-based Capital Adequacy Policy (CAP), within a 90 per cent prudential threshold.

A new resolution of the Board of Governors paves the way to greater flexibility. At the 2023 Annual Meetings, the Board of Governors passed a resolution in response to the recommendations from the G20 Independent Review of Capital Adequacy Frameworks. This resolution approves an amendment of Article 12.1 in the Agreement Establishing the EBRD to remove the statutory capital limitation on ordinary operations with the understanding that the Board of Directors will maintain an appropriate nominal leverage limit on operations within the capital adequacy framework. This resolution seeks to "enable the optimal use of the Bank's capital capacity to support the Bank in achieving the maximum potential impact in its recipient countries". [Resolution No. 260]

Strategic and Capital Framework

The overall vehicle for reviewing the EBRD's capital adequacy is the SCF, which runs for five years. Thresholds are set against capital control parameters for the SCF period. The SCF reports on capital adequacy and concludes on the adequacy of capital resources to support its operational ambitions. It also includes a control framework that allows for resource use flexibility while still pursuing established strategic objectives.

Strategy Implementation Plans

Throughout the SCF period, the SIPs allow the Board of Directors to annually assess the adequacy of the Bank's capital base, providing a dynamic and responsive approach within the overarching SCF and allowing for adjustments to projected operating asset levels for the Bank to respond to the prevailing economic, market and risk environment.

The SIP reviews financial sustainability through a three-pronged approach, namely, to assess profitability, capital adequacy, and liquidity position. It assesses profitability based on a project specific metric (the Investment Profitability Model) and two scorecard metrics (Return on Required Capital (RoRC) and Debt RoRC, the latter since SCF 2021-2023). Capital Adequacy is managed by the aforementioned Capital Adequacy Policy using a utilisation ratio.

Table 13. Select Financial Sustainability Metrics

	2016	2017	2018	2019	2020	2021	2022	2023
RoRC (3-year rolling average)	3.4%	7.4%	5.9%	7.7%	5.9%	11.9%	1.4%**	3.5%*
Debt RoRC (before costs)	-	-	-	-	7.1%	21.3%	-8.2%	-
Capital Utilisation (under CAP)	77%	70%	73%	66%	67%	65%	67%*	63%*

Source: EBRD Strategy Implementation Plans. *projection, ** estimate.

The last twelve months have shown that in addition to this regular cycle, the Bank is nimble enough to review and enhance its capital position, including through the support of shareholders when circumstances demand.

Financial Reporting

Financial Reports articulate the financial situation of the Bank. In addition, the Bank's financial performance is reported quarterly to the Board (and approved by the ARC) and the progress of capital utilisation monitored in year the QPR, monthly operational updates, quarterly Op/Risk/Fin updates, BOI, ATR, etc.

Element 1.4.4

A strategy and framework are in place to ensure sufficient funds are available to deliver the MO's investment programme.

EBRD has many policies in place to ensure that sufficient funds are available to deliver its investment programme, including through its capital adequacy policy and its procedures for treasury authority and liquidity. Its Treasury team is responsible for maintaining adequate liquidity to cover the Bank's activities and manage its capital. EBRD's treasury activities and approach to supporting local currency financing represent a leading practice among DFIs.

This element is rated as highly satisfactory on the basis of EBRD's robust capital adequacy policies, its procedures for treasury authority and liquidity and its peer-leading practices in the area of local currency financing.

The Bank's Capital Adequacy Policy (CAP) aims to ensure that the Bank's balance sheet strength would be strong enough to support a triple-A rating and ensure that the Bank remains a going concern, avoiding the need to call subscribed capital. As such, the CAP sets out that the capital utilisation ratio does not exceed a 90% prudential limit and that nominal capital utilisation is managed against a 92% threshold. The policy further establishes the required capital to ensure risks are covered arising from banking and treasury operations. Stress testing helps examine the Bank's ability to withstand a 1 in 25 years financial shock (discussed further in MI 3.2 and KPI 12).

The EBRD's Treasury team is responsible for the provision and preservation of liquidity to support the Bank's overall purposes and the management of the capital of the Bank, retained earnings and borrowed funds. The Treasury team is organized into six main business areas:

- **Funding,** which is responsible for EBRD's bond issuances;
- **Portfolio Management – Credit**, responsible for managing the long-term credit portfolio with the dual objective of protecting the Bank's capital and optimising returns on the portfolio;
- **Hard Currency Balance Sheet Management**, which has the functional responsibility for the management of all financial hard currency risks in the Bank's balance sheet;
- **Local Currency Balance Sheet Management**, which has functional responsibility for the management of all financial risks in the bank associated with local currency activities and responsible for the management and provision of liquidity in support of the Bank's local currency lending activities;
- **Client Solutions Group**, which focuses on the Bank's clients across countries of operations providing structuring expertise, advice and execution services on all derivative and dept capital products; and
- **Equity Capital Markets**, responsible for the execution of all equity capital market transactions undertaken by the Bank, providing market intelligence and insight to the Equity Committee, and involved in the active monitoring and management of the Bank's listed equity portfolio.

The Treasury Authority and Liquidity Procedures set out a governance framework and key limits for the management of risks associated with the Bank's treasury transactions and risk processes. The procedures establish that Treasury may enter into exposures to interest rate risk, foreign exchange risk and credit risk, with eligibility of Treasury exposures determined on the basis of the underlying risk rather than form or structure. It further establishes the following generally approved asset classes: (i) Bonds, notes and other securities; (ii) Money market instruments, cash advances and deposits; (iii) loans and repurchase and buy/sell-back agreements; derivative contracts and insurance contracts; and contracts to hedge other risks to which the bank may be exposed.

The Treasury's core operations are centred on the provision and preservation of the Bank's liquidity. This is governed by liquidity metrics established by management that are monitored and act to support the Bank's policy objectives. Medium-term liquidity metrics dictate that liquidity must be such that at least 75% of the next two-years net cash requirements can be met without recourse to accessing funding markets. (Table 14) Short-term liquidity must be sufficient to meet obligations for at least three months.

Table 14. Liquidity metrics

	Minimum Coverage	2016	2017	2018	2019	2020	2021	2022
Net Treasury liquid assets as percentage of next two years' net cash requirements	**75%**	118%	148%	113%	121%	152%	148%	137%
Treasury liquid assets as percentage of one-year debt service plus 50% of undrawn commitments	**100%**	110%	106%	110%	107%	125%	156%	144%

Source: EBRD Financial Reports.

EBRD's Financial Report identifies sources of funds for EBRD. These include borrowings retained earnings and paid-in capital.

The Bank has a proven record of access to funding in the capital markets via its global medium-term note programme and commercial paper facilities (Table 15). In 2022, EBRD raised € 6.7 billion of medium to long-term debt.

Table 15. Medium to Long-term Debt Raised from capital markets

	2016	2017	2018	2019	2020	2021	2022
Medium to long-term debt raised (€ billion)	5.6	8.2	8.7	9.9	13.1	9.6	6.7
Average tenor (years)	3.8	3.8	4.1	4.3	4.0	4.2	4.3

Source: EBRD Financial Reports.

Table 16. Financial results 2016-2022 (€ million)

	2016	2017	2018	2019	2020	2021	2022
Net profit/(loss) before transfers of net income approved by Governors	922	772	340	1,432	290	2,502	(1,117)
Paid-in capital	6,207	6,211	6,215	6,217	6,217	6,217	6,217
Reserves and Retained earnings	9,351	9,961	10,068	11,613	11,674	14,128	13,119

Source: EBRD Financial Reports.

EBRD uses managed donor funds, including the SSF to support its operations and reduce risk, including through technical assistance. More discussion on this can be found in Element 1.4.5.

A notable area of good performance involves EBRD's local currency financing and treasury activities. EBRD's approach to supporting local currency lending is positioned to meet clients' local currency financing needs, manage treasury risk (including complete avoidance of foreign exchange (FX) risk), build relationships and enhance EBRD's contribution to deepening local markets. EBRD has built a strong track record for local currency financing since 2006, with growing operating assets in Polish Zioty, Kazakh Tenge, Romanian Lel and Georgian lari. Over the assessment period, approximately 1/3 of EBRD's lending has been in local currency, representing a leading practice among DFIs. Total capital consumption of €116 million supports €5 billion in operating assets.

Local currency operations have also been consistently profitable year-over-year. Local currency financing is complemented by technical assistance and policy dialogue that seeks to alleviate critical market barriers, including: (i) enhancing local savings; (ii) enhancing the role played by banks to transform local currency savings; (iii) strengthening national monetary policy frameworks; (iv) improving risk management frameworks among local banks; (v) contributing to design of suitable banking products; and (vi) enhancing information sharing and capacity development across major banks and local banks.

Element 1.4.5

A framework is in place to enable and guide the raising of funds including from donors, own income and other sources, to support advisory work, technical assistance, analytical work and blended concessional finance to deliver on the MO's corporate objectives.

EBRD has taken steps to guide raising and using donor funds to support its efforts as outlined in the SCF an SIP.

This element has been rated satisfactory in recognition of the growth of EBRD's donor funds and efforts undertaken to promote strategic management of these funds to support institutional priorities. This growth, and resulting operational challenges, has driven transformation efforts to reinforce systems and processes around the management of EBRD's donor funds.

EBRD has a dedicated team of experts in charge of maintaining strategic relations with donors and mobilising and managing such support. The Donor Partnerships team is also in charge of developing strategies, policies and guidelines for the use of donor funds, ensuring the appropriate systems and tools in place.

EBRD's donor agenda for the SCF 2021-2025 period is articulated in its Donor Strategy – Preserving and accelerating transition: Working with Donors 2021-2025. It points to EBRD's five strategic objectives as maintaining a focus on being: (i) an innovative partner, (ii) an effective mobiliser of funding and private sector finance, (iii) a provider of high-quality services, (iv) an impactful delivery partner that offers high quality knowledge and skilled staff, and (v) an efficient operator with a sustainable, fit-for-purpose operating model. It further formalises principles for donor engagement, which had previously guided EBRD's engagement with donors (i.e., strategic, selective, efficient and effective, transparent and aligned with internal policies).

The strategy sets no specific fundraising targets for the SCF period to allow donor finance to remain responsive to the nature and geography of the Bank's operations and the specifics of individual transactions and policy reform activities. However, it outlines that the Bank will establish annual fundraising targets based on needs assessments derived from the Bank's annual business planning exercise.

The Bank's Donor Manual, which forms part of the Operations Manual, provides a framework for management and use donor funds. In addition, there are specific Board approved policies that guide aspects related to the donor agenda, such as a Donor Fee Policy and a Policy for Client Contributions.

The AEB defines provisions for the establishment of Special Funds and Trust Funds as well as the operation of other instruments. Nevertheless, Special Funds and Trust Funds are managed according to their own rules and regulations. The Bank's many multi-donor funds have Board approved rules that govern their use. EU funds and funds mobilised from the global climate funds are regulated via elaborate accreditation agreements with the Bank. The SCF highlights the relevance of the private sector and donor funding mobilisation to support the transition approach. The SCF also sets guidelines for its mobilisation approach regarding the private sector and donors.

In 2022 EBRD introduced reforms, new products, and expanded training on the use of donor funds. This has included new end-to-end processes and IT systems, the Donor Manual, donor library, donor engagement platform, donor funds availability tracker and training. Altogether these tools and products consolidate information for staff and provide staff with requisite training to utilise them.

Use of Donor Funds aligned to Strategic Priorities

EBRD uses donor funds to address affordability constraints, improve market outcomes in the presence of externalities, build capacity, provide advisory services and steer investments towards sustainability and transition impact. This includes funding for technical assistance to help (i) design or implement a project and build client capacity, (ii) co-financing to improve affordability, reduce risks, and provide incentives for private sector investment, and (iii) policy dialogue to improve the business climate and promote reforms. Donor-funded instruments to support concessional finance include capital grants, incentives, risk sharing and guarantee facilities, concessional loans, co-lending and equity investments.

The EBRD's Shareholder Special Fund (SSF), established complement existing donor funding operations through technical cooperation (TC), investment grants, incentive payments and equity participation. In 2020, to ensure better alignment between the SSF and the Bank's agenda, efforts were made to link the SSF "more directly to the strategic cross-cutting themes set out in the 2021-2025 Strategic Capital Framework and to EBRD's country and sector strategies". [IEvD Special Study: Evaluation of the

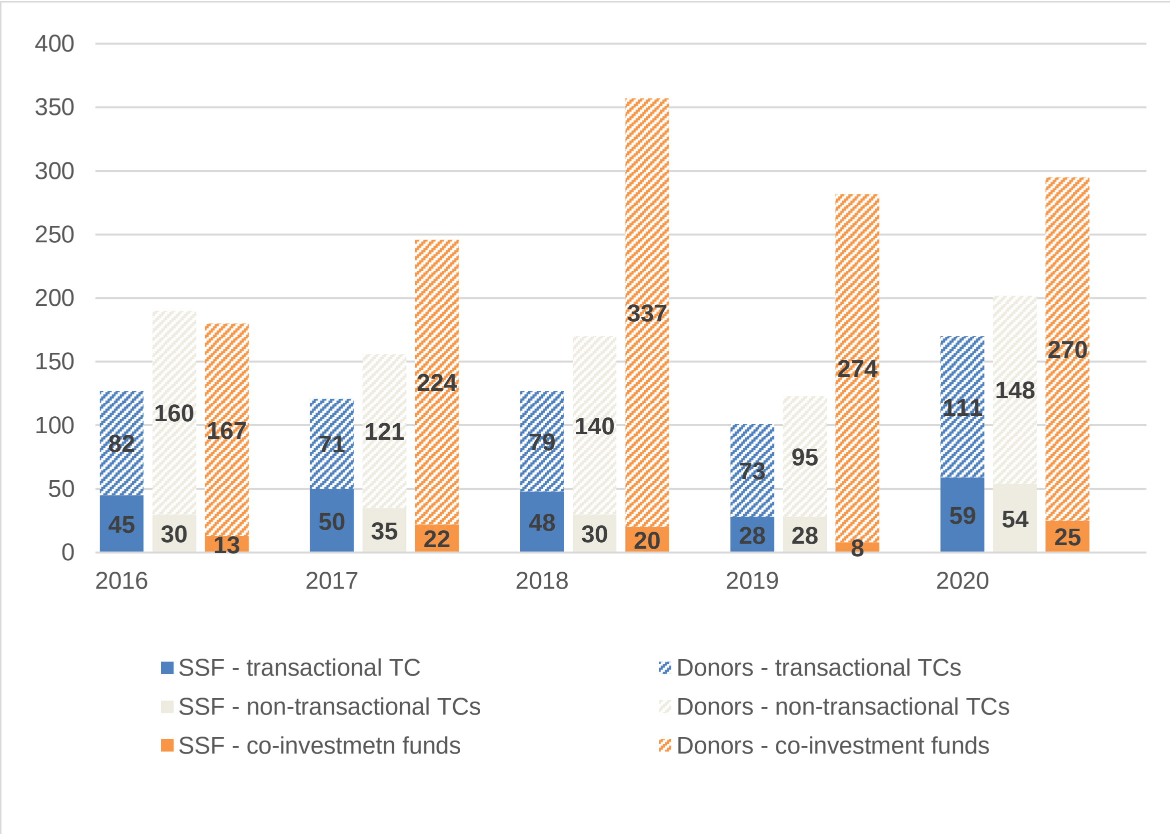
Shareholder Special Fund (2016-2020)]. The SSF further introduced two-year work programmes to better sync with SIPs and objectives to focus on ODA countries, especially ETCs and SEMED, were established.

Table 17. Figures for SSF Work Plans 2016-2020 (€ million)

	Total Envelope	Net Income Allocation	Unused funds from previous Work Plan	Approved	Signed	Disbursed
2016	136	130	6	89	79	65
2017	110	105	5	85	73	58
2018	120	100	20	89	70	56
2019-2020	200	190	10	202	157	114
2021-2022	206	165	41	203	91	46
2023-2024	278	208	70	99	40	4
Total	**1,050**	**898**	**152**	**767**	**405**	**216**

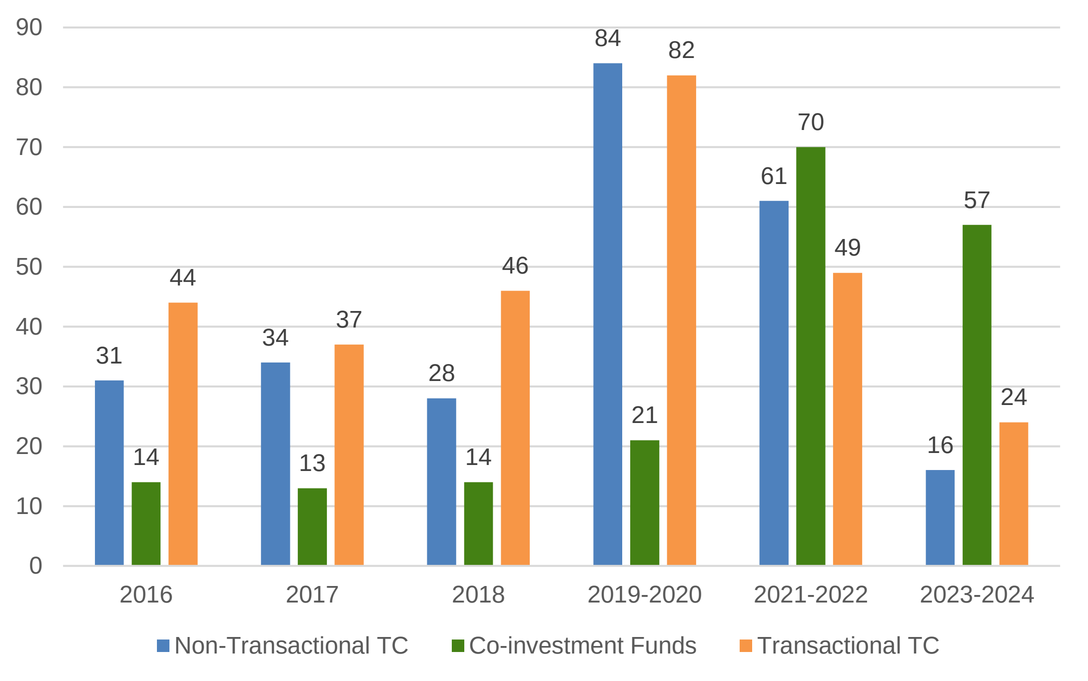
Source: IEvD (2022), Special Study: Evaluation of the Shareholder Special Fund (2016-2020) and EBRD Internal Databases.

Figure 10. SSF and Donor Funded TC and Co-investment (€ million)



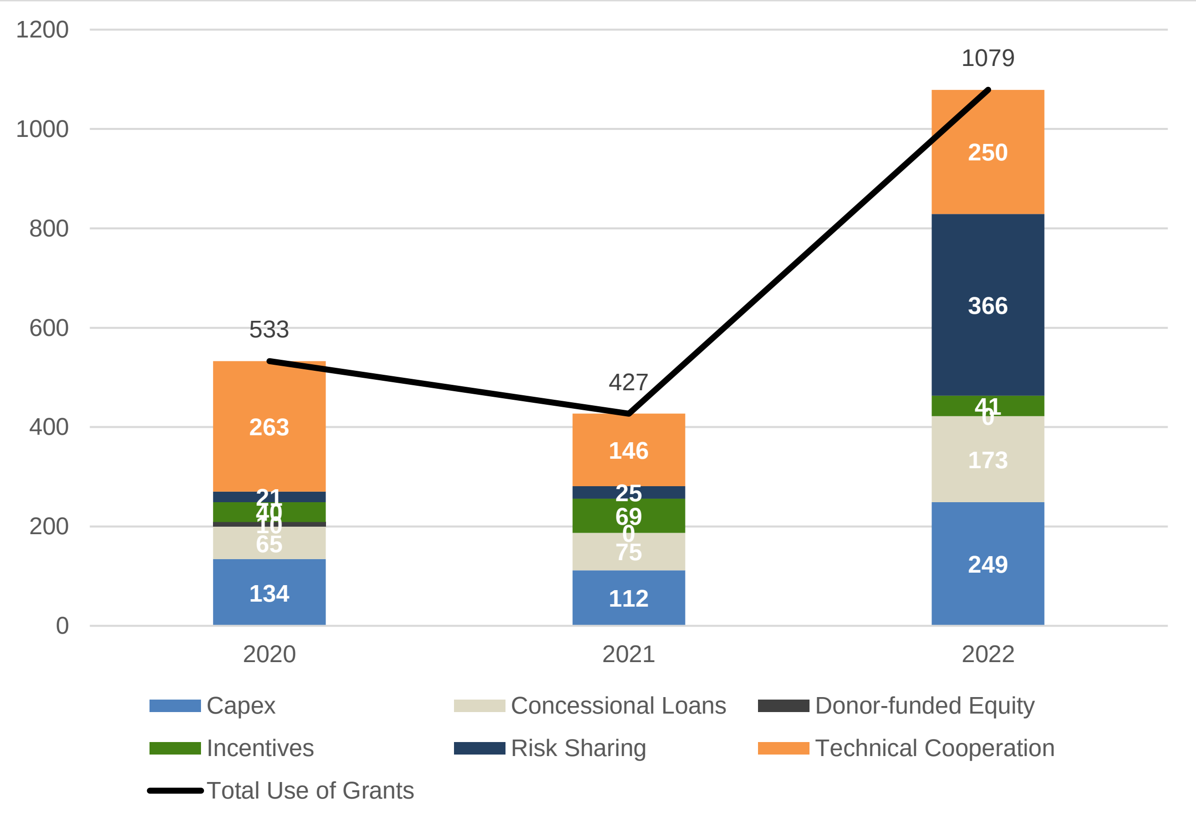
Source: IEvD (2022), Special Study: Evaluation of Shareholder Special Fund (2016-2020).

Figure 11. SSF TCs and Co-Investment Funds (2016-2024)



Source: EBRD internal database.

Figure 12. Use of donor funded grants 2020-2022 (€ million)



Source: The EBRD & Donors Report.

EBRD has also shown its ability to use donor funds in response to crisis. In response to the COVID pandemic, EBRD was the first IFI to approve a comprehensive series of response and recovery measures through its Solidarity Package in March 2020. This package included: (i) a Resilience Framework which streamlined the process for providing finance to meet the short-term liquidity and working capital needs of existing clients; (ii) expansion of the Trade Facilitation Programme; (iii) fast-tracked restructuring for distressed clients; (iv) enhanced existing frameworks for SMEs and corporates that were not currently clients; and (v) the Vital Infrastructure Support Programme.

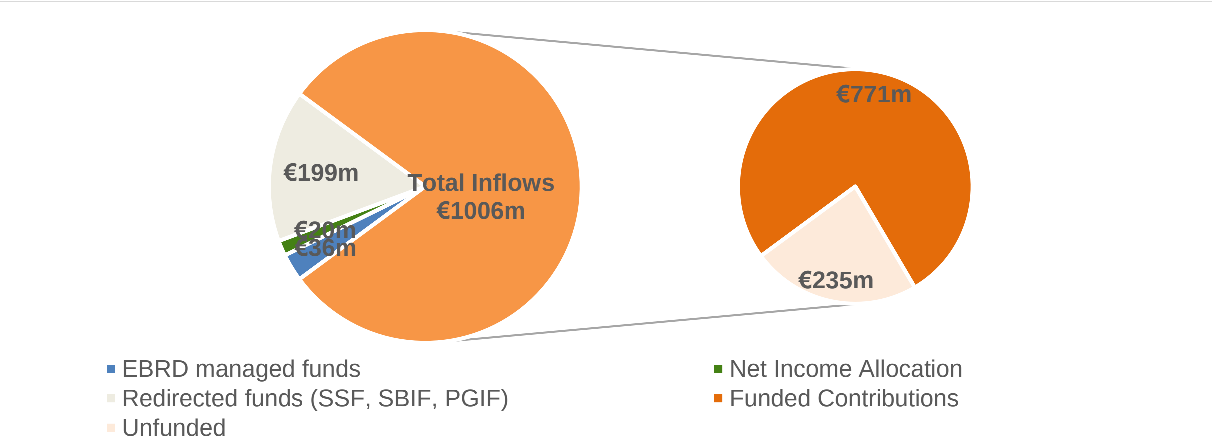
From 2020-2021, EBRD committed €21 billion to support its regions counter the economic impact of COVID. Donors played a crucial role in EBRD's COVID response by extending important financing for SME advisory support, and for policy, legal and regulatory reforms. COVID response projects finance by the SSF included:

- "COVID-19 Crisis Response – Advise for Small Businesses Program for the period of 2021-2023, including setting up business advisory hotlines in a few countries;
- COVID 19 Response: Regional Framework Program on Digital Transformation of Courts: Development of Online Courts for Small Claims – SME Focus – in selected countries of operation;
- Rapid Advisory Response ("RAR") Framework with a particular focus on digitalisation, governance, inclusion and the energy sector." [The EBRD & Donors (2021)]

EBRD's Resilience and Livelihoods Framework was also used in the context of EBRD's Ukraine response. It helps countries directly affected by the war, concentrating on Energy security, Municipal services and livelihoods for displaced persons, Trade Finance, and Provision of liquidity for SMEs. This started with an initial €2 billion commitment. As of February 2022, EBRD had deployed more than €3 billion in Ukraine since the beginning of the invasion and its governors have approached a resolution to increase paid-in capital by €4 billion to help provided sustained investment in Ukraine.

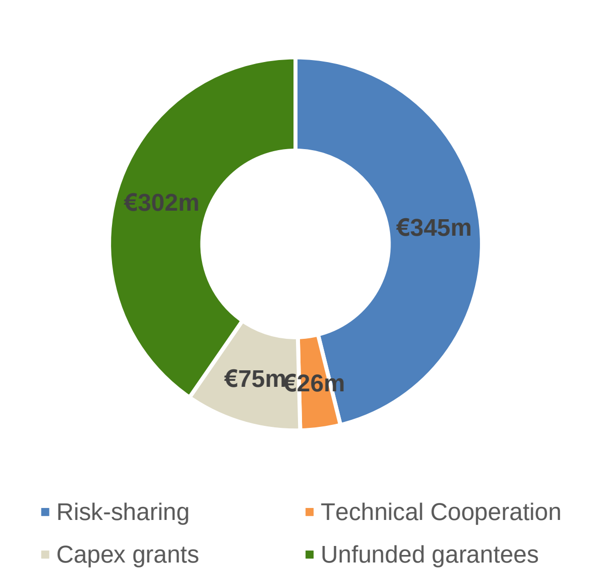
Donor funding was a critical element underpinning EBRD's €3 billion commitments to Ukraine during the 2022-2023 period. The Bank mobilised over €1.6 billion from a number of donors through a variety of instruments that accommodated donor preferences while allowing the Bank to leverage its balance sheet while reducing risks. The instruments included co-investment grants, funded guarantees, unfunded guarantees and technical cooperation grants. Two innovations are noteworthy. First, unearmarked grants and funded guarantees were directed through a Crisis Response Fund which could recycle the guarantees (i.e., issue new guarantees when existing ones terminated). Second, unfunded guarantees accommodated donor preferences for providing contingent commitments.

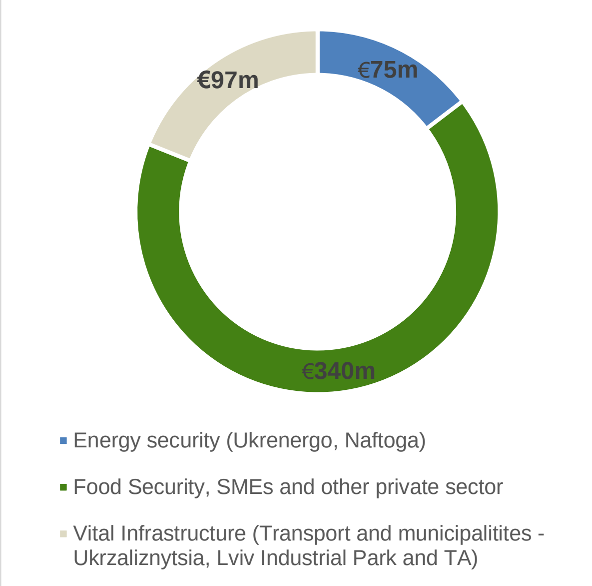
Figure 13. Composition of donor inflows dedicated to the Bank's Ukraine Response, 2022



Source: The EBRD & Donors 2023. SSF stands for Shareholder Special Fund, SBIF stands for Small Business Impact Fund, and PGSF stands for Post Graduation Special Fund.

Figure 14. and Figure 15. Use of Donor Funds in Ukraine by type and sector





Source: The EBRD & Donors 2023.

<u>Ongoing challenges for the use of donor funds</u>

EBRD's experience in scaling up the use of donor funds to respond to crises has also brought to light important challenges across its donor funds systems, including some identified through internal audit reports. These reports demonstrate the importance of EBRD's ongoing efforts to transform the management of its donor funds, enabling a greater volume of support to accompany its investments. As the scale of donor funds grow, it will also be important to identify means of streamlining governance, management and reporting in line with similar trust fund reform initiatives being implemented by other DFIs.

Furthermore, IEvD's special study of past SIPs (2016-2021) found that "donor resource management is not fully transparent." The SIP defines funding inflows targets for the Special Shareholder Fund and other donors. It also contains funding outflows according to business lines. The donor inflows are calculated according to the funding gap identified during the elaboration of the SIP. Management as outlined in its response to IEvD's study said the issue was addressed in SIP (2021-23), which provided more information on the donor fees.

Element 1.4.6

Policies/measures are in place to ensure that funds raised from the capital markets as well as from donors and other partners are applied flexibly to target priority themes and markets as needed.

This element is rated as **satisfactory**, reflecting EBRD's use of bond issuances to raise funds for priority themes and flexible allocation of donor funds to support operations for priority themes and markets in line with good practices across DFIs.

EBRD raises funds for priority areas are through Green and Social Bonds. EBRD has issued Green Bonds since 2010 and has earmarked three thematic portfolios under which it can issue them: Environmental Sustainability Bonds, Climate Resilient Bonds, and Green Transition Bonds. EBRD has issued 104 Environmental Sustainability Bonds totalling €5.7 billion, 12 Climate Resilient Bonds totalling €1.2 billion, and 17 Green Transition Bonds totalling €1.4 billion (as of 30 September 2023). Likewise, since 2010, EBRD has been issuing Social Bonds, including Microfinance Bonds and Health Bonds. EBRD has issued

8 Microfinance Bonds (totalling €807 million) and 9 Health Bonds totalling €335 million (as of 13 December 2022).

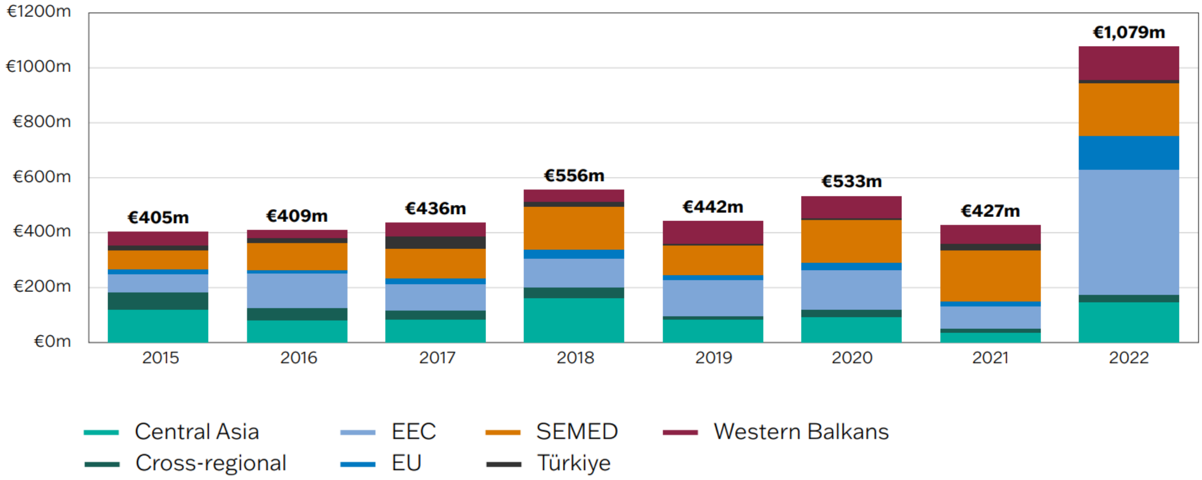
In terms of donor funding, the Agreement Establishing the EBRD defines provisions for the establishment of Special Funds and Trust Funds as well as the operation of other instruments. EBRD manages a number of multi-donor funds that have a regional or thematic focus. These include: the Sustainable Infrastructure Fund, the Small Business Impact Fund, the Southern and Eastern Mediterranean Multi-Donor Account, the Ukraine Stabilisation and Sustainable Growth Multi-Donor Account, the High-Impact Partnership on Climate Action, the Multi-donor Trust Fund for West Bank and Gaza, the Action for Equality and Gender Fund, the Eastern Europe Energy Efficiency and Environment Fund, the Western Balkans Investment Fund, the Blue Mediterranean Partnership Fund, and the Crisis Response Special Fund. As of 2022, EBRD managed 250 active donor funds. In 2023, the Bank accounted for €1,066 million of funded contributions, €402 unfunded contributions, and €128 of net income allocation for a total of €1,596 million of secured concessional resources raised.

Donor funds allow the bank to address affordability constraints, improve market outcomes, build capacity, provide advisory services and steer investment towards sustainability and transition impact. Donor funding is particularly important in terms of providing funding for technical assistance and policy dialogue. The decision making that guides the allocation of donor funds to specific projects and programmes involves several assessments that evaluate funding requests based on the Bank's priority themes, development objectives, and regions of interest. Donor funded instruments include:

- Capital grants (common in low carbon, energy efficiency, transport and municipal infrastructure sectors.
- Incentives to encourage financial institutions and sub-borrowers to invest in particular areas.
- Risk sharing guarantee facilities to expand investment outreach in countries or sectors where poor market conditions make financing difficult for borrowers, including first-loss cover in EBRD's Women in Business programmes, the SME Local Currency Programme, and EBRD projects in Ukraine since the outbreak of the war.
- Concessional loans for clients blended with EBRD investments.
- Co-lending and equity investments that help the Bank make larger and more beneficial offers to clients.

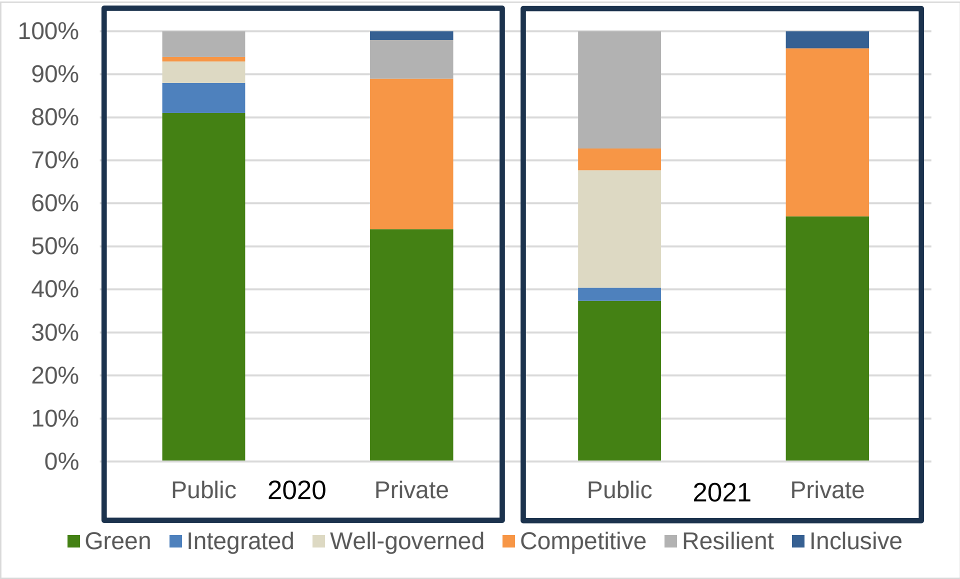
It is clear from reporting that these funds can be used to target various regions of interest (Figure 16) as well as thematic areas (Figure 17 and Figure 18).

Figure 16. Use of Donor Funds, 2015-2022



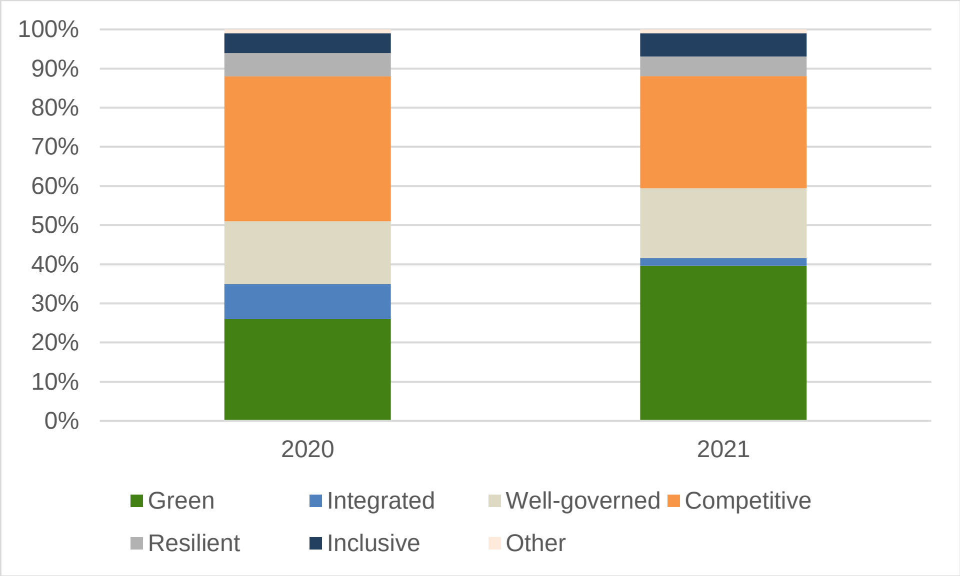
Source: The EBRD & Donors 2023.

Figure 17. Co-investment funds use by transition quality, 2020-21



Source: The EBRD & Donors 2021 and 2022.

Figure 18. Technical Cooperation grants by transition quality, 2020-2021



Source: The EBRD & Donors 2021 and 2022.

Element 1.4.7

The MO manages concessional funds to optimise development impact in line with strategic priorities agreed with donors. When concessional funds are provided as part of a financing package, they are applied flexibly in line with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations.

EBRD has a dedicated team of experts in the Donor Partnerships team who mobilise and manage donor funds. These processes also ensure funds are used to maximise transition impact and are deployed efficiently and effectively. In addition, blended concessional finance is subject to guidelines that ensure the concessional funds are in line with the Bank's mandate and adherent to the DFI Enhanced Principles.

This element is rated as satisfactory on the basis of EBRD's processes for scrutinising the use of donor funds in line with good practice across several DFIs and its contribution to enhancing DFI practices in this area.

Donor funds are scrutinised via two main processes to ensure compliance with donor requirements and the Bank's policies and standards; the OpsCom/SBIC/DA process for donor funds accompanying transactions and Grant Review TC. Furthermore, EBRD has several processes and requirements in requirements in place to demonstrate the use of funds are focused on where they are most needed and most likely to achieve transition impact.

In May 2015, the Board approved the Bank's Future Directions for Grant Co-financing, which set out a five-year vision for donor funds business in the Bank, with overarching aims for EBRD to be a selective and strategic user of grants driven by it aim to re-energize transition, a modern development partner operating in line with international best practices and a firm country focus, and an efficiency management and an efficient manager for sustainable grants business.

EBRD is a member of the DFI Working Group on Blended Concessional Finance for Private Sector Projects, which has developed common standards for the implementation of blended concessional finance projects. As such, the Group established the DFI Enhanced Principles on the use of blended concessional finance in 2017, of which EBRD adheres to. EBRD has guidelines that provide assurance that the use of blended concessional finance in EBRD operations is in line with the Bank's mandate to build and strengthen markets as well as its commitments as a member of the DFI Working Group. EBRD also must "demonstrate that its use of scarce donor resources is focused on where they are most needed and likely to achieve high transition impact."

In 2020, EBRD developed a new framework for working with partners – Preserving and accelerating transition: Working with Donors 2021-2025 – which seeks to position EBRD as the preferred partner for donors in the development of sustainable and inclusive market economies. As such, the Bank strives to be an innovative partner operating in line with emerging best practice, an effective mobiliser of donor funding and private sector finance, a provider of high-quality services to its donors, an impactful delivery partner offering high quality knowledge and skilled staff, and an efficient operator running a sustainable fit for purpose operating model.

The strategy outlines principles for donor engagement, including:

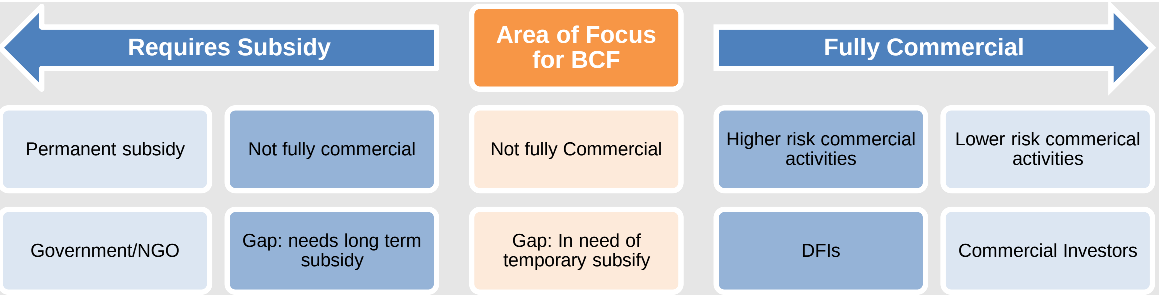
- The strategic use of donor funds: funds will be raised and deployment where they are aligned with EBRD's core mandate and strategic directions and should benefit CoOs with strong association to country and sector strategies or flagship products. EBRD will target activities that deliver the highest impact in countries where the transition Gaps are the largest.
- Selective use of donor funds: donor funds, particularly blended concessional finance, should only be used when they are additional and to help crowd in the private sector, change market behaviour, or help to create market structures and institutions. For Blended Concessional Finance, donor funds should be used sparingly with the principle of minimum concessionality in mind, avoiding aid dependency and market distortion consistent with the DFI Enhanced Principles.
- Efficient and effective use of donor funds: funds should be deployed in the most efficient and effective way to promote aid effectiveness and value for money, with support to development objectives over commercial interests.
- Transparent use of donor funds: funds should be used transparently and contribute to a global effort to share information on how donor funds are sued and what lesson are to be learned.
- Aligned use of donor funds to Bank policies: EBRD will ensure that donor requirements are consistent with its own policies and practices. Donor funds should not be used to fund administrative expenses but can fund expertise to help build capacity for defined periods of time.

EBRD uses donor funds to address affordability constraints, improve market outcomes in the presence of externalities, build capacity provide advisory services and steer investments towards sustainability and transition impact. This includes funding for technical assistance to help design or implement a project and build client capacity, (ii) co-financing to improve affordability, reduce risks, and provide incentives for private sector investment, and (iii) policy dialogue to improve the business climate and promote reforms.

Since 2023, EBRD has two different approaches depending on the level of concessionality. For projects with low levels of concessionality, EBRD prescribes a "De Minimis Assessment" that focuses more on why limited concessional finance is additional and required, to ensure that even relatively small levels of concessionality are catalytic. The de minimis threshold is €50,000 grant equivalent or 2% grant equivalent in total project value. Otherwise, projects will undergo a standard assessment that looks at whether it has a clear rationale for the use of concessional resources, uses only the minimum amount of concessionality required to make a project viable, supports clear paths towards long-term commercial sustainability, and don't distort markets and ultimately seek to support market development.

The Impact team reviews the completed Blended Concessional Finance Checklists and assigns a rating of “aligned”, “partially aligned”, or “not aligned”[2] for each BCF principle (Additionality, Minimum concessionally and crowding-in, commercial sustainability, and reinforcing markets) alongside a written opinion, both of which are shared with are shared with the relevant approval committee. For De Minimis Assessments, only the additionality and commercial sustainability are considered in Impact’s assessment.

Figure 19. Spectrum of Bankability and Role of Blended Concessional Finance



Source: EBRD, adopted from IFC (2021), Using Blended Concessional Finance to Invest in Challenging Markets.

EBRD uses a Grant Equivalent Calculator (GEC) to measure and record the level of concessionality in its operations. This allows for consistency and transparency and enables comparison across project proposals and instruments. Guidelines stipulate that the GEC should be used to calculate the concessionality level of all blended finance projects. The Impact team is responsible for completing the GEC for a project and sharing it with the OL. Impact likewise stores the output of GEC and manages the Concessional Finance Dashboard.

Use of the GEC has been mainstreamed since 1st January 2023, to systemically collect information on operations' uses of concessional finance, including their grant intensity. Data is disseminated internally through a Cognos Report and a Tableau Dashboard, that both serve as resources for staff as they look for relevant benchmarks to minimises the use of concessional finance in pipeline projects or ensure proposed uses of concessional finance are consistent (and thus less likely to lead to market distortion) with past uses.

Externally, data related to concessional finance is disseminated through annual reporting to the DFI Working Group and reporting to Convergence (a blended finance network). Table 18 presents the blended concessional finance for EBRD projects as reported to the DFI Blended Concessional Finance Working Group, using its methodology.

[2] Aligned requires that all the DFI Enhanced Principles are satisfies, partially aligned is given is both additional and reinforcing markets principles are satisfies but others remain unmet.

Table 18. Blended Concessional Finance (€ million)

	2014-16	2017	2018	2019	2020	2021	2022
Total	202.6	175.8	104.5	163.0	97.8	136.3	252.8
Sector Breakdown							
Infrastructure	35.5	77.3	54.8	50.2	28.1	27.6	10.2
Finance/Banking	150.4	82.3	41.4	87.4	64.0	97.8	196.5
Other	3.3	16.3	8.3	25.4	5.8	10.9	46.1
Themes							
Climate finance	131.8	123.0	85.3	142	78.2	130.6	150.8
Agribusiness/ Food Security	*	22.1	4.4	17	2.7	3.1	31.7
SME	88.1	54.7	35.6	79	56.5	63.2	94.3
Fragile and Conflict-Affected Situations	*	*	*	*	*	2.8	16.9
Geographical Breakdown							
East Asia & Pacific	*	0.0	0.0	0.8	0.4	0.3	15.6
Europe & Central Asia	*	112.8	87.1	111.1	74.4	64.4	177.3
Middle East	*	0.7	10.6	6.4	1.7	4.5	15.7
North Africa	*	62.3	6.8	44.7	21.3	67.1	44.1

Source: EBRD. * Data not available.

KPI 2: Structures and mechanisms in place and applied to support the implementation of global frameworks for crosscutting issues at all levels, in line with the 2030 Sustainable Development Agenda principles.

Table 19. KPI 2 ratings

KPI /MI	Rating	Scores
KPI 2	Satisfactory	**3.50**
MI 2.1	Highly Satisfactory	3.67
MI 2.2	Highly Satisfactory	4.00
MI 2.3	Satisfactory	3.17
MI 2.4	Satisfactory	3.17

MI 2.1 The MO's corporate/sectoral and country strategies respond to and/or reflect the intended results of global commitments for gender equality and women's empowerment.

- Element 2.1.1: The MO has a dedicated policy statement on gender equality available with evidence of application.
- Element 2.1.2: The MO has gender equality indicators and targets that are fully integrated into the MO's strategic vision and corporate objectives.
- Element 2.1.3: The MO's accountability systems (including corporate reporting and evaluation) reflect gender equality indicators and targets.
- Element 2.1.4: The MO applies gender equality screening checklists or similar tools to inform the design of investments and other operations.
- Element 2.1.5: The MO has identified the human and financial resources are to address gender equality issues.
- Element 2.1. 6: The MO's staff are trained on and/or have access to staff with expertise on gender equality.

Table 20. KPI 2 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 2.1	Highly Satisfactory	3.67	Medium
Element 2.1.1	Highly Satisfactory	4	Medium
Element 2.1.2	Satisfactory	3	Medium
Element 2.1.3	Highly Satisfactory	4	Medium
Element 2.1.4	Highly Satisfactory	4	Medium
Element 2.1.5	Highly Satisfactory	4	Medium
Element 2.1.6	Satisfactory	3	Medium

MI 2.1 Evidence document

- EBRD (2016), *Strategy for the Promotion of Gender Equality 2016-2020*, EBRD, London, www.ebrd.com/documents/gender/ebrd-strategy-for-the-promotion-of-gender-equality.pdf.
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MI 2.1 Analysis

Element 2.1.1

The MO has a dedicated policy statement on gender equality available with evidence of application.

The EBRD has had two iterations of its Strategy for the Promotion of Gender Equality (SPGE 2016-2020 and SPGE 2021-2025). These are accompanied by a commitment to mainstream gender considerations through the SPGE 2021-2025, supported by a gender SMART process and tagging system. Gender considerations have been integrated into EBRD's country and sectoral strategies and other strategies and policy documents.

This element is rated as highly satisfactory based on the strength of EBRD's policy framework addressing gender equality in addressing barriers to women's economic empowerment and its strong results focus, including a Theory of Change and a clear practice of incorporating lessons from past strategies.

This element considers EBRD's two Strategies for the Promotion of Gender Equality in place over the assessment period (2016-2020; 2021-25) and their objectives. It also considers how EBRD has integrated gender into other operations and strategies through sector strategies, the Environmental and Social Policy and other cross-cutting activities such as Green Economy Transition.

EBRD's Strategies for the Promotion of Gender Equality:

The Strategy for the Promotion of Gender Equality (SPGE) 2016-2020 established the foundations for a deeper analysis of gender issues across the EBRD's regions, leading to positive results by integrating gender equality components into investments. It was the first EBRD strategy to promote gender equality throughout its operations, with a focus on achieving gender additionality and the overall goal of seeking to increase women's economic empowerment and equality of opportunities in EBRD's COOs.

SPGE 2016-2020 had three objectives: (i) enhancing women's access to finance and entrepreneurial knowledge to enable them to start and grow successful businesses; (ii) enhancing women's access to skills and employment to ensure equal participation in the workforce and in decision making; and (iii) enhancing women's access to services by integrating their needs and priorities into the way infrastructure services are designed and delivered. It built on the EBRD's experience of implementing its Strategic Gender Initiative 2013 (SGI) and committed to tracking implementation progress through its Corporate Scorecard as from 2016.

The lessons identified from the SGI included:

- The importance of building EBRD staff capacity to identify opportunities for promoting gender equality and structuring gender dialogue;
- The need to integrate additional indicators for the "Gender transition Gap," including to better reflect legal regulations and social norms and to strengthen the focus on women's political rights and decision making in employment;

- Faster progress in some Banking sectors in terms of mainstreaming [e.g. Financial Institutions and MEI], potentially caused by the complexity of gender mainstreaming in certain sectors and in finding champions that can make the business case;
- The need to continue to adapt and develop new products in response to changing market needs;
- The importance of accounting for social and cultural norms when designing projects;
- The importance of engaging men for gender equality, including when designing projects;
- Poor availability of data worldwide and the associated challenges for the Bank when devising the gender transition gaps and developing baselines;
- Lack of an enabling environment is one of the most significant barriers to achieving gender equality and the continued effort needed to address structural and social barriers; and
- While EBRD has not been directly influential to the international agenda through its investments, it is able to indirectly influence the changes and conditions needed to improve market performance while addressing the global challenges faced by women.

Over the course of SPGE 2016-2020, EBRD signed a total of 204 projects with gender equality components, reaching 15% of total Bank operations in 2020. Cumulatively, it invested over EUR 7.3 billion in projects that promote gender equality. During this period, under EBRD's Economic Inclusion Strategy (EIS) 2017-2021, EBRD also considered gender as part of its inclusive transition quality, where inclusion enhances EBRD investments by creating opportunities for young people, women, and people in less advantaged regions.

The Strategy for the Promotion of Gender Equality (SPGE) 2021-2025, is the second EBRD strategy to promote gender equality throughout its operations. With the SPGE 2021-2025, the Bank aims to further scale-up its activities to promote gender equality throughout its operations with a focus on mainstreaming gender considerations across the Bank's projects and policy priorities. In this way, the Bank seeks to underpin and inform, in a cross-cutting fashion, other Bank strategies and policies, including country, sector and thematic strategies.

The SPGE has the overall ambition of integrating gender equality measures in 40% of annual EBRD operations by 2025. This is being delivered with the support of a new Gender SMART tag process where the Bank's activities, projects and policy priorities are screened and assessed for the potential mainstreaming of gender equality considerations and a resulting gender diagnostic is produced for further action (discussed further in 2.1.4). In addition, focus has been given to strengthening internal capacity, including through a new Gender Academy, and building up the EBRD's active contribution towards regional and global efforts, knowledge creation and advocacy to promote gender equality (discussed further in 2.1.6).

<u>Linkages between the SPGE and other activities:</u>

Gender equality has also been integrated across the EBRD's strategic architecture.

- Equality of Opportunity

The EBRD's Equality of Opportunity Strategy (EOS) 2021-2025, launched in parallel, supported a further integration of gender equality into the Bank's Inclusive transition quality (TQ) and impact methodology. EOS recognises the importance of targeted transition impact to promote gender equality in line with the Bank's SPGE and mainstreams gender across Equality of Opportunity (EoO) activities. Together the strategies contribute to creating more equal societies and inclusive growth. They intersect where activities have inclusive TI with a focus on gender equality. EoO is further discussed as a cross-cutting theme in MI 2.3.

- Green Economy Transition

The GET Approach 2021-2025 outlines that gender will be an overarching mainstreaming dimension of the approach. It articulates that gender-responsive climate action is an international priority and highlights the Bank's ability to design and implement gender-responsive climate finance programmes. It articulates that EBRD will continue to develop the gender and climate environmental nexus by scaling-up its activities, including through broadening strategic synergies based on experience with gender-responsive GET project to enhance staff and client capacity, supporting equal access to low-carbon and climate resilient technologies, equal participation of women on governance roles, and strengthened implementation through embedding additional expertise and guided by gender toolkits and the gender SMART tag to identify entry points and gaps.

SPGE 2021-2025 highlights that gender inequalities hinder climate adaptation and mitigation efforts and that women can be powerful change agents in the green transition. It further outlines that in addition to increasing the focus on embedded gender into green finance investments introduced in SPGE 2016-2020, EBRD needs to support Fis to better target women entrepreneurs, including in green and agricultural sectors, and promote gender-responsive corporate governance.

- EBRD Sector Strategies

Under SPGE 2021-2025, gender was also further mainstreamed into Bank sector strategies. Gender considerations have been integrated into all sectoral strategies approves since Q4 2021 (including the strategy for FI, Energy, and Mining). Gender was also integrated into the Bank's approach to Accelerating the Digital Transition (November 2021) and its nature approach (2023).

Moreover, to strengthen the ability of sectoral banking teams to deliver ambition goals around gender equality, tailored Sector Gender Action Plans (SGAPs) are being developed across EBRD sectors. These SGAPs – developed in collaboration between gender experts and sectoral banking teams – are expected to serve as operational roadmaps laying out operational response opportunities at sector level to strengthen design, delivery, and implementation of gender components. The aim of the SGAPs is moreover supporting cross-departmental collaboration for gender equality actions in projects complemented by opportunities for additional sector-level capacity development.

In addition, evidence shows that gender considerations were incorporated into country strategies, that "increasingly reflect gender-related objectives", and gender considerations were also integrated into other major strategy and policy documents (including GET 2.1, SCF 2021-2025, COVID-19 Solidarity Package, Environmental and Social Policy, Economic Inclusion Strategy 2017-2021, and Equality of Opportunity Strategy 2021-2025).

- Environmental and Social Policy

Gender equality considerations are also a key component of EBRD's Environmental and Social Policy, which sets out minimum requirements for managing environmental and social impacts and risks related to EBRD financed projects in its Performance Requirements (PRs). The focus for the ESP is avoiding adverse impacts on gender equality, including Gender-based Violence and Harassment (GBVH) and where this is not possible to ensure the negative impacts are reduced, mitigated, or compensated for. Gender aspects are integrated across all social PRs, including employment, occupational and community health, safety and security, land acquisition, and stakeholder engagement. The ESP also requires projects' environmental and social assessments to take into account gender-disaggregated data.

Element 2.1.2

The MO has gender equality indicators and targets that are fully integrated into the MO's strategic vision and corporate objectives.

Gender equality is reflected in the institution's strategic vision (as part of the 'inclusive' transition quality), is a cross-cutting theme in the SCF and is reflected in the corporate scorecard through a target for gender-tagged operations established in 2021.

This element is rated as satisfactory, reflecting the progress EBRD has made in embedding gender into its corporate objectives, scorecards and results framework, reflecting good practices across DFIs.

As noted above, gender equality is reflected in EBRD's strategic vision of the institution as part of "inclusive," one of the six transition qualities. The inclusive transition quality highlights that a market economy should ensure that anyone should be able to access labour markets, entrepreneurship and economic opportunity, irrespective of their circumstances, including gender.

Gender is among the strategic themes reflected in EBRD's SCF and SIPs throughout the assessment period. The SCF 2021-25 includes gender as part of its cross-cutting theme "Promoting Equality of Opportunity" and establishes a series of instruments and institutional activities to integrate it into operations. It outlines that the Bank will promote equality through three dimensions:

- promoting access to employment and skills for disadvantaged groups;
- supporting access to finance and entrepreneurship by investing directly to provide tailored financial and non-financial serves and improve access to finance; and
- improving access to services by supporting inclusive and gender-sensitive design of infrastructure and safe transport.

The SCF also commits to establishing gender-responsive instruments and tools and strengthening Bank-wide capacity to promote gender equality.

Integrating gender-related targets into the Corporate Scorecard has played an important role in the progress EBRD has made in institutionalising its approach to promoting gender equality. During the SPGE 2016-20 period, the development of investments with gender components was not sufficiently incentivised. Under the SPGE 2021-25, a gender target was introduced in the Corporate Scorecard in 2021 to focus greater attention to this theme. The SIP 2021-23 set a target for gender-tagged operations, identified as a minimum 18% share of total projects. This was increased to 30% in SIP 2023-2025 in progress towards the overall aim of 40% by the end of the SCF period.

SPGE 2021-2025 outlines a new measurement framework that is focused on systemic impact achieved and is embedded in the Bank's overall results framework, supported by a TOC and the Bank-wide Assessment of Transition Qualities indicators. The TOC maps out EBRD inputs and activities, client outputs, client level outcomes as well as market level outcomes tracked by specific indicators. Input indicators assess the effectiveness of EBRD's internal actives, output indicators measure the specific measures taken on individual, company and market level, and outcome indicators assess behavioural changes in the context of advancing women's economic empowerment. Client outcome and client-level outcome indicators are in line with EBRD's Compendium of Indicators (COI) and in line with the Bank's overall results system. (See MI 7.1 for more information).

At the project level, Project Monitoring Indicators, which reflect EBRD's Compendium of Indicators, are gender disaggregated where possible.

Element 2.1.3

The MO's accountability systems (including corporate reporting and evaluation) reflect gender equality indicators and targets.

Gender is reflected in EBRD's accountability systems through a target for gender-tagged operations, introduced in the Corporate Scorecard in 2021, and through the Gender SMART process.

This element is rated as **highly satisfactory** on the basis of the strong progress achieved by EBRD in reflecting gender equality throughout EBRD's results architecture and accountability systems. EBRD's results-driven approach is considered a good practice.

Reporting against a Theory of Change

The SPGE 2016-2020 and SPGE 2021-25 both provide a Theory of Change that links EBRD's activities, including inputs and outputs, to a set of gender equality outcomes and impacts in EBRD's COOs. These are linked to the EBRD's Compendium of Indicators for projects (disaggregated as possible), to help integrate gender throughout EBRD's results infrastructure. Monitoring and reporting on these are in line with the Bank's standard frequency and reporting. This practice is notable in that most MDBs' gender strategies and initiatives are guided by results frameworks that focus on processes, rather than results. Considering that the results frameworks for gender strategies across most MDBs are only process-related, EBRD's results-driven approach reflects good practice.

Under SPGE 2016-2020, results included progress towards incorporating gender into country strategies, with 5 country strategies incorporating explicit objectives on gender equality, 25 where gender was mainstreamed as part of other objectives, and 36 where gender was incorporated in the analysis. As a strength of the SPGE 2016-2020, growth in projects promoting gender equality was aided by gender mainstreaming within specific products and the introduction of a corporate scorecard target on gender. However, challenges arose in terms of impact measurement and monitoring, including difficulties to underpin the link between project-level outputs and market-level outcomes, the level of effort required to add gender equality measures to projects, and incentives to develop investments with gender components.

The SPGE 2021-2025 includes a comprehensive performance monitoring framework in line with a new and stronger Theory of Change of EBRD's work on gender. This TOC includes various indicators to monitor client-level outputs and outcomes as well as high-level market and economy outcomes. While there are baselines, specific targets for each indicator were not set at the time of approval of the strategy.

Indicators are reported as part of the Bank's regular monitoring of investments and TCs, including through the Compendium of Indicators. Progress on delivering the current SPGE 2021-2025 is reported internally. This includes progress tracked against the SPGE TOC and related output and outcome indicators and progress on gender mainstreaming as well as progress against key themes as identified in the strategy document.

Strong integration of gender into Country and Sector Strategies further supports this result focus. Nine of Ten of the Country Strategies approved between Q4 2021-2023 have an explicit objective on gender equality or gender mainstreamed as part of other priorities. Gender considerations are integrated into all sectoral strategies approves since Q4 2021. Gender was also integrated into the Bank's approach to Accelerating the Digital Transition and its Nature Approach.

Internal reporting

- Corporate Scorecard and Quarterly Reporting

The number of Gender-tagged operations is reported in the EBRD's Corporate Scorecard alongside an overall assessment of EBRD's Inclusive TQ (See Table 21).

As noted above, the Gender SMART process was introduced in 2021 as an enhanced system for identifying gender-tagged operations. The Gender SMART process supports bankers in introducing gender considerations early in the project design stages to contribute to improving the sustainability of the investment, as well as the expected gender additionality and/or transition impact.

Table 21. Gender-related Corporate Scorecard Indicators

	2016	2017	2018	2019	2020	2021	2022
Target	-	-	-	-	*Min 18%*	*Min 25%*	*Min 30%*
Gender-tagged Operations (% of Ops.)	-	-	-	-	15%	35%	37%
Target	*CPA*	*CPA*	*CPA*	*CPA*	*CPA*	*CPA*	*CPA*
Inclusive Gender-equal Economies TI		Very Good	CPA	Very Good	Very Good	Very Good	CPA

Source: EBRD Strategy Implementation Plans.

Inclusive TQ and gender-tagged operations are reported in the Quarterly Performance Report to the Board. On Inclusive TQ performance, the report tracks three indicators: number of investment operations with an Inclusive objective, share of mature inclusive projects on track, and number of new investments with youth, regional or other inclusion component. The report also outlines progress towards the tracking indicators outlined in the SPGE - both input and output indicators (See Table 22 and Table 23).

Table 22. Inclusive Performance Assessment Framework Quantitative Indicators

	2019	2020	2021	2022	Jun 2023
No. of investment operations with Inclusive objective	38	47	50	104	46
Share of mature Inclusive projects on track (floor 75%)	91%	82%	87%	90%	90%
No. of new investments with a youth, regional or other inclusive component	26	25	31	78	29
No. of new investments with either a gender component for focus	54	63	142	159	*
No. of ASB Operations provided to companies owned by women	667	648	641	691	*
No. of MSME sub-loans under Women in Business	7,074	17,875	45,625	15,142	*

Source: EBRD Quarterly Performance Reports. *Not reported after 2022.

Table 23. Gender Equality Performance Assessment Framework

	2019				2020				2021				2022				2023	
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
Input Indicators																		
No. of capacity building activities delivered to EBRD staff in critical departments/positions	18	25	25	40	18	24	24	50	16	20	25	30	10	21	28	34	10	23
No of new Country and Sectoral strategies with gender equality as part of priorities*	-	-	-	-	-	-	-	-	-	-	-	-	2	3	3	4	1	2
Output Indicators																		
Share of Gender SMART operations (%)	6	6	7	12	18	11	12	15	15	26	33	35	32	30	37	37	35	42
No. of policy initiatives to promote gender equality implemented with client's participation*	-	-	-	-	-	-	-	-	-	-	-	-	3	11	20	32	9	10
No. of women with enhanced economic opportunities due to improved knowledge and skills*	-	-	-	-	-	-	-	-	-	-	-	-	**	944	**	1998	**	502

Source: EBRD Quarterly Performance Reports. * New tracked indicator as of 2022. **Although strategies included gender equality priorities, this indicator was not tracked before 2022**. ** Reported biannually.

- Independent Evaluation

The SPGE 2021-2025 highlights some evaluation findings under the SPGE 2016-2020 that fed into the development of the strategy in the areas of impact, relevance and coherence, effectiveness and efficiency.

In terms of impact, two strengths were identified - the number of gender equality projects increased by 121% and systemic impact was achieved through policy engagement with national governments. Challenges emerged in terms of impact measurement, monitoring and communication, as well as the fact that the TOC did not underpin the link between project level outputs and market level outcomes. Additionally, in depth engagement from experts was requires in policy engagement, which would be challenging to maintain given resources.

In terms of relevance and coherence, strengths were identified in terms of alignment of gender efforts to the needs of individual COOs, strategic gender objectives aligning with the SDGs, and the inclusion of gender aspects to country strategies and diagnostics to ensure projects are tailored to county-level needs. However, challenges remained in terms of articulation of the business case for gender equality and making EBRS's contribution to the enabling environment for gender more explicit.

In terms of effectiveness, growth was enabled by the mainstreaming of gender, the introduction of a corporate scorecard target, and the creation of the Gender Champion network. Likewise, in-country gender experts were highly valuable in identifying and delivering gender opportunities. However, challenges identified were that operations were focused on narrow set of impact pathways, the level of effort required to add gender equality measure was prohibitive, and there was a lack of incentives.

IEvD is undertaking an evaluation to assess EBRD's support to gender equality that has not yet been published. IEvD is likewise planning to conduct cluster and project-level evaluation focussing on gender.

Element 2.1.4

The MO applies gender equality screening checklists or similar tools to inform the design of investments and other operations.

Investments are screened for opportunities to include a gender component and the proportion of gender-tagged operations is tracked and reported as part of EBRD's Corporate Scorecard. Projects with a gender component have increased with the introduction of the Gender SMART process.

This element is rated as **highly satisfactory** reflecting the strong progress achieved in mainstreaming gender considerations into its investments, for which is it a leader among other private-sector facing DFIs.

Under SPGE 2016-2020, all operations were to be "screened" for potential opportunities for inclusion of a gender component at the concept review stage. Starting in 2021, EBRD applies gender equality screening through the Gender SMART process, which assesses how operations promote changes in the behaviour of clients in relation to gender activities (e.g., through policies, practices or products).

The new Gender SMART process, which is supported by guidance provided in the Bank's operational manual, is composed of a diagnosis stage that identifies gaps and proposes activities and objectives; a design stage that structures an activity with budget and monitoring indicators; and a tag stage that identifies and report those operations with gender components. The rationale of this approach is to ensure that opportunities for contributing to gender outcomes are identified and addressed at an earlier stage in the design of new investments, while structuring gender components that are additional with measurable objectives, indicators, and targets.

Operation Leaders are asked to apply the information provided by the Gender SMART diagnostic tool to their project prior to the submission of the Concept Review Memorandum submission and decide whether a gender component will be included in the project design. The Gender Tag is entered in DTM prior to submission of Concept Review, with modification possible until Final Review Memorandum approval. The tag is triggered at the time of project signing and re-assessed on an annual basis.

There are four levels to Gender SMART process, illustrated below:

Figure 20. Gender SMART process

Gender SMART Projects
gender transition impact: gender is one of the two objectives of the project and gender activities are integrated as part of TI
gender additional: gender objectives and subsequent activities are integrated as part of non-financial additionality
Other Project classifications
gender aware: the project has been assessed and is conscious of gender angles but does not include any gender activities
not-assessed: the projects that do not undergo the Gender SMART diagnostic

The last category, 'not-assessed', is used to track projects that have not undergone an assessment and is expected to decrease as gender is integrated into additional Bank products. Only gender transition impact projects and gender additional projects are considered Gender SMART.

Operations' activities that are identified as reducing gender gaps within Gender SMART projects must have dedicated resources budgeted within the project financing structure (if funding is required) and must be addressed through at least one indicator in the results framework that is monitored during project implementation. Consistent with the priorities set under SPGE 2021-2025, sex-disaggregated data is collected when relevant.

Gender mainstreaming in operations has increased over time (Table 24). Between 2017 and 2022, Gender SMART projects increased by 468%. The share of Gender SMART projects increased from 6.8% in 2017 to 36.9% in 2022. As of Q4 2023, the share of Gender SMART projects stood at 44%.

Table 24. Gender SMART in operations

	2020	2021	2022	2023
Number of operations	63	144	159	204

Source: EBRD.

The Gender and Economic Inclusion Team review projects for gender impact as part of the Bank's standard OpsCom and SBIC process and work very closely with banking to design relevant gender components, support implementation, and monitoring of associated objectives.

In addition, the Environmental and Sustainability Department (ESD) has developed guidance and integrated gender into the social Performance Requirements that all projects must meet. ESD developed a due diligence guide to identify gender entry points in EBRD projects in the context of the Environmental and Social Policy. Gender aspects are integrated across all social Performance Requirements (PRs), especially those related to employment, occupational and community health, safety and security, land acquisition and stakeholder engagement. The ESP requires projects' environmental and social assessments take into account gender-disaggregated baseline data at an appropriate level of detail.

Capacity building of EBRD staff across sectors and regions is a key priority. In 2020 the Bank launched its internal Gender Knowledge Hub, which brings together in a single, readily accessible location, all the essential information and gender-specific material for EBRD's programming. The Hub is updated on a quarterly basis with new toolkits, learning materials, and guidance on how to effectively mainstream gender considerations in EBRD project and policy work. A group of cross-Bank Gender Champions were identified and continuously play a crucial role in advancing EBRD's efforts to promote gender equality by advocating, advising and supporting staff members in identifying opportunities to integrate gender into the EBRD's investments and policy initiatives. Other sectoral tools, including the new Gender Equality in Climate Action Initiative (GECA) assisting EBRD staff and clients with the integration of gender into climate governance -

providing a diagnostic tool kit for public and private sector partners to integrate gender into green governance, including into NDCs. These are discussed further in element 2.1.6.

Element 2.1.5

The MO has identified the human and financial resources to address gender equality issues.

Financial resources are increasingly being dedicated to support gender equality and women's empowerment, both in terms of investments and technical assistance. The G&EI team continues to grow at pace with support of donor funding.

This element is rated as **highly satisfactory**, recognising strong growth in human and financial resources for activities that promote gender equality, efforts to place gender expertise in ROs closer to clients and the establishment of a 'Gender Champions Network.'

Prior to 2018, the Gender Team was housed in the Environmental and Social Department. In 2018, Economic Inclusion came together with the Gender team to form the Gender and Economic Inclusion Team (G&EI), responsible for both gender and equality of opportunity.

According to the strategy, in terms of staff resources, EBRD has embedded staff in sectoral and regional teams, applying a hub and spoke approach. This supports regional and sectoral teams as well as Environmental and Social Policy and Gender Equality in Climate Action initiative. Interviews indicated that the team is organized on the bases of bank sector and priority areas into four pillars: Access to Skills and Employment, Inclusive Finance and Entrepreneurship, Access to Services and Gender SMART processes, Regional Policy and Technical Assistance Management. G&EI consists of 45 staff, with only half being funded by the Bank. Over 1/3 of the team is based in the ROs, working on policy engagement and delivery.

Staffing numbers for G&EI have increased over the assessment period (Table 25). The G&EI unit continues to rely heavily on donor funding. Interviews indicated that this made it difficult to attract and retain talent, as the variability of donor funding requires the team to rely on short-term contracts.

Table 25. Staffing numbers for G&EI

	2016	2017	2018	2019	2020	2021	2022	2023
Number of Staff	14	11	16	20	21	25	30	45

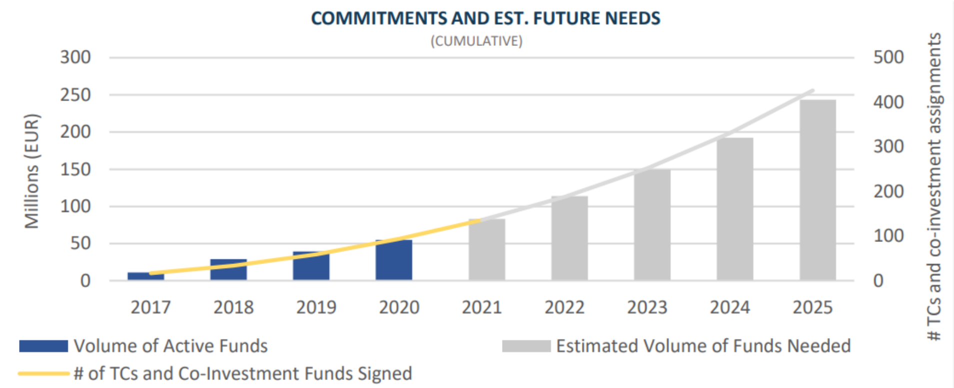
Source: EBRD.

The EBRD launched a Gender Champions Network bringing together staff across the Bank who have volunteered to support efforts to promote gender. By end-2023, the network consisted of 86 staff. Interviews highlighted the importance and growth of the 'Gender Champion Network'. The network is now made up of between 80-90 Gender Champions in all ROs and sectors that serve as the 'go-to' resources within their team and act as the key liaison between those teams and G&EI. They are provided trainings and toolkits on how to better integrate gender into their line of work. Work as a Gender Champion is included into their performance reviews. Additionally, the Bank implemented a system of focal points on Gender-Based Violence and Harassment available in the EBRD to support its clients to develop and implement policies and mechanisms that address gender-based violence and harassment risks.

EBRD support of gender equality and women's empowerment is reflected in its allocation of financial resources to projects and technical cooperation. In relation to financial resources, since 2016, the EBRD has invested over EUR 7.3 billion in projects that promote gender equality. Annual investments that include a gender element have grown from EUR 0.9 billion in 2016 to EUR 2.5 billion in 2020.

Donor funding is essential to scale up EBRD gender activities. More than EUR 120 million in funds were received for gender-related TC and co-investment projects across the Bank, and SSF has funded over two-thirds of gender TC projects. In 2022, 62% of donor funded investment projects addressed issues of gender and inclusion. These include funds from the Shareholder Special Fund (SSF) and other bilateral donors. SPGE 2021-2025 highlights the importance of new SSF Work Plan in providing an additional source of funding for scaling up Gender & Equality. IEvD's Special Study of the SSF highlighted that the SSF plays a catalytic role in enabling investment and policy work and demonstrating new areas for donor support, including in inclusion. However, it also found that although the SSF contributed to inclusion work, it features less heavily as an area of support than other TQs. The Action for Equality and Gender Multi-donor Fund (A4EG) was launched in late 2022, with funding for projects due to start in 2023, to scale up donor funding towards inclusion and enhance the efficiency of deployment of funds with an aim to mobilise €100 million over a five-year period.

Figure 21. Donor Commitments and Estimated Future Needs for Gender Work



Source: SPGE 2021-2025.

Donor funds and co-investments contribute to individual transactional as well as non-transactional gender projects including larger flagship programmes such as the Bank's Women in Business (WiB) programme, which aims to develop the untapped economic sub-segment of "women-led SMEs" by mobilising a unique offer in the market. A review of the WiB Program in Turkey found that it successfully increased the offer for on-lending to women-led SMEs. It further found that regional seminars proved successful in bringing together PFIs and women-led SMEs, though there was little evidence that diagnostic services helped in obtaining a WiB loan.

EBRD is also an implementing partner for the Women Entrepreneurs Finance Initiative (We-FI) – a collaborative partnership among 14 governments and 8 MDBs – that seeks to catalyse impact at scale for women-lead small businesses across emerging markets. EBRD has had three allocations: one for $22.9 million in Round II for the Women in Business Program in Central Asia (Women of the Steppe), one for $7.4 million in Round III for Stepping Up for Women, and one for $5 million in Round V to implement the WE Finance Code across 13 countries.

Element 2.1.6

The MO's staff are trained on and/or have access to staff with expertise on gender equality.

EBRD provides courses to develop gender proficiency and mainstream it in operations through the EBRD Gender Academy, with evidence of high levels of attendance. Beyond trainings, staff also have access to Gender Champions across the organization that act as go-to resources within their team on matters pertaining to gender.

This element is rated as **satisfactory**, reflecting efforts to scale up gender training across bank staff. This training, however, is not mandatory.

The EBRD Gender Academy, which is not mandatory, is an online course aiming to develop gender proficiency and mainstream it across operations. The Gender Academy is a 60-minute course covering the fundamentals concepts on gender equality and EBRD mandate; how to develop and communicate the business case to clients and partners; and information on gender mainstreaming in EBRD investments. The two initial modules, focused on Designing Gender SMART Projects and on Gender Equality and Climate Finance were completed by over 902 staff by end-2023. The Gender Equality and Climate Finance module covers why gender mainstreaming is critical to achieving sustainable green outcomes; how to make a compelling business case for gender-smart climate investing, and how to effectively incorporate gender components into projects.

The Bank has also introduced a new G&EI Masterclass into its 'Getting to Yes' training to ensure its flagship onboarding courses enable new joiners to build business capabilities on mainstreaming gender into investments and policy engagements. Additionally, since 2019, the EBRD has implemented six training sessions on Gender-Based Violence and Harassment for environmental and social specialists as well as in depth training for GBVH focal points. A mandatory e-learning module on managing reports of GBVH incidents in EBRD projects was rolled out across the Bank in 2022-23 and completed by the majority of staff. More information on EBRD's policies and processes and training around GBVH can be found in MI 4.7.

GEI additionally provides many other resources to EBRD staff, including the Gender Champion Network and the Gender Knowledge Hub and HelpDesk. The Hub, accessible to staff on the EBRD intranet, is updated on a quarterly basis with new toolkits, learning materials, and guidance notes on how to effectively mainstream gender considerations into EBRD project and policy work. The Gender Knowledge Hub provides information, toolkits, case studies, and other relevant research to support Gender Champions, as well as everyone in the bank, to enhance their understanding and ability to mainstream gender. The Gender SMART HelpDesk is an online Q&A facility supported by the G&EI team.

MI 2.2: Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for environmental sustainability and climate change.

- Element 2.2.1: The MO has dedicated policy statements on climate change that are available with evidence of application.
- Element 2.2.2: The MO has climate change-related indicators and targets that are fully integrated into its strategic vision and corporate objectives.
- Element 2.2.3: The MO's accountability systems (including corporate reporting and evaluation) reflect climate change-related indicators and targets.
- Element 2.2.4: The MO applies climate change screening checklists or similar tools to inform the design for all new investments and other operations.
- Element 2.2.5: The MO has identified human and financial resources to address climate change-related objectives.
- Element 2.2.6: The MO's staff are trained on and/or have access to staff with expertise on climate change.

Table 26. KPI 2 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 2.2	Highly Satisfactory	4.00	Medium
Element 2.2.1	Highly Satisfactory	4	Medium
Element 2.2.2	Highly Satisfactory	4	Medium

Element 2.2.3	Highly Satisfactory	4	Medium
Element 2.2.4	Highly Satisfactory	4	Medium
Element 2.2.5	Highly Satisfactory	4	Medium
Element 2.2.6	Highly Satisfactory	4	Medium

MI 2.2 Document Evidence

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MI 2.2 Analysis

Element 2.2.1

The MO has dedicated policy statements on climate change that are available with evidence of application.

The EBRD has dedicated policy statements on climate change through the AEB, its Environmental and Social Policy, and the Green Economy Transition (GET) Approach. The EBRD is further dedicated to supporting its countries of operations meet their Paris Agreement commitments.

This element is rated as **highly satisfactory**, reflecting the integration of climate change into EBRD's policy framework and its transition qualities.

The environmental policy framework of the EBRD is defined by the Agreement Establishing the Bank, which highlights that it will "promote in the full range of its activities environmentally sound and sustainable development." The Environmental and Social Policy, which defines project-level standards and objectives against which the Bank manages environmental and social risks, impacts and opportunities. The Green Economy Transition Approach (GET) is the operationalisation instrument to support the acceleration of the transition to a green, low-carbon and resilient economy.

GET 2.1 established a target of more than 50% of ABI, set in 2020, which was operationalised into the 2020 corporate scorecards. The Bank has likewise met or exceeded its target GET 2.1 ratio since its establishment in 2020 and surpassed 50% green ABI in 2022. GET covers the themes of green financial systems, energy systems, industrial decarbonisation, sustainable food systems, natural capital, cities and environmental infrastructure, sustainable connectivity and green buildings. Further, it includes energy efficiency and climate adaptation as cross cutting themes with relevance across most thematic areas.

The GET approach is fully aligned with the 'Green' transition quality. Specifically, projects that have GET eligible use of proceeds can use Green as one of its two transition qualities, subject to meeting specific thresholds. There is also a GET "Direct Track" where a project may have the Green TQ, if it meets thresholds above the standard two-qualities based approach.

GET 2.1 combines the initial formulation of GET 1.0 taking into account the new context brought about by COVID-19 highlighting areas of opportunity to support not only economic recovery but a green low carbon economy and the achievement of a net zero carbon world by 2050. Thematic areas under GET 2.1 include energy efficiency, climate adaptation and resilience, green financial systems, energy systems, industrial decarbonisation, sustainable food systems, natural capital, cities and environmental infrastructure, sustainable connectivity, and green buildings. Adaptation and energy efficiency are cross-cutting thematic areas that are relevant to all thematic areas. (Table 27)

Table 27. Cross-cutting Thematic Areas Matrix

	Cities Environmental Systems	Energy System Integration	Green buildings	Green Financial Systems	Industrial Decarbonisation	Natural Capital	Sustainable Connectivity	Sustainable Food Systems
Energy Efficiency	High	Medium	High	High	High	Low	Medium	Medium
Climate Adaptation and Resilience	Medium	High	Medium	Medium	Medium	High	High	High

Source: GET Approach 2021-2025

The EBRD is dedicated to supporting the economies in which it invests to meet their commitments under the Paris Agreement. The EBRD has identified a specific methodology, grounded in the joint MDB Paris Alignment Framework, to identify whether a project is 'Paris-aligned'. From January 1st, 2023, all new EBRD activities are aligned with the Paris Agreement. Interviews indicated that the Paris alignment commitment has reinforced 'green' at the Bank and has made a big change in terms of how EBRD views what it is trying to achieve in terms of GET in that they are using a systems lens.

Element 2.2.2

The MO has climate change-related indicators and targets that are fully integrated into its strategic vision and corporate objectives.

Climate change is reflected throughout the SCF and SIP. EBRD has set a goal of having a green finance ratio of more than 50% by 2025, which it achieved in 2022. Furthermore, new commitments have been fully Paris aligned since January 1st, 2023.

This element is rated as **highly satisfactory**, reflecting EBRD's strong use of strategic objectives and corporate targets to align its activities with the Paris Agreement and support climate change mitigation across its portfolio.

The SCF 2021-25 includes climate change as a cross-cutting theme "Supporting Transition to a Green, Low-carbon Economy", setting as goals a green finance ratio of more than 50% by 2025, and a cumulative net greenhouse gas emissions reduction of 25 to 40 million tonnes over the SCF period. It also establishes a series of instruments and institutional activities.

The SIP 2021-23 set a target for Green Economy Transition as a 40% share of ABI. The SIP 2023-2025 set the target at 44%, the same level as in 2022 in consideration of constraints caused by the need to support clients affected by the War on Ukraine.

The Green Economy Transition Approach 2021-2025 (GET 2.1), approved in 2020 by EBRD's Board of Directors as part of the Strategic and Capital Framework (SCF), establishes two targets: a target green finance ratio greater than 50% by 2025 and net greenhouse gas emission reduction of 25-40 million tonnes over the GET 2.1 period. In addition, the Bank's Board of Governors approved in 2021 the decision to align, from January 1st 2023 onwards, all of EBRD's activities with the mitigation and adaptation goals of the Paris Agreement (in accordance with EBRD's '*Methodology to determine the Paris Agreement alignment of EBRD investments*').

Element 2.2.3

Accountability systems (including corporate reporting and evaluation) reflect climate change indicators and targets.

Climate change is reflected through targets in the corporate scorecard. EBRD further reports its annual climate finance commitments, a subset of GET finance, to the annual joint-MDB Climate Finance Report and through the EBRD Sustainability Report.

This element is rated as **highly satisfactory**, reflecting EBRD's strong framework of corporate indicators addressing climate change and the integration of these indicators into operations.

GET 2.1 introduced an enhanced set of indicators to support evolving and incremental disclosure requirements and a robust and comprehensive assessment of outcomes. EBRD notes that this performance dashboard is comparable with international best practice and builds on relevant indicators in the EBRD Compendium of Indicators. The dashboard integrates GET 2.1 finance target ratio and include two further components – a set of aggregate indicators and a set of metrics defined at the level of thematic areas.

The aggregate indicators, which are to be tracked and reported annually from 2021, include: (i) compositional indicators related to four specific Bank strategic parameters of private share of GET finance, level of climate finance, adaptation share of GET finance, and GET mobilisation; (ii) performance indicators reflecting key inputs and outputs of GET projects, most of which are already included in the existing EBRD Compendium of Indicators; and (iii) process indicators monitoring progress with the implementation of specific GET 2.1 processes and organisational arrangements. The specific list of indicators, as well as level of disclosure, are outlined in Table 28.

The Quarterly Performance Report to the Board tracks indicators related to transition performance, including for the Green TQ (Table 29).

Table 28. GET 2.1 Aggregate Indicators

	Unit	Type	Post-signing monitoring	Disclosure
Compositional				
GET Finance private sector share	% GET Finance	Output	No	Annual, aggregated
Climate Finance	EUR % of ABI	Input	Yes	Annual, aggregated Specification for mitigation and adaptation finance
Climate Adaptation Finance	EUR % of ABI No. of projects	Input	Yes	Annual Project level and aggregated
GET mobilised finance	EUR % of TPV	Outcome	Yes	Annual Project level and aggregated
Performance				
Climate finance mobilized	EUR, Leverage Factor	Outcome	Yes	Annual, aggregated Specification for mitigation and adaptation finance
Net GHG emissions	$tonCO_2$/year % of 5-years target	Outcome	Yes	Annual Project level and aggregated Cumulative, aggregated
Gross GHG emissions	$tonCO_2$/year	Outcome	Yes	Annual Aggregated
Net water use	M^3/year	Output/ Outcome	Yes	Annual Project level and aggregated
Circular Economy Finance	EUR % ABI	Input	Yes	Annual Project level and aggregated
Environmental finance	EUR % ABI	Input	Yes	Annual Project level and aggregated
Environmental impacts	Various (impact specific)	Outcome	Yes	Annual Project level and aggregated
Net climate resilience benefits	EUR % of TPV	Outcome	Yes	Annual Project level
Green Cities	Various (output specific)	Outcome	Yes	Annual Project level and aggregated
Process				
Paris Agreement alignment assessment	No. of projects assessed Overall progress	Output Output	Yes	Annual, aggregated Annual, aggregated across all BBs
Green Cities	No. of projects assessed	Output	Yes	Annual (tracked quarterly)
Green Bond eligibility assessment	Binary: eligible/ non-eligible	Output	Yes	Annual (tracked quarterly)

Source: Green Economy Transition Approach 2021-2025.

Table 29. Green Performance Assessment Framework Quantitative Indicators

	2019	2020	2021	2022	Jun 2023
No. of investment operations with Green objective	129	79	133	157	91
Share of mature projects on track (floor 75%)	77%	77%	86%	87%	87%
GET ratio	46%	29%	51%	50%	61%
No of ops: climate adaptation, water and/or waste management	50	47	40	39	*
Estimated annual CO2 emissions reduction (Kt/year)	4,823	3,741	6,994	7,947	4,158

No. of sub-operations financed by GEFFs	8,360	5,157	6,789	7,947	*

Source: EBRD Quarterly Performance Reports. *No longer reported in the Quarterly Performance Report as of 2023.

During project monitoring and reporting, the GET project portfolio is monitored against targets as part of EBRD's Banking scorecard, the EBRD Green Bond Portfolio, and the EBRD Sustainability Report. According to the GET Technical Guide, projects with GET components should include a project monitoring plan, required as part of the Final Review Memorandum Green Assessments Annex. The subsequent client reporting is intended to be reviewed and verified by the EBRD or consultants to confirm actual results, which will be duly recorded for the use of project evaluation, reporting, and benchmarking.

Annual climate finance commitments are reported through the annual joint-MDBs Climate Finance Report. GET finance is reported through the EBRD Sustainability Report. The latter provides a set of quantitative indicators as well as a qualitative description of the projects supported. The GET 2.1 incorporates a performance dashboard with aggregated and project-level indicators reflecting on specific Bank strategic parameters; key inputs and outcomes of GET project; and monitoring key processes and organisational arrangements. There is ongoing work on the development of thematic indicators and their link with the SDGs. Environment and climate change are also reflected in the corporate scorecard, through indicators associated with one of the transition qualities (i.e., environmentally sustainable, green) as well as with a dedicated indicator about green finance that is also associated with the GET approach (since 2019).

Table 30. Corporate Scorecard Indicators related to Climate Change

	2016	2017	2018	2019	2020	2021	2022
Target	*32%*	*35%*	*36%*	*38%*	*40%*	*40%*	*45%*
GET (% ABI)	34%	43%	36%	46%	29%	51%	50%
Target	*CPA*	*CPA*	*CPA*	*CPA*	*CPA*	*CPA*	*CPA*
Environmentally Sustainable, Green Economies TI	-	Very Good	-	Very Good	Requires Attention	Very Good	-

Source: EBRD Strategy Implementation Plans.

Interviews indicated that, due to the introduction of the green scorecard target, EBRD has been able to effectively mainstream green. Effectively, approximately 75% of EBRD projects are at least partially green. The number of projects with a GET ratio > 0 have seen a gradual increase (Table 31). GET finance attribution is based on the ex-ante assessment of the use of proceeds for individual projects using a methodology that draws on the joint-MDB climate finance tracking methodology.

Table 31. Projects with a Positive GET ratio

	2016	2017	2018	2019	2020	2021	2022
Number of projects with GET Ratio >0	151	164	164	221	156	243	265

Source: EBRD

EBRD's Transition Report reports on its progress towards transition as well as the transition quality scores each country attains, including for the 'Green' transition quality (Table 32). Over the period 2016-2022, green scores have improved in most economies in the EBRD regions, mainly driven by reduced GHG emissions from agriculture and the heating of buildings, greater uptake of renewable energy, and enhanced ambition in NDCs. At the same time, scores have declined in some SEMED countries due to reductions in the size of protected areas, failure to comply with carbon-pricing guidance, and increases in fossil-fuel subsidies.

Table 32. Green ATQ Scores

	2016	2017	2018	2019	2020	2021	2022
Central Europe and the Baltic states							
Croatia	6.2	6.2	6.5	6.4	6.3	6.5	6.8
Czech Republic	-	-	-	-	-	6.9	7.1
Estonia	6.7	6.7	6.7	6.5	6.5	6.6	6.8
Hungary	6.4	6.3	6.3	6.3	6.1	6.4	6.7
Latvia	6.5	6.6	6.9	6.9	6.7	6.9	7.1
Lithuania	6.5	6.5	6.8	6.8	6.6	6.8	7.0
Poland	6.7	6.9	6.9	6.5	6.5	6.6	6.8
Slovak Republic	7.0	6.8	6.8	6.9	6.7	7.1	7.3
Slovenia	6.8	7.0	7.3	7.1	7.0	7.1	7.3
South-eastern Europe							
Albania	4.5	4.4	4.4	4.4	4.4	4.8	4.8
Bosnia and Herzegovina	5.0	5.0	5.3	5.2	5.1	5.0	5.2
Bulgaria	5.9	6.0	6.2	6.1	5.9	6.2	6.5
Cyprus	6.1	6.2	6.5	6.4	6.2	-	-
FYR Macedonia	6.2	4.9	4.9	6.2	6.0	5.2	5.6
Greece	3.4	6.3	6.3	3.4	3.4	6.3	6.6
Kosovo	5.1	3.4	3.4	5.5	5.4	3.7	3.7
Montenegro	5.0	5.3	5.3	5.3	5.3	5.5	5.8
Romania	5.9	6.0	6.2	6.1	6.0	6.2	6.4
Serbia	5.6	5.7	5.9	5.8	5.8	5.4	5.5
Eastern Europe and the Caucasus							
Armenia	5.5	5.5	5.8	5.8	5.8	5.7	5.7
Azerbaijan	5.1	5.0	5.2	5.4	5.4	5.1	5.1
Belarus	6.2	6.3	6.3	6.2	6.2	-	-
Georgia	5.2	5.3	5.5	5.4	5.4	5.3	5.3
Moldova	4.2	4.5	4.8	4.4	4.4	4.5	4.6
Ukraine	5.8	5.8	5.8	6.0	6.0	5.4	5.5
Central Asia							
Kazakhstan	4.9	4.9	5.1	5.3	5.3	5.2	5.2
Kyrgyz Republic	4.5	4.6	4.6	4.4	4.5	4.5	4.5
Mongolia	5.4	5.5	5.5	5.4	5.4	4.9	4.9
Tajikistan	4.6	4.7	4.9	4.8	4.8	5.2	5.2
Turkmenistan	4.1	3.8	3.8	4.2	4.2	4.4	4.4
Uzbekistan	3.9	4.1	4.4	4.8	4.8	5.0	5.0
Southern and eastern Mediterranean							
Egypt	4.8	4.7	4.9	5.1	5.1	4.7	4.7
Jordan	5.8	5.9	5.9	5.8	5.7	5.0	5.0
Lebanon	5.1	5.0	5.0	5.1	5.1	5.0	5.0
Morocco	5.9	5.6	5.6	5.9	5.9	5.2	5.2
Tunisia	4.7	4.8	5.0	4.9	4.9	4.6	4.6
West Bank and Gaza	4.0	4.7	4.7	4.0	4.0	4.1	4.1
Turkey	5.3	5.3	5.3	5.3	5.2	5.3	5.3
Russia	5.1	5.1	5.1	5.1	5.4	-	-

Source: EBRD Transition Reports.

Element 2.2.4

The MO applies climate change screening checklists or similar tools to inform the design for all new investments on other operations.

EBRD has developed a handbook that provides detailed guidance for assessing GET finance projects or project components. It has further developed methodology and screening processes pertaining to Paris alignment.

This element is rated as **highly satisfactory**, reflecting the robustness of EBRD's approach to mainstreaming climate change into its operations focusing on demonstrating a clear linkage to climate-related results and impacts.

The EBRD as part of the implementation process of the GET prepared a handbook that provides detailed guidance to the Bank's staff about assessing GET finance projects or project components, estimating their impact to GET indicators and monitoring project implementation. EBRD has a three-stage GET qualification process which comprises (i) the identification of projects or project components that meet the GET principles and criteria, (ii) assessment of the physical environmental benefits of the GET projects and components, and (iii) confirmation of the proportion of GET finance and GET benefits of a project and exploration of how these fit into the GET strategy. Projects that are eligible for GET include:

- **Climate change mitigation** – or activities that (i) result in negative, zero or very-low-carbon emissions and are consistent with a fully decarbonised economy; (ii) contribute to the transition to a decarbonised economy and yet are part of GHG-emissive systems; or (iii) are instrumental in enabling very-low-carbon performance or a substantial reduction of CO_2 emissions in other activities.
- **Climate change adaptation** – activities that are intended to reduce the vulnerability of human or natural assets or systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.
- **Other environmental activities** – activities that have a materially positive environmental outcome including sustainable use and protection of water and marine resources, resource efficiency and transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

An ex-ante assessment of physical environmental benefits that includes the definition of a representative year for the expected annualised impact, setting a baseline, and definition of the sources of project-related environmental benefits and adverse impacts. Finally, confirmation of GET finance and benefits happens at the final review stage. The final review memorandum includes a green project monitoring plan that indicates what and when relevant indicators should be achieved. The purpose of monitoring of green indicators is to validate whether expected impacts are achieved during project implementation stage. Reporting shall be reviewed and verified by EBRD or consultants to confirm actual results.

This fits into the project approval cycle in the following ways. First, during concept review, projects are checked for GET eligibility, a preliminary estimate of GET benefit is determined, and a preliminary transition impact rating is provided by EBRD. During due diligence, responsible teams substantiate the GET rationale and further refine the preliminary GET benefit estimate and transition impact rating. After the final project design is constructed, during final review, the project undergoes a GET eligibility check, the GET benefits are reviewed, and the preliminary transition impact rating is provided by EBRD.

EBRD has a methodology and screening process for determining if a project is Paris-aligned, with specific processes for directly financed projects, indirectly financed investments, and other financial instruments ("*Methodology to determine the Paris Agreement alignment of EBRD investments")*. This methodology is the high-level framework that EBRD uses to determine whether or not an investment or technical cooperation activity project the Bank might finance is "aligned" or "not aligned" with the mitigation and adaptation goals of the Paris Agreement. In putting into practice its Paris alignment commitment, the EBRD is guided by the 1.5°C goal. This approach is grounded on the joint MDB Paris Alignment Framework.

The Environmental and Social Policy (ESP) guide the mainstreaming of environmental and social principles across projects. The policy sets standards and performance requirements for all projects, including those set by the EU. The policy notes that EBRD will require its clients to assess risks caused by climate change to the projects and that it will support clients to develop climate change adaptation measures and climate resilient investments as well as in managing risks caused by climate change. Three of ESP’s Performance Requirements (PRs) pertain specifically to climate change – PR 3: Resource Efficiency and Pollution Control and Prevention; PR 4: Health, Safety, and Security; and PR 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources. PR 3 includes a project-level approach to climate impacts and greenhouse emissions, resource management and pollution prevention and control. PR 4 requires that clients identify and assess the potential risks caused by natural disasters including potentially undertaking an assessment of the vulnerability of the project to risks caused by climate change and identify appropriate climate resilience and adaptation measures to be integrated into the project design. PR 6 requires a baseline assessment that considers impacts relevant to climate change and adaptation.

EBRD screens projects for physical climate and carbon transition risk. EBRD reports on climate risk to its Board through its Quarterly Performance Report. This includes identifying the total number of projects screened for climate risks, a breakdown of climate risk assessments and conclusions, updates on fossil fuel exposure, and any notable developments in the quarter.

Element 2.2.5

Human and financial resources are available to address climate change issues.

The Climate Strategy and Delivery Team has increased in size since 2023. It is supported by a network of RO staff who originate and lead green policy dialogue and business origination. Climate activities have benefited substantially from the mobilisation of donor funding and the issuance of green bonds.

This element is rated as **highly satisfactory**, reflecting steady growth in the scale of human resources to delivery on EBRD’s climate change ambition as well as strong progress in scaling up financial resources, including through partnerships with vertical funds.

According to interviews, the Climate Strategy and Delivery (CSD) team, which is largely responsible for GET in the Bank, consists of just over 100 staff split into three teams: Green Financial Systems, Sustainable Business and Infrastructure, and Climate Strategy and Regional Delivery. The Green Financial Systems team is matched to the FI business group and broken up into smaller units to match the internal division thereof. This team is also concerned with the development of methodologies and processes around Paris Alignment and Green Assessments. The Sustainable Business and Infrastructure team lines up to ICA and SIG, as well as work surrounding resilience and adaptation.

The Climate Strategy and Regional Delivery team is composed of the regional network - staff allocated to GET but housed in the regional offices - as well as staff dedicated to macro-policy, strategic engagement on climate policy and data, and developing climate co-finance instruments, concessionality / blending approaches and private climate finance mobilisation. Interviews also indicated that every project is allocated a lead specialist from the CSD team.

Table 33. Staffing Resources for Climate Strategy and Delivery (CSD) Team

	2016	2017	2018	2019	2020	2021	2022	2023
Number of staff	53	63	68	72	75	70	90	109

Source: EBRD.

In relation to human resources, the Environmental and Social Policy of the EBRD makes organisational commitments on the number and training of staff as well as institutional procedures to ensure the implementation of the policy. The GET approach implemented activities to provide the Bank with expertise for the design and implementation of projects. Additionally, the Bank has established a network of selected staff from ROs who originate and lead in-country green policy dialogue and support green business origination.

Mobilisation of donor funds has been a core driver of the Bank's environmental and climate related activities since the launch of the Sustainable Energy Initiative in 2006 and remains so under GET 2.1. Mobilisation has been facilitated by strategic partnerships with the European Union, bilateral donors, and the global climate funds – the Green Climate Fund (GCF), the Global Environment Facility (GEF), and the Climate Investment Funds (CIF). Co-financing instruments developed with these partners include concessional co-lending, grants as well as risk-sharing instruments. The EU is traditionally the EBRD's largest donor and has supported the EBRD with a number of funding instruments supporting all GET investment areas, as well as climate innovation and technology transfer.

The CIF meanwhile have been a frontrunning partner in testing new approaches to climate impact investment, supporting a wide spectrum of technologies and initiatives; from clean energy and just energy transition, to water management, transportation and agriculture – EBRD has disbursed over US$336 million of CIF funds as of early 2024. The EBRD has also received strong support from the GCF for its green financing models, becoming one of the largest beneficiaries with over US$1 billion of GCF funding approved. Bilateral donors have provided substantial and key support including through the EBRD's multi-donor GET fund, called the High Impact Partnership for Climate Action (HIPCA) In addition to raising donor funds for its own co-financing, the Bank also manages multi-donor funds that in some cases also benefit other IFIs and DFIs; such as the Eastern Europe Energy Efficiency and Environment Partnership (E5P) where the Bank manages €400 million on behalf of 25 donors (including the EU) and which has 4 implementing agencies. Likewise, the SSF has provided support including €72 million concessional finance and €151 million for technical assistance. IEvD's special study of the SSF highlights its important catalytic role in enabling investment and policy work as well as pioneering new areas of support, including in green.

External funding is an important source of funding for the GET business model by providing critical support to creating an enabling environment. These include for green policy development, market analysis, project feasibility, procurement and implementation support and for the deployment of flagship GET programmes. Examples of such activities are provided in Table 34. A significant portion of donor funding was used for Green TQ activities (Table 35).

Table 34. Examples of donor funded GET activities and programmes

GET activities and programmes	Donor Funding
GET Project Preparation Framework	Austria, CEI, EU, Italy, Japan, Spain, Taipei China, EBRD SSF, GEF
GET Policy Dialogue Framework	Czech Republic, EU, Japan, Slovak Republic, Spain, EBRD SSF, CIF, GEF
Green Economy Finance Facilities	Austria, EU, Sweden (SIDA), Taipei China, CIF, E5P, GCF, EBRD SSF, GEF, Japan, Korea, Luxembourg, Poland, EWBJF
Green Cities Framework	Austria, Czech Republic, Japan, Korea, Sweden (SIDA), Taipei China, EBRD SSF, E5P, GCF, CIF, EU, Global Concessional Financing Facility
FINTECC including Innovation Vouchers	Austria, CEI, EU, EBRD SSF, GEF
EBRD Corporate Climate Governance Facility	EBRD SSF, CIF, GCF, Japan, Taipei China, Netherlands
Renewable Energy Frameworks (e.g. Egypt, Kazakhstan, Ukraine)	Multiple donors including CIF and GCF, Switzerland

Source: Approach to GET 2021-2025

Table 35. Use of donor funds for the green transition quality

	2020	2021
% of TC grants used for Green TQ	26%	40%
% of private sector co-investment for Green TQ	54%	57%
% of private sector co-investment for Green TQ	81%	37%

Source: The EBRD & Donors 2021 and 2022.

Another source of resources for climate change is through the issuance of green bonds. EBRD has three separate thematic portfolios under which it can issue Green Bonds: Environmental sustainability bonds, Climate Resilient bonds, and Green Transition Bonds. Proceeds from these issuances are directed towards the green project portfolio (GPP) comprising of investments in climate projects, such as energy efficiency and renewable energy, and sustainable resource projects, such as water management, waste management, and air pollution/sustainable transport. Since 2010, EBRD has issued 104 Environmental Sustainability Bonds totalling €5.7 billion. Proceeds from issuances of climate resilience bonds are directed towards the climate resilience portfolio (CRPP), comprising investments in climate resilient infrastructure, climate resilient business & commercial operations, and climate resilient agriculture & ecological systems. Since 2019, EBRD has issued 12 Climate Resilience Bonds totalling €1.2 billion. Proceeds from green transition bonds are earmarked for the Green Transition Portfolio (GTPP), including investment in energy efficiency, resource efficiency including the circular economy, and sustainable infrastructure. Since 2019, EBRD has issued 17 Green Transition Bonds totalling €1.4 billion. (Table 36)

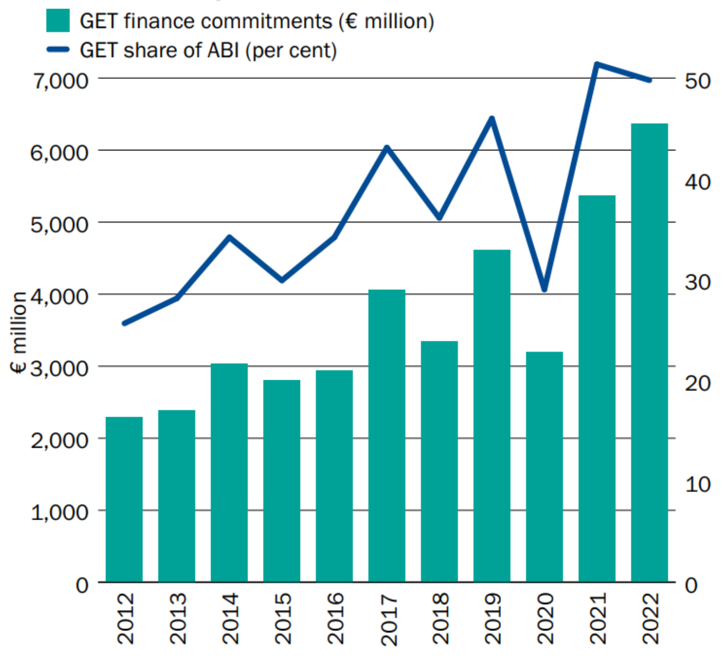
Table 36. Green bond utilisation (€ billion)

	2016	2017	2018	2019	2020	2021	2022	Sept 2023
GPP Operating Assets	3.9	3.9	4.3	4.5	3.8	3.9	4.1	4.3
Environmental Sustainability Bonds outstanding	1.6	2.0	1.6	2.3	3.0	3.1	3.2	3.1
CRPP Operating Assets				1.1	1.3	1.3	1.5	1.6
Climate Resilience Bonds outstanding				0.6	1.0	1.2	1.2	1.3
GTPP Operating Assets				0.8	1.3	2.3	3.5	4.2
Green Transition Bonds outstanding				0.6	0.9	1.2	1.3	1.4

Source: EBRD.

GET commitments have been steadily increasing over the period (Figure 22). Furthermore, EBRD reached its 2025 target set in 2020 of having green finance commitments reach 50% of ABI.

Figure 22. EBRD Annual Green Finance Commitments



Source: EBRD Sustainability Report 2022.

Element 2.2.6

Staff capacity development on climate change is being or has been conducted.

EBRD provides multiple training opportunities, ranging from introductory courses to more tailored offerings. Although these are not mandatory, there is evidence of significant uptake. Additionally, staff have access to external learning platforms on Climate Change issues.

This element is rated as **highly satisfactory**, reflecting the broad range of climate change training available to staff and high levels of uptake, including mandatory training around Paris alignment.

Since the introduction of the GET 1.0 approach, the EBRD highlights the relevance of staff capacity across sectors and ROs. The Bank has developed internal skills and capabilities in relation to the environment and is recognised as a leader amongst IFIs. However, the GET2.1 approach identified the constraining factor that currently EBRD only offers general banking training and has no in-house sector-specific training. It highlighted the need for resources for internal skills development including both re/upskilling and acquisition of new skills.

Interviews indicated that the GET team has launched a training in coordination with HR and a consultant that covers the broad areas of GET, including the theories and how EBRD operationalises it. Interviews confirmed that uptake has been quite high following the soft launch in 2022. Trainings range from the "Green ABCs" - a training open and relevant to everyone at the Bank - to tailored support to colleagues on a demand driven basis. Feedback on the "Green ABC's" training indicates that staff highly rate their learning experience and would recommend the program to colleagues. As of 3 November 2023, 758 staff had accessed the Climate and Environment ABCs and 227 had completed it.

Since the beginning of 2023, all bank activities are aligned with the objectives of the Paris agreement. Therefore, the bank launched a training program that provides EBRD staff – particularly Banking teams – with a conceptual understanding of Paris alignment and the practical knowledge to navigate the Bank's Paris alignment assessments. It is the first part of a new internal training program focusing on the Bank's green assessments throughout the project approval cycle. The feedback on course experience is very positive (4.67/5).

Other trainings included Green Bonds courses (423 attendees as of 7 December 2023), Go Green Best Banking Project Series (600 attendees), Transition Planning for Banks and Climate Risks Masterclass for the FI Team (200 attendees), GET learning in 100 words intranet series (over 2,000 clicks), Climate risk module for Bankers, Module within the Getting to Yes: Preparing Banking projects for Approval introductory course for all starting bankers (79 completed). EBRD staff also have access to learning platforms including the Sustainability Unlocked Platform (583 unique learners have accessed the platform and 29 unique learners have completed at least one pathway) and the GET learning space containing 20+ external platforms on Climate and Environment topics in 2021.

MI 2.3: The MO's corporate/sectoral and country strategies respond to and/or reflect the intended results of global commitments for equality of opportunity.

- Element 2.3.1: The MO has a dedicated policy statement on promoting equality of opportunity available with evidence of application.
- Element 2.3.2: The MO has equality of opportunity-related indicators and targets fully integrated into its strategic vision and corporate objectives.
- Element 2.3.3: The MO's accountability systems (including corporate reporting and evaluation) reflect equality of opportunity-related indicators and targets.
- Element 2.3.4: The MO applies equality of opportunity screening checklists or similar tools to inform the design for all new investments and other operations.

- Element 2.3.5: The MO has identified human and financial resources to address equality of opportunity related objectives.
- Element 2.3.6: The MO's staff are trained on and/or have access to staff with expertise on promoting equality of opportunity.

Table 37. KPI 2 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 2.3	Satisfactory	3.17	Medium
Element 2.3.1	Highly Satisfactory	4	Medium
Element 2.3.2	Satisfactory	3	Medium
Element 2.3.3	Satisfactory	3	Medium
Element 2.3.4	Satisfactory	3	Medium
Element 2.3.5	Satisfactory	3	Medium
Element 2.3.6	Satisfactory	3	Medium

MI 2.3 Documentary Evidence

- EBRD (2017), *Economic Inclusion Strategy (EIS) 2017-2021*, EBRD, London, www.ebrd.com/ebrd-economic-inclusion-strategy.pdf.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *The EBRD & Donors: Partnering to Deliver Impact – 2020 Highlights Report*, EBRD, London, www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2021), *The Equality of Opportunity Strategy (EOS) 2021-2025*, EBRD, London, www.ebrd.com/equality-of-opportunity-strategy-2021-25.pdf.
- EBRD (2022), *Quarterly Performance Report Q1 2022*, EBRD, London.
- EBRD (2022), *Quarterly Performance Report Q2 2022*, EBRD, London.
- EBRD (2022), *Quarterly Performance Report Q3 2022*, EBRD, London.
- EBRD (2022), *The EBRD & Donors: 2021 Report*, EBRD, London, www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2023), *The EBRD & Donors: 2022 Report – Highlights*, EBRD, London, https://www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2023), *Transition Report 2022-2023 – Business Unusual*, EBRD, London, www.ebrd.com/transition-report-2022-23.
- EBRD (2023), *Quarterly Performance Report Q1 2023*, EBRD, London.
- EBRD (2023), *Quarterly Performance Report Q2 2023*, EBRD, London.
- EBRD (2023), *Quarterly Performance Report Q4 2022*, EBRD, London.

MI 2.3 Analysis

Element 2.3.1

The MO has a dedicated policy statement on promoting equality of opportunity available with evidence of application.

EBRD had an Economic Inclusion Strategy (EIS) covering the period of 2017-2021, preceded by a distinctive private sector-focused inclusion approach since 2013. In 2021, EBRD launched its Equality of Opportunity Strategy (EOS), constituting a change towards a better focus on transition impact and a move towards a focus on human capital and responding to mega-trends. Equality of Opportunity (EoO) is further established as a strategic theme in the SCF 2021-2025.

This element is rated as highly satisfactory, reflecting ongoing efforts to mature and strengthen EBRD's policy framework around equality of opportunity, removing barriers and promote economic inclusion among a broader range of vulnerable groups.

EBRD launched its first Economic Inclusion Strategy (2017-2021) following the update of the Bank's transition concept that included economic inclusion as a key transition quality. The guiding vision for the strategy was to accelerate the transition towards inclusive market economies by harnessing the private sector to crease economic opportunities for all. It specifically sought to: (i) exchange access to employment and skills, entrepreneurship and finance and services for youth, women and people in less developed regions; (ii) explore opportunities to expand the inclusion approach to other grounds in the context of country priorities; (iii) introduce the assessment of systemic inclusion in relation to specific target groups; and (iv) ensure a continuing rigorous analytical and impact driven approach; and (v) establish EBRD as a leading IFI in the area of economic inclusion.

The SCF 2021-2025 established promoting equality of opportunity as a strategic theme that will underpin the Bank's work in the SCF period. It further states that the Bank promotes equality of opportunity though a practical approach rooted in its private sector focus, address three key dimensions: (i) promoting access to employment and skills for disadvantaged groups; (ii) supporting access to finance and entrepreneurship by investing directly, and through financial institutions, to provided tailored financial and non-financial services to women-led SMEs, youth-led SMEs, and SMEs operating in less developed regions; and (iii) improving access to services by supporting inclusive and gender sensitive design of infrastructure and safe transport for all, improving connectivity for regional areas, and harnessing the advantages of technology.

With the introduction of the Equality of Opportunity Strategy (EOS) 2021-2025, EBRD has moved from a previous focus on target groups and inequality stemming from gender and inherent characteristics (e.g. place of birth, socio-economic background) to one more focused on specific challenges. The EOS outlines an operational response across three focus areas: (i) broadening skills, employment and livelihoods; (ii) building inclusive and gender-responsive financial systems and business environments; and (iii) creating inclusive and gender-responsive services and public goods. Notably, the EOS situates itself with climate change; digitalisation and future of work; urbanisation, regional disparities, and migration; and large-scale shocks and COVID-19 crisis.

Figure 23. Strategic Priorities and Operational Responses of the EOS

Source: Equality of Opportunity Strategy 2021-2025

The EOS expands EBRD's approach to promoting EoO, introducing a stronger focus on impact beyond the individual level. At the market level, emphasis is on strengthening institutions and introducing inclusive policies, standards and practices. At the company level, the new approach allows for the design of activities that reflect company specific challenges and opportunities. At the individual level, the focus lies on specific groups that are defined in line with EoO and human capital challenges, including women, youth, the elderly, people with disabilities, people with stranded skills, those with difficulties to (re)enter or remain in the labour market, refugees and those living in more remote areas, LGBTI or those belonging to a marginalised/ethnic group. The EOS highlights that targeting of these groups is subject to a clear and verifiable gap in terms of access to economic opportunity in their respective national/sectoral context and that target groups can be defined based on overlapping characteristics, encouraging intersectionality.

Interviews confirmed that the shift to the EOS constituted a broader change at how the institution viewed equality. Under the Economic Inclusion Strategy, EBRD employed an approach of looking at equality at birth, resulting in three main groups: Women, Youth, and Underdeveloped regions. Under the new EOS, EBRD moved away from targeted groups and towards a human capital approach. Interviews noted that this is distinct relative to other IFIs.

Element 2.3.2

The MO has equality of opportunity-related indicators and targets fully integrated into its strategic vision and corporate objectives.

Equality of opportunity is established as a strategic theme in SCF 2021-2025 and is integrated into the measurement of transition impact and the assessment of transition qualities under the Bank's focus on inclusive transition impact. Although the EOS 2021-2025 introduces a corporate aspiration of having at least 25% of operations include the inclusive TQ, there is no specific targets related to equality of opportunity within the SCF or corporate scorecard.

This element is rated as **satisfactory**, reflecting EBRD's efforts to integrate equality of opportunity into corporate objectives, including through the 'Inclusive' transition quality, and operationalise this focus throughout the institutional results architecture.

The earlier Economic Inclusion Strategy (EIS) 2017-2021 outlined that activities were monitored and evaluated as part of (i) the Bank's Transition Impact Monitoring System (TIMS), (ii) TC results frameworks, (iii) the Country Strategy Results Frameworks (CSRF) and (iv) the EIS Performance Monitoring Framework. According to the EIS, inclusion indicators were part of the EBRD's corporate Compendium of Indicators.

The current EOS 2021-2025 introduced a corporate target of having 25% of operations include the Inclusive TQ; however, the corporate scorecard does not have an explicit equality of opportunity-related indicator. While not in the scorecard, GEI reports on inclusive TI indicators in the Quarterly Performance Report (QPR). The following indicators are reported: (i) number of investments with an inclusive objective; (ii) share of inclusive projects on track; (iii) number of investments with a youth, regional or inclusive component; (iv) new investments with a gender component or focus; (v) number of ASB operations provided to women-owned businesses; and (vi) number of MSME sub-loans under Women in Business.

Equality of Opportunity is identified as a cross-cutting theme in SCF 2021-2025. In addition to being monitored as part of the results framework for the EOS, equality of opportunity is measured through Bank's Inclusive Transition impact (TI) and Assessment of Transition Qualities (ATQ) indicators, embedded within the EBRD's wider overall results framework and platforms (such as its TI system, Monarch).

Element 2.3.3

The MO's accountability systems (including corporate reporting and evaluation) reflect equality of opportunity-related indicators and targets.

Equality of opportunity is embedded into the project assessment in Monarch under inclusive transition impact. The EIS and subsequently the EOS were accompanied by Performance Monitoring Framework.

This element is rated as **satisfactory**, reflecting the identification of a Performance Monitoring Framework for equality of opportunity and progress in integrating this theme into corporate results frameworks.

EBRD has accountability systems to monitor and track its progress in supporting equal opportunities through a Performance Monitoring Framework. Both the EIS and the EOS included a Performance Monitoring Framework that linked specific objectives to activities and associated tracking indicators (Table 38 and Table 39). These are based on a clear TOC. Tracked client output and client-level outcome indicators are in line with the EBRD's overall Compendium of Indicator list and in line with the Bank's overall results systems. Transition Impact and ATQ indicator, which are embedded within results framework, will help measure progress. The EOS notes a new Gender Equality and Equality of Opportunity Effectiveness Report; however, it was decided to integrate this report into the Bank's new Impact Report developed by the Bank's Impact Team. The first such report for 2023 will be published internally in 2024 and externally starting from 2025.

Table 38. EIS 2017-2021 Performance Monitoring Framework

Specific Objective	Activities	Tracking Indicator	
		Output	Outcome
Deepening, strengthening, and widening the Bank's private sector focused inclusion approach across three priority thematic areas			
1.1 Improved access to employment and skills	Investments TCs designed and funded Baseline and Impact assessment Analysis of skills mismatch and needs assessments Capacity Building Policy Engagement External Partnerships	# investments designed to improves access to employment and skills (by target group # TCs supporting inclusion transition impact # capacity building activities # policy dialogue activities	# people receiving new skills as a result of training (f/m) by target group # target groups (f/m) accessing employment Institutional/Legal/Regulatory supported changes implemented by target group
1.2 Increased access to finance and entrepreneurship	Investments TCs designed and funded. Specialised financing to PFIs for on-lending to target groups. Analysis of key barriers to finance for target group and related impact assessments. Capacity building and advocacy Explore opportunities for policy engagements	# investments designed to increase access to finance and entrepreneurship for target group #/volume of the bank's investment to PFI for on-lending to 9target group) segment # capacity building activities	#/volume of loans extended to (target group) by PFIs and/or MFIs # of people or business receiving new skills as a result of training and/or advisory services by target group (m/f)
1.3 Increased access to services that enhance economic opportunities	Investments TCs designed and funded. Baseline and impact assessments Analysis of key barriers to services for target group Capacity building and advocacy Explore Opportunities for Policy Engagement	# investments designed to increase access to services that enhance economic opportunities of (target group # TCs supporting inclusion transition impact # capacity building activities	# people (f/m) or households benefitting from new/better infrastructure services resulting in improved economic opportunities of (target group)
Strengthen institutional capacity and external partnerships to ensure systemic inclusion impact			
2.1 Strengthen and expand strategic partnerships with national as well as international stakeholder	Project level strategic partnerships Policy dialogue Investments TCs designed and funded. Joint research, impact assessment and analysis of key inclusion challenges	# policy dialogue activities Formal cooperation agreements signed with relevant national and international stakeholders. # international events attended/presentations given #knowledge management products produced and disseminated externally Joint publications on inclusion issues	Inclusive policy objectives achieved. EBRDs representation at relevant local or international stakeholders' executive committees

2.2 Strengthened institutional capacity to ensure systemic inclusion impact of the Bank's investments and policy initiatives	Research, impact assessment and analysis of key inclusion challenges. Knowledge management for inclusion training and capacity building for EBRD staff Investments TCs designed and funded. Monitoring (e.g., TC results framework, TIMS, CSRF, EIS PMF, corporate scorecard) Donor fundraising	Inclusion Gap Assessments in respect to inclusion target groups # baselines/impact assessments # knowledge management products produced and disseminated internally and externally # country diagnostics # inclusion resources within the Bank # inclusion focal points across the bank	Above institutional average ETI for investments with inclusion impact Share of projects in inclusion portfolio that are 'on track'

Source: EIS 2017-2021.

Table 39. EOS 2021-2025 Performance Monitoring Framework

	Objective	Focus Area	Indicator	Disaggregation
Client Outputs	Processes, practices, corporate policies and operational improvement adopted	1	# target institutions introducing EOAPs	Of which focus on women/ older workers/ people with disabilities/LGBTI
		1	# new partnerships with training providers, NGOs and others established	
		1	# skills training programmes introduced	Of which on green skills Of which on digital skills/ skills for innovation Of which based in underserved regions and/or climate-affected regions
		2	# SME sub-loans provided to targeted groups or SMEs under EBRD dedicated programmes with inclusive components	Of which for green investments Of which for digital investments Of which outside main urban centres
		2	# Fis adopting new processes, products and (non-financial) services	Of which WiB/YiB/SiB/GEFFs
		2	# Fis introducing new financial instruments (e.g., social or gender bond)	Of which embedding fintech solutions for financial inclusion
		1, 2, 3	# target institutions introducing tracking and reporting of age-, region- and/or sex-disaggregated data on their operations	
		1, 2, 3	# clients introducing new policies and practices for inclusive and gender-responsive services and public goods	of which with a focus on GBVH, safe transport and public space of which with a focus on inclusive/digital procurement and supply chain management of which with a focus on regional inclusion, urban planning and regeneration
	Collaboration between clients and relevant authorities established	1	# policy initiatives implemented with client's participation	Of which with a focus on climate change Of which with a focus digital/Future of work Of which with a focus on regional development/migration
	Business services and networking support to entrepreneurs/SMEs facilitated	2	# entrepreneurs from underserved groups or SMEs accessing advisory services under EBRD dedicated programmes with inclusive components	Of which green investments Of which for digital investments Of which outside main urban centres
	Gender-responsive and inclusive services/ infrastructure/ technology introduced or expanded	3	# operations expanding infrastructure capacity to underserved groups	Of which green infrastructure Of which digital infrastructure
		3	# quality and affordable care places opened according to industry standards	Of which based in underserved regions
	Knowledge and skills of individuals improved	1, 2	# of individuals (m/f) enhancing their skills	Disaggregated by gender, age, locations, other characteristics
Client-level Outcomes	Recruitment and progression routes into employment opportunities expanded for targeted groups	1	Employment opportunities increased as a result of EBRD-supported activities	Of which green employment Of which digital employment/employment in TMT Of which in underserved regions and/or climate-affected regions
	Retention, promotion and career progression of women and/or other target groups improved	1	% of women and other underrepresented groups in senior management or leadership positions at EBRD clients/contractors increased	Disaggregated by gender, age, location, other characteristics Of which in green sectors Of which in digital sectors
		1	Inclusive and gender-responsive HR policies and practices promoting equality of	

	Enabling environment for productive and inclusive employment ensured		opportunities in the workplace implemented by EBRD client	
		1	% EBRD client suppliers/contractors with inclusive business practices increased	
	Corporate/public institutions systematically integrate inclusive and gender-responsive considerations	1	New processes, practice, corporate policy or operational improvement implemented	Of which related to training and talent development Of which related to sex-disaggregated reporting Of which related to inclusive procurement/inclusive value chain initiatives of which related to inclusive infrastructure planning/operation
		2	Increased us of new financial instruments (e.g., social or impact bonds) by clients beyond EBRD direct support	
		2	Financial regulators implement gendered KPIs & disclosure requirements	
	Public policy/laws/ regulation/plan/strategy strengthening inclusion and gender-responsiveness introduced or reformed	1, 2, 3	Legal, institutional, and regulatory changes in a given sector/area/country	Of which improving access to skills Of which improving access to employment Of which improving access to finance and entrepreneurship Of which improving access to services and public goods
	Access to skills development opportunities for target beneficiaries increased	1	# of target institutions offering training programmes for underserved beneficiaries beyond EBRD direct support	Of which on green skills Of which on digital skills/ skills for innovation Of which based on underserved regions and/or climate-affected regions
		1	% of accredited training programmes at EBRD clients/contractors increased	
	Target groups entrepreneurs/SMEs have access to finance and knowhow to operate and grow their business	2	% of underserved individuals or SME advisory clients under EBRD dedicated programmes with inclusive components report improved turnover/business operations	Disaggregated by gender, age, location, other characteristics
		2	% underserved individuals or SMEs report improved access to finance after benefitting from sub-loans under EBRD dedicated programmes with inclusive component	Disaggregated by gender, age, location, other characteristics
	Access to public goods, services and infrastructure for targeted groups expanded	3	# individuals (m/f) with improved access to services and public goods	Disaggregated by gender, age, location, other characteristics
		3	# households with improved access to child/elderly care	
Market-Level Outcomes	Legal, regulatory and institutional frameworks facilitating equal opportunities improves throughout sector/region/country	1, 2, 3	CoO score in relevant policy (sub-)index	Of which due to changed in skills policies Of which due to changed in employment policies Of which due to changes in financial inclusion policies Of which due to changes in infrastructure/regional development policies
	Awareness and application of best corporate practices on inclusion and gender-responsiveness increased throughout sector/region/country	1, 2, 3	Individuals report greater levels of inclusive and gender-responsive practices in a given sector/region/country	Disaggregated by gender, age, location, other characteristics
	Access to skills development opportunities increased throughout sector/region/country	1	Participation of underserved groups in TVET and higher education	Of which in green degree programmes Of which in digital degree programmes
	Access to employment and sustainable livelihoods increase or preserved throughout sector/region/country	1	% underrepresented individuals employed in targeted sector	Disaggregated by fender, age, other characteristics Of which in green sectors Of which in digital sectors
		1	% underrepresented individuals working in managerial roles	
	Access to finance and entrepreneurship increased through sector/region/country	2	% underrepresented individuals who access credit from formal financial institutions	Disaggregated by gender, age, location, other characteristics
		2	% SMEs led by underserved individuals that believe access to finance to be a major or very severe obstacle	
	Access to inclusive gender responsive infrastructure and	2,3	% underserved individuals who paid bills or bought something online	Disaggregated by gender, age, location, other characteristics
		1,3	# households with access to child/elderly care	Of which based in underserved regions

	services increased throughout sector/region/country	3	Infrastructure users reported greater satisfaction with overall provision of infrastructure/services in target city/region/country	Disaggregated by gender, age, location, other characteristics
Economy	Equality of access to economic opportunities increased	1,2,3	Differences in labour force participation rate	Disaggregated by gender, age location, other characteristics
Impact	Human capital developed and preserved	1, 2, 3	Inclusive ATQ score for CoO	
		1, 2, 3	Human Development Index across the EBRD region	

Source: EOS 2021-2025.

Interviews indicated that with the in line with the human capital approach of the EOS, the assessment of inclusion in Monarch has shifted towards outcomes and a more intuitive view of inclusion. Interviews also indicated the close collaboration between the GEI and Impact teams in this effort. This work included a pilot phase based on the new EOS and its priorities, introducing a different way of asking questions related to inclusive transition impact and shifting from outputs to outcomes.

Inclusive transition portfolio is reported in the Quarterly Performance Report to the Board. On Inclusive transition, the report tracks three indicators: (i) number of investment operations with an Inclusive objective; (ii) share of mature inclusive projects on track; and (iii) number of new investments with youth, regional or other inclusion component. (Table 40)

Table 40. Inclusive Performance Assessment Framework Quantitative Indicators

	2019	2020	2021	2022	2023
No. of investment operations with Inclusive objective	38	47	50	104	141
Share of mature Inclusive projects on track (floor 75%)	91%	82%	87%	90%	90%
No. of new investments with a youth, regional or other inclusive component	26	25	31	78	99

Source: EBRD Quarterly Performance Reports. *Not reported after 2022.

EBRD reports its transition quality scores and progress towards transition in its Transition Report, including for the Inclusive transition quality. According to the Transition Report 2022-2023, “over the period 2016-22, the most significant improvements in the area of inclusion have been seen in Albania, Jordan, Latvia and Montenegro. In Albania and Montenegro, increases in inclusion scores have been driven primarily by greater access to internet services and digital skills. In Latvia, they stem from improved access to training through employment and increases in financial inclusion. And in Jordan, they are due to new legislation aimed at improving opportunities for women and greater access to sanitation and the internet. The most significant deteriorations over the period 2016-22 have been recorded in Kosovo, Lebanon, and the West Bank and Gaza. In Kosovo, this is mainly due to poor access to formal training opportunities at work and the high percentage of adults who are not in education, employment or training. In Lebanon, it reflects a decline in financial inclusion against the backdrop of the country’s deep economic and financial crisis. And in the West Bank and Gaza, it reflects new legislation allowing gender-based discrimination, as well as reductions in access to vital services”.

Table 41. Inclusive ATQ Scores 2016-2022

	2016	2017	2018	2019	2020	2021	2022
Central Europe and the Baltic states							
Croatia	6.5	6.4	6.3	6.4	6.4	6.8	6.8
Czech Republic	-	-	-	-	-	6.9	7.0
Estonia	7.6	8.1	8.1	7.6	7.6	7.4	7.5
Hungary	6.7	6.8	6.8	6.5	6.5	5.9	6.0
Latvia	7.2	7.4	7.4	7.0	7.1	6.7	6.8
Lithuania	6.8	6.9	7.0	6.8	6.9	7.0	7.0
Poland	6.7	7.0	7.1	6.9	6.9	6.9	6.8
Slovak Republic	6.4	6.6	6.7	6.5	6.5	6.5	6.7
Slovenia	7.3	7.8	8.0	7.4	7.4	7.0	7.1
South-eastern Europe							
Albania	5.3	4.8	4.8	5.3	5.3	5.1	5.1
Bosnia and Herzegovina	5.2	5.3	5.3	5.4	5.4	4.9	5.0
Bulgaria	6.2	6.2	6.4	6.3	6.3	5.6	5.6
Cyprus	6.6	7.0	6.9	6.7	6.7	-	-
FYR Macedonia	6.1	5.6	5.6	6.2	6.3	4.9	4.9
Greece	5.3	6.3	6.4	5.3	5.3	6.4	6.6
Kosovo	6.0	4.7	4.7	6.1	6.1	5.0	4.9
Montenegro	5.8	6.1	6.1	5.7	5.8	5.4	5.4
Romania	5.6	5.3	5.3	5.7	5.7	6.0	5.9
Serbia	6.3	6.0	5.7	6.1	6.1	5.4	5.4
Eastern Europe and the Caucasus							
Armenia	5.8	5.6	6.0	5.9	5.9	4.8	4.8
Azerbaijan	4.7	4.8	5.0	4.9	5.1	4.7	4.8
Belarus	6.7	6.9	7.0	6.7	6.7	-	-
Georgia	5.1	5.4	5.6	5.2	5.2	4.9	5.0
Moldova	5.7	5.7	6.0	5.5	5.6	4.6	4.5
Ukraine	6.2	6.0	6.0	6.2	6.1	5.3	5.4
Central Asia							
Kazakhstan	6.4	6.1	6.1	6.4	6.4	5.3	5.3
Kyrgyz Republic	4.8	4.8	4.9	4.6	4.7	4.2	4.2
Mongolia	5.4	5.7	5.7	5.1	5.3	4.8	4.9
Tajikistan	4.7	4.7	5.2	5.0	5.1	3.8	3.7
Turkmenistan	5.3	5.3	5.6	5.5	5.4	3.7	3.6
Uzbekistan	5.6	5.7	5.7	5.5	5.5	3.8	3.8
Southern and eastern Mediterranean							
Egypt	3.6	3.1	3.2	3.6	3.5	3.8	3.7
Jordan	4.5	4.3	4.3	4.4	4.5	4.4	4.4
Lebanon	4.9	4.5	4.4	4.7	4.7	3.8	3.6
Morocco	3.5	3.5	3.4	3.2	3.3	4.2	4.2
Tunisia	4.1	3.7	3.8	3.9	3.9	4.5	4.4
West Bank and Gaza	4.0	3.8	3.7	3.9	3.8	3.3	3.3
Turkey	4.9	4.7	4.8	5.0	5.0	5.2	5.2
Russia	6.7	7.1	7.2	7.0	7.0	-	-

Source: EBRD Transition Reports.

Element 2.3.4

The MO applies equality of opportunity screening checklists or similar tools to inform the design for all new investments and other operations.

Inclusive transition impact, one of EBRD's six transition qualities, is assessed as part of EBRD's assessment of Transition Qualities and transition impact.

This element is rated as **satisfactory**, reflecting EBRD's progress in integrating equality of opportunity into its transition qualities and results architecture, with an opportunity to reinforce this through the Corporate Scorecard as this approach continues to mature.

EOS identifies three operational focus areas: (i) Broadening access to skills, employment and Livelihoods, (ii) Building inclusive and gender-responsive financial systems and business environments, and (iii) Creating inclusive and gender-responsive services and public goods. The strategy sets out a targeted operational response that prioritises projects and policy engagements as per operations that address equality gaps (ATQs) and related country strategy priorities, client and policy stakeholder demand and engagement, and a clear value proposition to address inequalities and promote inclusive economies through targeted investments and strategic partnerships.

Inclusion is assessed as part of the Bank's Assessment of Transition Qualities, which identifies inclusion gaps providing a tool for the prioritization of inclusion projects and policy activities. At a country level, inclusion challenges are analysed further through diagnostic studies and serve as a basis for the formulation of strategic priorities in Country Strategies and Country Strategy Results Frameworks (CSRFs). At project and policy levels, inclusion is integrated into the Bank's ex-ante transition impact assessment systems, with project selection based on (i) scale and scope to achieve systemic impact, (ii) size of the inclusion challenge that the project addresses (ATQ gaps) and (iii) fit with country strategy priorities.

With the introduction of the EOS, a more user-friendly interface for Banking teams with simplified assessment criteria for inclusive investments was introduced. Updated ATQs reflect the broader human capital resilience and vulnerability based on the new approach. Sectoral toolkits were introduced to support efforts to better market EoO interventions to clients and facilitate internal knowledge transfer.

Element 2.3.5

The MO has identified human and financial resources to address equality of opportunity-related objectives.

Dedicated resources for delivering on equality of opportunity objectives are limited. Although staffing has increased over the period, the EOS was launched without a dedicated budget and continues to rely on donor funding.

This element is rated as **satisfactory**, reflecting good progress in channelling donor resources toward supporting equality of opportunity as well as growth and decentralisation of human resources. There is an opportunity to secure more predictable funding for staff positions.

The EOS identifies five key inputs that underpin its ToC: EBRD's capital, staff resources, donor funds, in-kind contributions from clients, and strategic partnerships. The EOS was launched without additional budget. Although some budget was allocated for the unit in 2021, the unit continues to rely heavily on donor funding. Interviews indicated that this made it difficult to attract and retain talent, as the variability of donor funding requires the team to rely on short-term contracts.

Donor funding is key to scaling up the EBRD’s response to inequalities. As of the beginning of the EOS, support from donor governments and the EU contributed to the agenda on inclusive transition impact, including gender, equal opportunities and related policy activities, with over €190 million. The EBRD SSF has contribute the majority of funds, contributing close to €40 million, followed by the We-Fi, EU and Turkey.

In 2022, 62% of donor funded investment projects addressed issues of gender and inclusion, including funds from the Shareholder Special Fund (SSF) and other bilateral donors. IEvD’s Special Study of the SSF highlighted that the SSF plays a catalytic role in enabling investment and policy work and demonstrating new areas for donor support, including in inclusion. However, it also found that although the SSF contributed to inclusion work, it features less heavily as an area of support than other TQs. The Action for Equality and Gender Multi-donor Fund (A4EG) was launched in late 2022, with funding for projects due to start in 2023, to scale up donor funding towards inclusion and enhance the efficiency of deployment of funds with an aim to mobilise € 100 million over a five-year period.

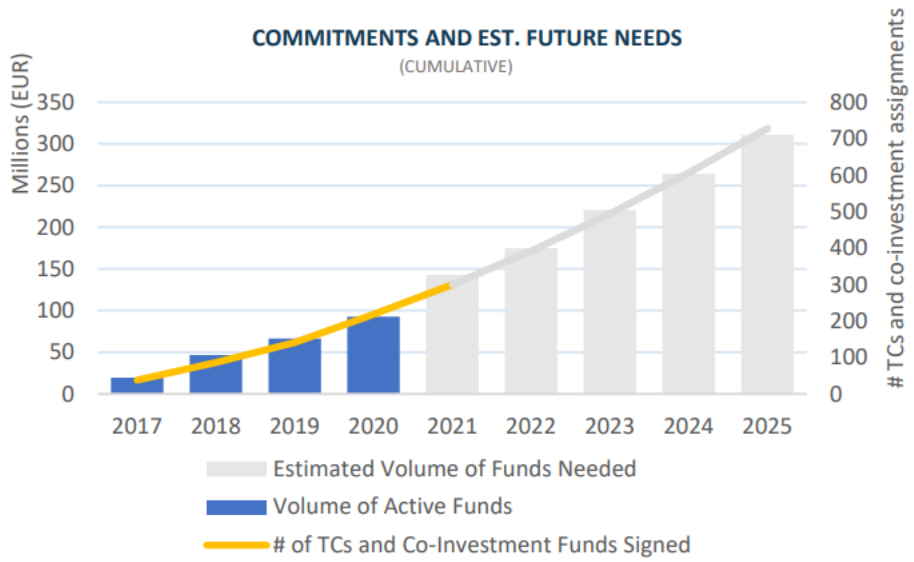
Table 42. Donor funding to support inclusion

	2020	2021
Donor funds used to support inclusion projects (€ million)	5.56	4.84
% of TCs for Inclusive TQ	5%	6%
% of private sector co-investments for Inclusive TQ	2%	4%
% of public sector co-investment for Inclusive TQ	0%	0%

Source: The EBRD & Donors 2021 and 2022.

An estimated €200 million in funding needs are estimated over the 5-year EOS strategy. (Figure 24)

Figure 24. Recent donor commitment and estimated donor funding needed for inclusion.



Source: EOS 2021-2025

Prior to 2018, the inclusion agenda was handled by the Economic Inclusion Team within in the Office of the Chief Economist. In 2018, Economic Inclusion came together with a separate Gender team to form the Gender and Economic Inclusion Team (G&EI), responsible for both gender and inclusion. According to the strategy, in terms of staff resources, EBRD will embed staff in sectoral and regional teams through a hub and spoke approach with the G&EI team, in an effort to support regional and sectoral teams. Interviews indicated that the team is organized on the bases of bank sector and priority areas into four pillars: Access to Skills and Employment, Inclusive Finance and Entrepreneurship, Access to Services and Gender SMART processes, Regional Policy and Technical Assistance Management. The overall team is 45 staff, with only half being funded by the Bank. Over 1/3 of the team is based in the ROs, working on policy engagement and delivery. Staffing numbers for Gender and Economic Inclusion have increased over the assessment period (Table 43).

Table 43. GEI Staffing Resources

	2016	2017	2018	2019	2020	2021	2022	Q3 2023
Number of Staff	14	11	16	20	21	25	30	36

Source: EBRD.

Element 2.3.6

The MO’s staff are trained on and/or have access to staff with expertise on promoting equality of opportunity.

The EOS highlights that enhanced training programmes and internal knowledge transfer initiatives will be launched, though no information was available about current training offerings. Additionally, sectoral toolkits are available to assist sectoral teams to better market EoO interventions.

This element is rated as **satisfactory**, reflecting ongoing efforts to scale up training and toolkits for staff to promote equality of opportunity. Training is not yet mandatory for staff.

As part of the strategy, EBRD has bank-wide self-assessments and trainings including through new Gender Academy, Sectoral approach tool kits for client marketing and internal knowledge transfer, and Gender SMART assessment tool. The EOS specifically notes “Enhanced training programmes for staff and internal knowledge transfer initiatives will be launched to empower sectoral and regional teams to deliver the Bank’s ambition on EoO while sectoral toolkits will support efforts to better market EoO interventions to the Bank’s clients.” An inclusive procurement module is in development.

The G&EI team worked closely with the Impact team to update the Inclusive Transition Impact scoring methodology, objective classification and monitoring indicators in line with the EOS. Upon launching this approach in January 2023, the G&EI and Impact teams delivered a series of dedicated training sessions to all sector Banking teams, encompassing colleagues at EBRD’s HQ alongside those in EBRD’s Resident Offices. The trainings were tailored to the impact opportunities achievable within each operational sector, addressing: (i) entry-points for human capital development and EoO impact; (ii) ways of further developing and strengthening the impact in communication with EBRD clients; and (iii) strategies for presenting and monitoring ex-post results of such commitments. EBRD’s G&EI and Impact teams continue to work closely with Banking colleagues to develop and monitor such impact as clients’ operating contexts and opportunities evolve over time.

MI 2.4: The MO’s corporate/sectoral and country strategies respond to and/or reflect the intended results of global commitments related for digital transformation to support sustainable development.

- Element 2.4.1: The MO has a dedicated policy statement on supporting digital transformation which is available with evidence of application.
- Element 2.4.2: The MO has digital transformation indicators and targets are fully integrated into its strategic vision and corporate objectives.
- Element 2.4.3: The MO’s accountability systems (including corporate reporting and evaluation) reflect digital transformation-related indicators and targets.
- Element 2.4.4: The MO applies digital transformation screening checklists or similar tools to inform the design all new investments and other operations.
- Element 2.4.5: The MO has identified human and financial resources to address digital transformation-related objectives.
- Element 2.4.6: The MO’s staff are trained on and/or have access to staff with expertise on supporting digital transformation.

Table 44. KPI 2 – MI 4 ratings

MI / Element	Rating	Scores	Confidence Level
MI 2.4	Satisfactory	3.17	Medium
Element 2.4.1	Highly Satisfactory	4	Medium
Element 2.4.2	Satisfactory	3	Medium
Element 2.4.3	Satisfactory	3	Medium
Element 2.4.4	Satisfactory	3	Medium
Element 2.4.5	Satisfactory	3	Medium
Element 2.4.6	Satisfactory	3	Medium

MI 2.4 Document Evidence

- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *The EBRD's approach to accelerating the digital transition, 2021-25*, EBRD, London, www.ebrd.com/digital-approach.pdf.
- EBRD (2022), *Strategy Implementation Plan 2022-2024,* EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2023), *Approach to Accelerating the Digital Transition - Progress to Date*, EBRD London.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.

MI 2.4 Analysis

Element 2.4.1

The MO has a dedicated policy statement on supporting digital transformation which is available with evidence of application.

Digital transition is established as a strategic theme in SCF 2021-2025. EBRD launched an approach to digital transition in 2021.

This element is rated as **highly satisfactory**, reflecting strong progress made in establishing digital transition as an operational priority and integrating this into EBRD's policy architecture, building on analysis of previous projects.

The latest SCF (2021-2025) introduced "digital transition as an enabler of transition in all of the economies and sectors in which it invests digitalisation." The EBRD's Approach to Accelerating the Digital Transition (2021-25) paper outlines how it seeks to deliver on its digitalisation commitments. The EBRD's Digital Approach seeks to enable equal access to digital technology and skills, establishment of robust governance practices, and provision of financial and technical support to companies and governments.

While EBRD only launched the paper in 2021, an analysis of previous projects found 200 projects with digital components. The paper makes specific reference to how it will engage with other thematic focuses of the Bank such as low-carbon economy. Indeed, interviews confirmed that the institution had been engaging in digital activities previously, but the approach gives greater focus and support to these activities.

The Digital Approach outlines the following delivery model, centred around the broad areas of foundation, adaptation, and innovation with cybersecurity as a cross-cutting theme. A digital project is defined as one that delivers a measurable result against the EBRD TQs by helping to deliver on one of more of these (foundations adaptation, innovation).

- Foundation: promoting appropriate policies and regulation, access to connectivity through infrastructure and a skilled workforce

- Adaptation: providing access to finance, technical cooperation and advisory services to organisations in support of digitalisation of services, assets, business processes and value chains
- Innovation: supporting digital-first clients through an ecosystem of policy and advisory services, as well as debt financing and direct and indirect equity investments.

The Approach highlights that significant changes are underway across three main sectors in which EBRD invests – sustainable infrastructure (SI), financial institutions (FI), and industry, commerce and agriculture (ICA).

Progress on the Digital Approach Commitments show that 5 of the 23 commitments were achieved by March 2023, 16 were in progress and only 2 were not yet started.

Element 2.4.2

The MO has digital transformation indicators and targets are fully integrated into its strategic vision and corporate objectives.

Digital transition is established as a cross-cutting priority in SCF 2021-2025 and is being translated into the transition results management architecture. In recognition that this is a relatively new area of emphasis, EBRD is adopting a prudent approach in consolidating the existing knowledge base about ongoing activities and deferring detailed work on indicators and targets to the next strategy (which is due in 2025).

This element is rated as **satisfactory**, reflecting that good progress is being made in implementing a credible plan to integrate digital transition throughout EBRD's corporate objectives and operational architecture.

Digital Transition is identified as a cross-cutting priority in SCF 2021-2025. The EBRD's approach to digital transition is incorporated into its sector and country strategies and is tracked through key indicators. The Digital Transition Approach identifies a high-level Theory of Change expressed in terms of: (i) strengthening EBRD's internal capacity and developing innovative investment products and services; (ii) strengthening EBRD's engagement with clients and authorities; and (iii) enhancing digital products, services and capacity for and by EBRD's clients.

The priority of digital transition is translated into the transition results management architecture by "reviewing the current list of standardised objectives to best capture various digital transformation angles, as well as a compendium of indicators to better capture [project] outputs and [country] outcomes" [EBRD Approach to Digital Transition].

The Digital Approach indicates that EBRD will use a range of indicators to track its progress on meeting the SCF goal of using the digital transition to bring about economic transition. It further acknowledges that key digitalisation objectives are already part of the Bank's transition qualities; however, in the next phase, digitalisation-related components and indicators will be introduced to plug current gaps, and they will be better incorporated into the assessment of challenges with regard to the six transition qualities and of project contributions to digitalisation.

Element 2.4.3

The MO's accountability systems (including corporate reporting and evaluation) reflect digital transformation-related indicators and targets.

Although not included in its corporate scorecard, projects with digital components are tagged and incentives for digital activities exist within the ETI score.

This element is rated as **satisfactory**, reflecting good progress achieved in integrating digital transition into EBRD's results and transition impact architecture, including through a performance dashboard and mainstreaming into country diagnostics and sector strategies.

EBRD does not track digitalisation in its corporate scorecard, but it is considered through its transition qualities. Digital cuts across each transition quality.

EBRD is currently adopting an incremental approach to this new area so much by way of reporting is still a work in progress. The next iteration of the approach is expected to include indicators and incentives. The current plan makes clear specific short-term and medium-term activities needed and monitoring systems to monitor them, though does not have a TOC.

The approach is accompanied by a performance dashboard with illustrative tracking indicators. The dashboard is intended to measure three components: (i) what will change inside the EBRD as a consequence of the proposed approach; (ii) the enhanced engagement and scaling up of activities and inputs the Bank will deliver to clients, targeting key challenges and lagging regions; and (iii) key output and selected immediate outcome indicators for the economies in which the Bank invests, focusing on key challenges.

Table 45. Approach to the digital transition performance dashboard

Performance and Results	Illustrative Tracking Indicators
Internal enablers: strengthened internal EBRD capabilities to enhance its support for digitalisation.	
Strengthened internal EBRD capabilities	No. digitalisation-related capacity-building activities delivered to EBRD staff
	No. of EBRD staff trained on digitalisation-related capacity-building
Developed innovative instruments and products	No. new EBRD digitalisation-related instruments and products
Inputs and Activities: Strengthened EBRD engagement with clients and partners to address key challenges	
Increased investment, policy and advisory services to support digitalisation, specifically: ICT infrastructure investments Skills development Legal and regulatory improvements	No. investments/policy engagements/advisory services signed that are tagged as digital, of which: Supporting ICT infrastructure improvements Supporting skills development Supporting legal, regulatory, and institutional improvements
Increased investments, policy and advisory support in countries with the largest gaps	No./share of [investments/policy engagements/advisory services] tagged as digital signed in countries lagging on digital development (SEMED, Central Asia and Western Balkans)
Increased investments in fintech and other innovative firms	No. of [equity/VCIP/venture capital/tech fund] investments signed with digital-first companies
Increased partnerships to support digitalisation	Volume of donor financing raised on digitalisation
	No. of digitalisation-related external partnerships
Increased digital-related knowledge products and clients	No. of digitalisation-related knowledge products disseminated
Outputs and client-level outcomes: Enhanced digital products, services and capacity for and by EBRD clients in three focus areas	
Establishing the foundation of a sustainable and inclusive digital economy	
Improves capacity and digital skills of firms and end users	No. of [firms/households/individuals] trained in digital skills
Increased number of end users with access to ICT infrastructure	No. of [firms/households/individuals] with improved access to ICT-related services
Improved legal and regulatory framework supporting digitalization	No. of improved legal, institutional or regulatory frameworks enabling digitalisation
Incentivising adaptation by firms and organisations	
Increased number of firms and public-sector entities using digital services	No. of [firms/governments/public sector organisations] using digital platforms
Targeting innovation and sustainable growth among digital-first firms	
Increased number of firms that use digitalisation to improve processes and product sales	No. of clients introducing digital-related process, organisational or marketing innovations
Increased number of firms with innovative product offerings that capitalise on digitalisation	No. of clients introducing digital-related product innovations

Source: The EBD's approach to accelerating the digital transition, 2021-25.

The progress report on the Digital Approach indicates that mainstreaming of digital elements into each of the transition qualities, Country Diagnostics and Strategies, or Sector Strategies is in progress. Likewise mainstreaming digitalisation into infrastructure investments was indicated as in progress. Mainstreaming of digitalisation into Green Cities, however, was already complete.

In early 2022, EBRD developed its guidance on defining and tagging EBRD investments with a digital component that help it monitor digital activities. Tagging indicates which parts of a project are aligned with the Digital Approach and has been incorporated in the project template, the tag is awarded at the end of the tagging process; the related tagging process – as indicated during interviews – offers an opportunity to reach out to Banking teams and engage in discussion to identify potential opportunities for the inclusion of digital components in projects. As part of the tagging process, the Digital Hub screens the pipeline of new projects and discusses at a weekly internal meeting where digital could play a potential role and identifies projects that do not have a digital component identified that have potential for the inclusion of a digital component.

Interviews confirmed that incentives for digital do exist within the ETI, as mentioned above. The Digital Hub worked with Impact colleagues on mainstreaming digital components, digital transition objectives and digital impact indicators into EBRD's impact assessment methodology, and a digital questionnaire was introduced into Monarch in early 2024. The digital questionnaire serves a dural purpose: it presents a coherent view of how digital components may contribute to a project's ETI, across projects in the same sector, allowing for standardisation; it also presents digital components as an option for consideration to the Banking teams, even if they do not reach out to the Digital Hub. Results in 2022 and 2023 are as follows: 36 EBRD investments in 2022, 47 EBRD investments in 2023.

Element 2.4.4

The MO applies digital transformation screening checklists or similar tools to inform the design all new investments and other operations.

Digital components have been incorporated into the assessments of transition qualities. A mechanism to track EBRD investments with a digital component was launched in 2022.

This element is rated as **satisfactory**, recognising the progress made by EBRD in developing a credible approach to mainstreaming digital transition, including through development of a digital tagging process.

As part of its digital approach, the EBRD developed a methodology to embed digital considerations in its country diagnostics to identify digital needs as contextualised across the different transition qualities. These elements then inform priority setting in country strategies, as appropriate, ensuring Bank projects are in line with its transition mandate. The EBRD will explore and capture targeted interventions within sector strategies on a rolling basis when they come up for renewal. Digital elements are incorporated into assessments of the transition qualities and project assessment methodology.

Progress reports on the implementation of the Digital Approach indicate that mainstreaming of digital elements into the transition qualities, Country Diagnostics and Strategies, and Sector Strategies is in progress. The methodology and mechanism to track EBRD investments with a digital component (the digital tagging process) was launched in 2022. The Digital Hub coordinates the Approach, including to "coordinate the EBRD's digital work, track progress and provide support and guidance to relevant EBRD Banking teams and business partners". The core team leads on tracking digital activities, designing new products and providing leadership on digital trends.

Element 2.4.5

The MO has identified human and financial resources to address digital transformation-related objectives.

The creation of the Digital Hub has facilitated working on digital issues across the organization, despite a relatively small resource budget.

This element is rated as **satisfactory**, reflecting the progress EBRD has made in consolidating expertise to help scale up implementation of the Digital Approach, including through establishment of the Digital Hub. However, overall human resources still remain limited.

As outlined in the EBRD's Approach to Accelerating the Digital Transition 2021-25, EBRD has a dedicated Digital Hub. Established in January 2022, the Hub is housed in the Vice Presidency for Policy and Partnerships (VP3). Interviews indicated that the Digital Hub was intentionally named a hub with a view to facilitate working across the organization. The Hub houses experts on different products that can support colleagues throughout the Bank on their digital journey.

Though, as indicated in interviews, the Bank was doing digital work prior to the adoption of the Digital Approach. The Digital Hub operates as a hub and spoke model, allowing for those previously working on digital in the Bank to continue to do so, just with greater support, while surfacing opportunities for digital work in areas of the Bank that did not incorporate it explicitly before. Interviews indicate that the hub is seen as an enabler for digital transition that houses the knowledge that colleagues and clients need to facilitate the transition.

The Hub was initially created with a small resource budget - a total of 12 experts but only 3 regular bank staff and an annual budget of 300,000. Despite this relatively small resource allocation, the digital team has worked to ensure that the resources are adequately targeted to areas of highest priority, according to interviews. The team has been successful in securing extra resources, including through secondments from donor countries. Consultants are also resourced through some sector teams where digital has had a large presence.

The Digital Approach highlights the need and frame the role of EU funds in supporting digital projects. In particular, the Approach makes note that 20 per cent of the EU's Recovery and Resilience Facility (RRF) should be allocated to the digital transition. These funds are on source of fundings for EU member states with EBRD operations. The SSF also provides an important source of funding. The Digital Approach highlights that the 2021-22 SSF Workplan aligns activities to the three SCF cross cutting themes, with some 20% of the projects requesting funding having digital as their primary SCF theme. However, the SSF funding was then reallocated to cater to the needs of the Ukraine War.

Staff dedicated to digital increased from 5 in 2022 to 6 in Q3 2023.

Element 2.4.6

The MO's staff are trained on and/or have access to staff with expertise on supporting digital transformation.

Many resources are available to staff who seek training in the area of digital, including specialised trainings on specific topics requested by staff/teams. Furthermore, the creation of sectoral 'digital roadmaps' under the Sustainable Infrastructure Group provide bankers with information on the breadth of digital operations relevant to their work.

This element is rated as **satisfactory**, recognising the progress achieved in establishing training to support the Digital Approach, including a bespoke learning programme for advanced capacity development. Training remains non-mandatory.

EBRD's Digital Hub in collaboration with Human Resource and Organisational Development team developed a dedicated training on LinkedIn Learning. This 'Go Digital 101' learning is available to all EBRD staff. The training seeks to provide a broad understanding of key digitalisation themes and trends affecting the Bank's countries of operations and clients. 541 participants have accessed and 408 have completed the pathway. There is also a module within the Banking Foundations Pathway for starting banker, which has been completed by 78 starting bankers.

The Digital Hub and Human Resources and organisational Development team also designed and conducted masterclasses dedicated to the Bank's senior leadership group based on one-on-one interviews with a cohort of the group indicating where their biggest learning needs were. Thus far, masterclass topics have included cyber security, disruptive technologies, and AI.

Banking, Policy, and regional office teams further have Digital Champions as a resource, which have the mandate to help identify digital investment and policy opportunities. The Digital Champions network currently includes 49 members. The Digital Hub and HR have curated a bespoke learning programme – Digital Grand Masters – focused on cross-cutting digital technologies and their applications across EBRD's sectors of operation. Additional targeted training is developed by HROD and sectoral teams on niche subjects, including a number of courses on FinTech, which have been attended by 40 FI colleagues in 2022-2023.

Interviews indicated that the Digital Hub has also assisted with the creation of 'digital roadmaps' that were created by the SIG team to better inform staff on the breath of digital options, especially in early conversations with the clients. At the time of interviews, five were completed with a number still in the process of being concluded. These roadmaps serve as a resource to help to upskill and clarify the type of solutions available when preparing investment proposals.

OPERATIONAL MANAGEMENT

Assets and capacities organised behind strategic direction and intended results, to ensure relevance, agility and accountability.

KPI 3: Operating model and human and financial resources support relevance and agility

Table 46. KPI 3 ratings

KPI /MI	Rating	Score
KPI 3	Satisfactory	**3.25**
MI 3.1	Satisfactory	3.00
MI 3.2	Highly Satisfactory	4.00
MI 3.3	Satisfactory	3.00
MI 3.4	Satisfactory	3.00

MI 3.1: The MO's organisational structures and human resources management ensure that administrative resources are re-aligned and adjusted to key functions.

- Element 3.1.1: The MO's organisational structure is aligned with, or being reorganised to align with, requirements set out in the current strategic vision.
- Element 3.1.2: The MO's staffing structure is aligned with, or being restructured to align with, requirements set out in the current strategic vision.
- Element 3.1.3: The MO's administrative expenditure is aligned to current organisational priorities and goals as set out in the current strategic vision.
- Element 3.1.4 The MO's internal restructuring exercises have a clear purpose and intent that are aligned to the priorities of the current strategic vision.
- Element 3.1.5: The MO's internal processes support agility, innovation and data-driven decision-making.

Table 47. KPI 3 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 3.1	Satisfactory	**3.00**	Medium
Element 3.1.1	Satisfactory	**3**	Medium
Element 3.1.2	Satisfactory	**3**	Medium
Element 3.1.3	Satisfactory	**3**	Medium
Element 3.1.4	Satisfactory	**3**	Medium
Element 3.1.5	Satisfactory	**3**	Medium

MI 3.1 Evidence documents

- EBRD (2015), Strategic and Capital Framework 2016-2020, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2019), *Strategy Implementation Plan 2019-2021*, ERBD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2020), Operational Effectiveness and Efficiency Programme – Self-Assessment.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2020), *Strategy Implementation Plan 2020-2022*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2021), *Management comments on the Special Study: Review of Strategy Implementation Plans 2016-2021*, EBRD, London www.ebrd.com/what-we-do/evaluation-latest-reports.html.
- EBRD (2021), *Strategy Implementation Plan 2021-2023*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2022), *Strategy Implementation Plan 2022-2024,* EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2024), *Quarterly Portfolio Prioritisation – SPM Q1 24*, EBRD London.
- IAD (2022), *IAR 22/06: Budgeting and Forecasting*, EBRD, London.
- IEvD (2016), *Special Study: The EBRD's Experience with Resident Offices*, EBRD, London, www.ebrd.com/evaluation-overview/special-studies-by-theme.html.
- IEvD (2021), *Knowledge Product: Rapid Assessment of the Solidarity Package*, EBRD, London, www.ebrd.com/what-we-do/evaluation-latest-reports.html.
- IEvD (2021), *Special Study: Technical Paper 4 - Learning and Knowledge Management at the EBRD: The EBRD's Culture, Leadership and Incentives*, EBRD, London, www.ebrd.com/documents/evaluation/tp4-the-ebrds-culture-leadership-and-incentives.pdf.

MI 3.1 Analysis

Element 3.1.1

Organisational structure is aligned with, or being reorganised to, requirements set out in the current strategic vision.

EBRD has made efforts to modernise its organizational structure, with improvements to management culture, internal processes, and impact. EBRD has expanded its country of operations and has identified the need for organizational design initiatives related to decentralization.

This element is rated as **satisfactory**, reflecting EBRD's ongoing efforts to align its institutional structures with its strategic vision and modernise its systems and processes. Identification of a Transformation Office will help ensure that these efforts are more proactive, rather than reactive, going forward, including futureproofing of key functions.

The organisation structure reflects the Bank's strategic focus as well as its efforts to get closer to its clients. To deliver on the SCF 2021-25, the Bank sets organisational resourcing priorities as people, technology and data, as well as learning, monitoring and evaluation. The SCF 2021-25 envisions the potential of expanding the countries of operation, contingent on the Board's approval, which will bring new additional resource implications.

EBRD implements its operations through an extensive network of around 60 resident offices (ROs), with some countries with particularly large portfolios having multiple offices. These ROs house roughly 1/3 of its staff. Individual ROs vary in terms of local presence. A 2016 IEvD study on the EBRD's experience with resident offices identified some issues around staffing, including in terms of selection/appointment and accessing necessary skills. Over the assessment period, COOs have increased, for example SEMED, and there has been an expansion of country offices. While the EBRD has a substantial field presence, it does not have a strategy for decentralisation that articulates how they will ensure that the right people and skill sets are directed to the right places to account for risks, a consideration as EBRD considers further increasing its footprint.

The organisation structure evolved over the assessment period particularly as a consequence of the Operational Efficiency and Effectiveness Programme (OE&E) which, from 2016 to its conclusion in 2019, attempted to increase the scale of ambition of operational changes, overcome the resistance to change, create internal change agents, and create a culture of continuous change. The SIP 2017-2019 created a budget of ₤29.3 million for the programme to be spent over a three-year period to deliver material improvements in efficiency and effectiveness across 16 workstreams. Key organisational changes included:

- Restructuring the organisation to create a centralised team specialised on portfolio management of non-MSE, non-FI and debt transactions to allow for greater focus on debt portfolio management;
- Simplified organisation of the procurement function from 3 to 2 teams;
- Optimised functioning of management committees and phased out 3 committees;
- Creation of a dedicated Vendor Management Office to supervise IT contracts;
- Creation of Operational Service Management department; and
- Establishment of a dedicated Data Management Team;

Beyond the creation and reorganisation of teams, the OE&E also included the streamlining of processes and improved clarity of roles and responsibilities.

While the OE&E focused on structure and processes, EBRD continued in the reform effort by embarking on the related IT investment and systems through the Multi-year IT Investment Plan (IT MYIPP), a three-phase plan to be completed over 2020-2025 with a resource budget of approximately ₤200 million. The goal of the IT MYIP was to ensure the processes and technology platforms of the Bank were fit for the future strategic directions of the Bank as articulated in the SCF. This included changes to the organisation structure under two workstreams of the IT MYIP (i.e., Project Monarch and IT Transformation). A new IT management team was hired since 2017, who performed a detailed review of the IT estate, resulting in the IT MYIP.

Even as implementation of the MYIP was commencing, the COVID-19 crisis highlighted limitations in the Bank’s IT capacity affecting operational sustainability. Interviews indicated that outsourced IT and the regional offices have gained importance over COVID given the Work from Home modality and the associated significant increase in the need for offsite access. As it responded the new challenges, EBRD’s 2021-23 SIP underlined the need for improvement for operational sustainability as well as organisational design initiatives related to decentralisation (strengthening regional hubs), review of end-to-end delivery of policy activity, and the impact of IT multiyear investment plan and the delivery of Green Economy Transition (GET) 2.1. The subsequent SIP 2022-2024 underscored "decentralisation, with a focus on priority regional hubs”. [SIP 2022-2024].

Organisational design efforts included the announcement of a Top Structure Review in 2021 to ensure alignment of the organisation with the strategic vision as outlined in the SCF. The last top-level structure review had occurred in 2016 with some changes to the organisation of staff into four functional groups and the creation of a sixth Vice Presidency post. At the time, a commitment was made to conduct another top-level review in 2020 alongside the SCF 2021-2025. The 2021 Top Structure Review, supporting VP, Policy and Partnership reorganisation and decentralisation, resulted in the following key changes:

- Creation of a new role - Vice President Chief Transformation Officer (VP CTO) – to reflect responsibility and leadership for major transformation programmes in the top-level structure.

- Removal of the VP HR and Corporate Services & CAO when the new VP CTO position came into place in August 2021.
- Movement of the Equity team to be under the provision under the First Vice President (FVP) to reflect the priority of Equity in the SCF and the current approach of country focus in Vice Presidency Banking portfolio (including further decentralisation and potential expansion) and sectors under FVP.
- Bringing two teams - Operations and Service Management and Operational Strategy and Planning - under VP Chief Finance Officer to continue the good work on improving operational delivery and efficiencies and manage costs with business planning sitting alongside financial planning.
- Movement of Data Management from VP CFO to VP Transformation so data is at the heart of modernising our working practices and IT transformation.
- Change of reporting lines of the Security team to VP Chief Risk Officer, reflecting the evolving risk profiles of the regions of operations.
- Changing reporting of the MD HROD directly to the EBRD President. HROD would focus on People and Culture change elements and would work very closely with the VP Chief Transformation Officer and others in ExCom in managing the above.

Element 3.1.2

Staffing is aligned with, or being reorganised to, requirements set out in the current strategic vision.

Human resource priorities are identified as part of the SCF process. Additional staff is allocated to teams both on the basis of delivering on priorities and to support areas of historical underinvestment.

This element is rated as **satisfactory**, reflecting EBRD's ongoing efforts to modernise its human resources management processes. EBRD's approach could be strengthened through clearer reporting and independent assessment of the institutional benefits of its People Plan and identification of clear resourcing assumptions and metrics for its ROs.

To deliver on the ambitions of the SCF 2021-25, the EBRD specifies Human Resource (HR) priorities as the periodic capacity building that ensures relevancy of the staff's skill-base; mobility that promotes career development and knowledge transfer; and decentralisation to enhance impact in countries. EBRD as part of wider increase in resources has been allocating additional staff to various teams to ensure delivery but also support areas of historical under-investment and SCF priority areas. For instance, to SCF priorities, the SIP 2022-2024 saw a "£6.4 million gross increase for SCF priority themes." The increase was partially offset with £4.3 million internal reallocations to fund overall increase.

In 2018, the Bank embarked on a five-year People Plan to improve the Bank's performance and prepare for capabilities going forward. The plan included the following objectives:

- Develop an organisational design capability,
- develop a high-performance and learning culture,
- increase mobility across the bank to provide opportunities for growth and reskilling,
- continue improvement on leveraging the bank's diverse workforce and inclusive culture to drive productivity and performance,
- develop tools for strategic workforce planning and 'people analytics',
- develop a people analytics tool to deepen management's understanding of Bank talent and to support data-driven decision on hiring and promotion, and

- deliver improvements to client satisfaction through 'getting the basics right' and increasing self-service and automation.

To date, the People Plan has accomplished the following:

- In 2019: (i) 'getting the basics right' including process automation to free up HR space to focus on business priorities; (ii) laying the groundwork for improved people analytics and organisational design as a prerequisite to sound workforce planning; and (iii) re-vitalising learning and fostering an engaging work environment to attract and retain talent.
- In 2020: (i) development of organisational design capability, including approval of EBRD's Organisational Design Principles and the introduction of the Organisational Change and Performance Team; (ii) laying groundwork for improved people analytics and organisational design as a pre-requisite to sound workforce planning, with a focus on talent; (iii) continuing to 'fix the basics' by re-engineering the joiners, movers, and leavers process, leveraging robotic process automation, further embedding self-service HR query resolution, and rolling out automated data quality checks and paperless processes across HROD; and (iv) digitising training and further roll out of learning and development programmes.
- In 2021/2022: (i) significantly improved people analytics and organisational design, feeding into Bank-wide strategy considerations; (ii) rolling out an improved joiners, movers, leavers process, which includes online tutorials (via our learning management system) for staff and line managers, (iii) the roll-out of the Banks learning management system ELSy, which allows for tailored learning solutions to be pushed to target groups within the organisation, and incorporates other training solutions that have previously used external systems (e.g. for mandatory compliance training, information security training, etc.); (iii) the roll-out of GET Masterclasses to all staff and the introduction of Masterclasses on Gender and Economic Inclusion as well as Digital to staff (mandatory for staff directly involved in the investment project cycle).

The People Plan 2018-2023 set out strategic objectives for the HROD department and the Bank's implementation of people policies. From 2024, those objectives transitioned into and are captured within the Bank's broader Transformation agenda deliverables.

SIP 2021-2023 introduces the idea that significant organisation design support would be required to enable the delivery of SCF 2021-2025 and support Bank-wide optimisation agendas, including the IT MYIP. One prominent focus across both SIP 2021-2023 and SIP 2022-2024 has been decentralisation and the strengthening of regional hubs. Work is ongoing to define the principles, models, and implementation options, focusing on EBRD's staffing approach to maximise external client delivery.

In addition, to increase in budget and staffing levels, EBRD in its SIPs outlines developing talent of its staff. One area of talent development was "supporting the delivery of the GET 2.1 approach via masterclasses and dedicated learning opportunities for staff to raise awareness and understanding of climate change and climate action interventions.

Multiple interviews indicated that institutional processes for planning operational delivery priorities and staffing allocations were not always aligned. Hence, there were cases where business units committed to higher operational targets but did not subsequently receive incremental staffing resources which were considered necessary to manage the additional activities.

The composition between staff in the ROs versus HQ have remained relatively consistent; between 34-35% of staff are located in ROs. (Table 48) This was an issue flagged in the 2016 IEvD Special Study on EBRD's experience with ROs that indicated that the proportion between field and HQ had remained consistent, which limited efficiency gains from EBRD's field presence that could only be gained through deconcentrating staff away from London. Further there is no strategy to guide growth of field presence either in terms of number of offices or in number or type of staff. Neither is there anything that guides decisions on the functions to be carried out between HQ and ROs. The study further highlighted concerns that the way the ROs were staffed limits their ability to engage in policy dialogue, wider outreach and communication, and capacity development. In its response, Management highlighted the need to maintain flexibility in deploying resources outside HQ and that decisions on staffing should reflect business needs, availability of resources, and overall institutional priority.

SCF 2021-2025 articulates key strategic priorities for people planning over the period, including improving mobility and internal rotation of staff to improve knowledge flow and innovation within the organisation and to explore the right level of decentralisation of people and processes. Interviews indicated that the rotation of locally hired staff (who constitute a significant portion of the Resident Office staff) to other assignments across the Bank has been a challenge.

Over the assessment period, there has been a slight increase in non-banking staff from 44% of the total Bank staff in 2016 to 47% in 2022.

Table 48. Composition of Bank Staff (headcount)

	2016 Q3	2017 Q3	2018 Q3	2019 Q3	2020 Q3	2021 Q3	2022 Q3
HQ	1581	1631	1733	1809	1858	1895	1913
Resident Office	802	826	904	966	985	1018	1016
Banking	1332	1336	1455	1524	1541	1561	1563
Non-Banking	1051	1121	1182	1251	1302	1352	1366

Source: EBRD SIPs.

Table 49. Proportion of Locally Hired versus Internationally Hired Staff (%)

	2017	2018	2019	2020	2021	2022	2023
HQ							
Locally Hired	68%	68%	69%	69%	71%	71%	71%
Internationally Hired	32%	32%	31%	31%	29%	29%	29%
Ros							
Locally Hired	87%	88%	87%	88%	88%	87%	88%
Internationally Hired	13%	12%	13%	12%	12%	13%	12%

Source: EBRD.

Table 50. ETC-based staffing statistics

	2017	2018	2019	2020	2021	2022	2023
Percent staff located in ETC RO	19%	20%	20%	21%	20%	24%	24%
Percent ETC RO staff locally hired	91%	92%	91%	92%	91%	89%	90%
Percent ETC RO staff internationally hired	9%	8%	9%	8%	9%	11%	10%

Source: EBRD.

Element 3.1.3

The MO’s administrative expenditure is aligned to current organisational priorities and goals as set out in the current strategic vision.

Budgetary documents present data by organisational units and expenditure categories (salaries, staff costs, direct costs, etc.). Although the budget is not presented by SCF priority, priorities are highlighted in a discussion of budget needs.

This element is rated as **satisfactory**, reflecting the fact that EBRD's budgeting process has contributed to implementing broad institutional reforms while limiting growth in administrative expenditure. However, the absence of budgeting by thematic priorities limits results-based budgeting and a focus on identifying efficiencies has contributed to some instances of unfunded initiatives and increases in delivery, posing a risk for sustainable delivery.

Budgetary documents align to organisational needs only providing data according to business lines. However, it is not possible to determine budgetary alignment according to SCF priorities defined on the basis of cross-sectional and thematic priorities. Therefore, there is limited results-based budgeting. Interviews indicated that the current approach may have resulted from the large proportion of costs being staffing related and the absence of a time recording system. Without a system which apportions individual staff time by institutional priorities, cost allocation by the organisational units where staff are located may well be an optimal solution. However, it does hinder administrative expenditure analysis as well as cost analysis for achieving institutional priorities.

SIPs contain budgets which are informed by the SCF. The process to construct the SIP, and subsequently the budget, is a fluid process that involves extensive dialogue between senior management, planning and delivery units; however, a 2021 IEvD special study on SIPs found that the process is neither regulated by a transparent process map nor supported by an IT-enabled platform. In response to consideration of the study by the Board committee, which determined that there was not a strong recommendation to materially change the SIP, rather a direction of travel to improve the SIP process and paper, Management has implemented cornerstone discussions since SIP 2021-2023. These 'Budget Cornerstone' discussions are a series of open and frank discussion between Management and Board members in Budget and Audit and Risk Committee meetings regarding important budget issues, which have allowed for upstream discussion of emerging budget directions.

The Budgeting process at EBRD begins with high-level discussions with ExCom by the MD Finance and the Budget team Associate Director. This discussion focuses on the baseline budget for the year ahead and highlights any large ticket items that are expected. In parallel, the Budget Planning and Control Team initiates a "Staffing Refresh" exercise focusing on staff costs. Subsequently, business partners review the top-down adjustments to centrally managed costs and prepare a consolidated view of outputs with a critical review of how to maximise utilisation of the budget. These are then communicated to the MDs, who review the proposal and requests adjustments when necessary. They may also make the business case for additional budget if needed. This is then consolidated into a draft budget proposal for discussion with ExCom and the Budget and Administrative Affairs, and ultimately goes to the Board for approval. The aforementioned cornerstone discussions happen throughout this process.

The SIP includes budgetary information with detailed sections on extraordinary expenditures such as the IT multiyear-investment and the LIBOR transition project. (Table 51) As mentioned earlier (1.4.1.) in a management response to IEvD review of SIPs it recognised "there would be merits in having other perspectives, namely cost allocations per key strategic priorities and activities." While the budget doesn't break down the budget based on the SCF pillars, it does do so by department.

Furthermore, movements and shifts in budget both at the departmental and non-departmental level are explained. For instance, in the SIP (2022-2024), "the substantial needs to deliver SCF ambitions have been found through reallocations and efficiencies." In SIP 2022-2024, EBRD identifies £13.6 million savings and reallocations for 2022 culminating in a net resource request of £4.8 million. This included reallocations towards GET budget resources. As part of wider increase in resources to SCF priority areas, staff resources were allocated to the Equality of Opportunity theme and additional staff experts ere embedded into the sectoral and regional banking teams. Table 52 shows key movements in the budget from 2021 to 2022, showing movements to key priority areas.

Table 51. Administrative Expense Budget (£ million)

	Budget					Projection	
	2018	2019	2020	2021	2022	2023	2024
Core Administrative Expenses	359.5	370.0	383.4	394.5	401.1	430.7	452.2
Extraordinary Items	-	-	-	11.6	22.1	29.3	38.4
Total Administrative Expense Budget	359.5	370.0	383.4	406.1	432.2	460.0	490.6

Source: EBRD Strategy Implementation Plans.

Table 52. Key Movements in the 2022 Budget

	Proposed	Saving	Net	Increase
Cary over / price / volume	10.8	-	10.8	2.7%
SCF Priorities	6.4	(4.3)	2.1	0.5%
Change & Transformation capability	0.8	-	0.8	0.2%
Improving delivery	6.1	(4.5)	1.6	0.4%
Corporate business needs	1.1	(0.8)	0.3	0.1%
Budget reductions / adjustments	-	(1.2)	(1.2)	(0.3%)
PBC accrual and Mobility	2.8	(2.6)	0.2	0.1%
Governance and oversight functions	1.1	(0.1)	0.9	0.2%
Total movements	29.1	(13.6)	15.6	3.97%

Source: EBRD Strategy Implementation Plan 2022-2024.

SIP 2023-2025 identifies that "overall resource needs are reduced by £6.6 million of savings from efficiencies and reallocations"; though, "in contrast to SIP 2022-24 the advantages of the mobility enhancement programme MEP – which enabled nearly half of the 2022 efficiency savings - were no longer available, forcing budget holders to dig deeper in order to identify efficiencies. An exhaustive review process resulted in two-thirds of the identified needs, or 66 headcount positions at a total cost of £6.6 million, being met through staff and non-staff efficiencies and reallocations."

Element 3.1.4

The MO's internal restructuring exercises have a clear purpose and intent that are aligned to the priorities of the current strategic vision.

EBRD has implemented internal restructuring plans to improve efficiency and quality and ensure long-term financial sustainability.

This element is rated as **satisfactory**, reflecting EBRD's ongoing initiatives to modernise its systems and processes. Despite clear progress achieved, there is little reporting or analysis available (both internal and independent) on the outcome of these initiatives and their contribution to enhanced organisational effectiveness and efficiency. EBRD has also restructured its organisational design in line to deliver on its priorities, as discussed in Element 3.1.1.

Introduced in 2016, EBRD began the Operational Efficiency and Effectiveness Programme (OE&E). As such, the OE&E intended to increase the scale of ambition of operational changes, overcome the resistance to change, create internal change agents, and create a culture of continuous change. The SIP 2017-2019 created a budget of ₤29.3 million to be spent over a three-year period to deliver material improvements in efficiency and effectiveness across 16 workstreams:

- Country Strategies;
- Results management;
- Streamlined transition ratings (Project Christopher);
- Differentiating product structuring processes and delegated authority;

- Debt portfolio management;
- Optimising TC and Advisory processes;
- Procurement Operating Model;
- Project Monarch;
- Optimised decision making;
- IT transformation;
- Business services process improvements;
- Data management & governance;
- Workplace strategy;
- Budget operating model;
- Corporate procurement; and Travel and expense management.

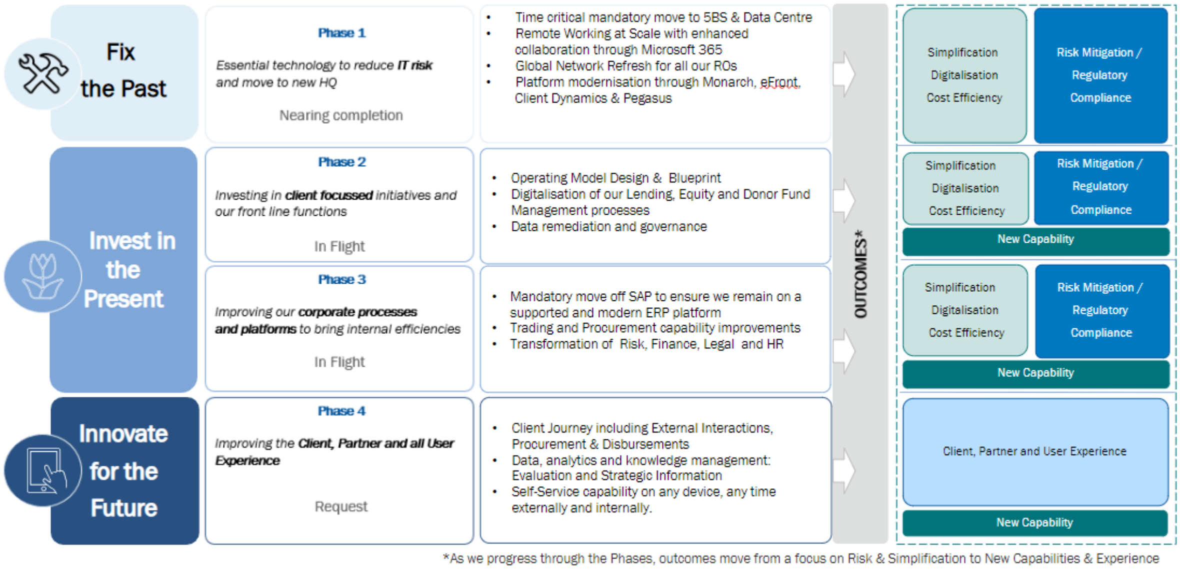
Over the course of the OE&E programme, 12 workstreams were delivered and four workstreams were only partially delivered (Monarch Budget Operating Model, Corporate Procurement, and Travel and Expense Management), realising savings of £51.5m over a four-year period. [Operational Effectiveness and Efficiency Programme – Self Assessment, 2020] However, some of these partially delivered workstreams continued under the Transformation Programme (as outlined below). Key achievements of the programme are outlined in Element 3.1.1 in Table 48.

A new IT management team was hired in 2017, who performed a detailed review of the IT estate, resulting in the Multi-year IT Investment Plan (IT MYIP). The IT MYIP is a three-phase plan over the period of 2020 to 2025 with a resource budget of approximately ₤200 million.

The Transformation Agenda is a comprehensive programme of modernising EBRD's core technologies and processes to build a new operating platform that contributes to a "digitally enabled institution with an expert workforce, well connected across all locations, confidently using data and technology to add value, making decision based on good access to analytics and decision-support tools and able to properly share and collaborate with stakeholders and clients in line with their expectations" [SCF 2021-2023]. As an institutional priority, it is supported by a £205 million multi-year investment plan and oversight of the transformation agenda has been elevated to a VP level position. The agenda includes improvements to the Bank's networks and infrastructure, maximising the use of cloud-based infrastructure and business solutions' platforms, building technologies and processes to support integrated work, moving to integrated Enterprise Resource Planning through modernisation of systems, improving data and analytics capability, and building a connected and digitally enabled workforce and workplace. (Figure 25)

Phase 1 was to be completed between 2020 and 2023, comprised of essential platform upgrades, further developments of the Monarch integrated platform across Client Services, introduction of Microsoft365, establishment and migration of a new data centre, provision of connectivity and technology to support move to new HQ, remote working support, and provision for required business change to support new ways of working. Phase 2 comprises business design and central resourcing, mandatory initiatives to ensure application remain supported and the environment remains secure and stable, continuing to build on current initiatives and capabilities such as Monarch, and new initiatives that are relatively self-contained. Given the experience with Phase 1 and 2, Phase 3 has been split into 2 parts – Phase 3 and Phase 4 – with Phase 3 focusing on Enterprise Resource Planning and Phase 4 focusing on how the Bank interacts with its clients.

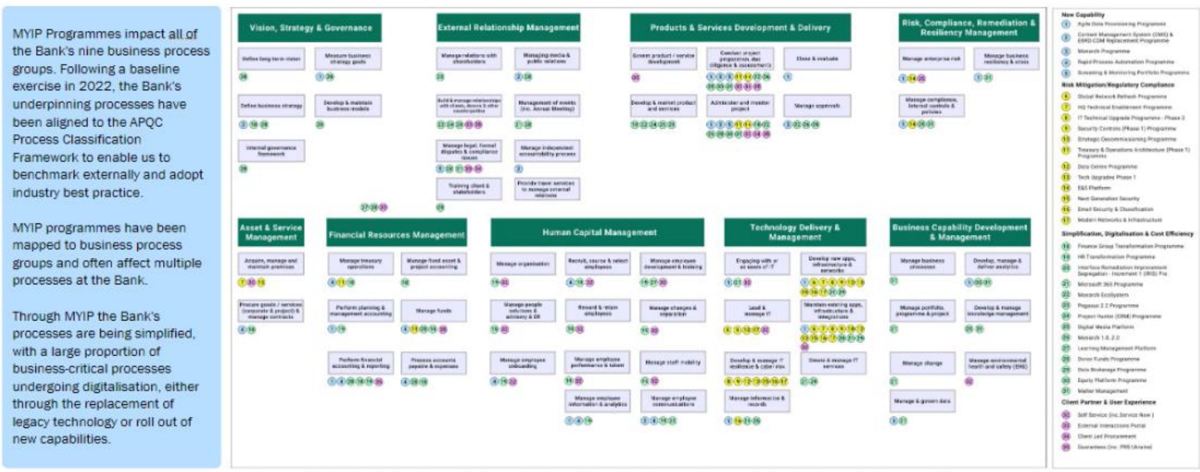
Figure 25. Transformation Agenda



Source: EBRD.

Furthermore, the MYIP initiative is set up to futureproof the Bank's operating model. (Figure 26) The impact of transformation initiatives is tracked in terms of risk reduction, employee engagement and efficiencies generating. Furthermore, the CTO team track the impact of programmes against the value they bring to the Bank's business capabilities. To date, 70% of the 85 change initiatives have been mobilised and impact all the Bank's capabilities. To this end, the CTO team have modelled the Bank's value generating, value protecting and value enabling processes against the APQC PCM benchmark.

Figure 26. IT MYIP Initiative



Source: EBRD.

Indications from the staff engagement survey suggest there are challenges in the management of organisational transformation and change at EBRD. At the same time, the survey suggests staff are more positive in their opinion that the changes will contribute to the future success of ERBD, although performance on this indicator is still below industry benchmarks.

Element 3.1.5

The MO's internal processes support agility, innovation and data-driven decision-making.

EBRD has expanded its portfolio of instruments and adapted well to significant changes in its operating environment. The Bank is implementing a number of initiatives to improve efficiency, quality, and sustainability.

This element is rated **satisfactory**, reflecting the strong progress achieved in modernising EBRD's systems and processes, positioning it for agility and data-driven management of its operations. This evolution remains a work in progress and ongoing pain points in operational processes and systems have been revealed, particularly in the context of crisis responses.

The EBRD is continuing to make further improvements in its IT infrastructure through an expansive and ambitious Transformation Agenda which focuses on addressing bottlenecks for data-driven decision making created by the co-habitation of heritage data systems. Given the expectation at the Bank's creation that it would be a 'sunset bank' that helped countries make the transition to market economies, limited attention had been given to the design of an IT strategy and various systems emerged organically to meet business needs. With the recognition that the Bank would remain in existence for some time, work commenced to improve and update systems, with significant improvements to data management and subsequent reporting. Efforts to consolidate systems began in 2015 and thus have mostly occurred over the assessment period. Some key systems have been introduced to improve this situation, including Monarch and the Business Performance Navigator.

Through OE&E and the IT MYIP, EBRD has made significant efforts to improve its data and systems. This includes Monarch, an industry-leading integrated online platform to manage the full lifecycle of Client Services products from assessment, to monitoring and evaluation. Monarch encompasses a series of modules pertaining to assessment of proposed projects (including integrity, TI, green etc.), project approval (including the auto-generation of approval documents based on data in the system), and monitoring (including pertaining to integrity, TI, green, credit, etc.) to ensure consistency across EBRD's client activities as well as throughout the end-to-end project lifecycle.

Data driven decision-making was a central theme of the OE&E, with significant improvements to data governance and data systems. In Monarch, staff have access to a My Monarch dashboard, which includes role-based reports, My Portfolio and Upcoming deadlines.

EBRD has also implemented initiatives to speed-up processing. Efforts have included the streamlining of TC and Advisory processes to better align with that of investment processes, streamlining of procurement processes and the streamlining of debt portfolio management processes through leveraging technology. Differentiating product structuring processes and increased delegation of authority were also part of these efforts, which reduced process time of staff estimated at 70 hours per deal and fostered faster client response time. Furthermore, it has looked at streamlining the process around approvals for 'Small Deals'. As mentioned above, all of the Bank's 9 core business capabilities have seen process and technological improvements (from a new client relationship management, to streamlining due diligence, to investments into green questionnaires, to new content management systems, to upgrading the Bank's ERP and Human Capital Management, to a new Content Management Platform etc.). Overall, these are reducing handovers in core processes, leading to agility through digital enablement and improving the user experience, testament to improved engagement scores in relation to transformation.

EBRD has implemented many innovations in its response to COVID and subsequently the War on Ukraine. The EBRD has expanded its portfolio of transition instruments and has instituted a prompt response to both the COVID crisis as well as to Russia's invasion of Ukraine. Internally, it has strengthened its response to Screening and ongoing monitoring as well as Sanctions response. It has done so by enhancing in the Monarch platform and investment in the process and technology behind Screening.

In its rapid assessment of the Solidarity Package (SP), IEvD found that the EBRD was reactive and rapid in introducing its COVID-19 response as the first among IFIs to introduce a programme. This included an "ad-hoc" rapid policy intervention support through the RAR (Rapid Advisory Response). The structure of the SP combined new and existing financial framework and programmes in three tiers, new policy instruments, and streamlined procedures. These streamlined procedures included: Standardised Approval Measures and Implementation, which served as the enhanced channel of payments deferrals under the SP until December 2020, and delegated approvals for RF Projects valued up to €25 million, and streamlined TI.

However, IEvD also found that, although rapid, it was not entirely agile in that Bankers were not fully equipped to adopt the new procedures, with a trade-off between the quick launch and initial confusion in the early days of the SP. For instance, the operational guidance of the SP was released over one month after its launch, and there was also a lack of clarity in the application of the eligibility criteria in the initial phase, though that was corrected within a few weeks. Interviews indicated that, under the Ukraine Resilience and Livelihood framework, a compact was agreed with the Board that allowed the Bank to reduce the timetables associated with the board approval processes. The framework had the benefit of considerable flexibility, including quicker escalation of bottlenecks within the management structure due to the urgency of the situation.

Through its transformation effort, the Bank conducted a Bank-wide survey to identify priority change areas and opportunities for innovation. Based on this feedback, the Bank has identified Transformation Leads to represent all of the Bank's VP groups, who regularly meet with the Chief Transformation Officer. Further, regular dialogue with the Bank's MDs and quarterly engagement at ExCom level has been established to discuss transformation. In addition to over 80 transformation initiatives, the Bank has delivered over 40 business-led initiatives. The Programme Steering Board (PSB) has now established a quarterly prioritisation session, to accommodate for emerging innovative demand in addition to their monthly decision making and governance sessions.

MI 3.2: MO has processes in place to monitor capital adequacy and financial sustainability in line with its core mandate and strategic priorities.

- Element 3.2.1: The MO has strategy and mechanisms in place to assess the adequacy and efficient use of capital to implement the strategic vision, with clear targets for monitoring and reporting that are explicitly aligned to this vision.
- Element 3.2.2: The MO's funding strategy identifies diversified mechanisms to raise funding from capital markets to supplement the use of paid-in capital and capital generated from retained earnings to support investment.
- Element 3.2.3: The MO's capital adequacy is reviewed to address capital availability, capital needs and projections for multiple years in line with strategic vision.
- Element 3.2.4: The MO's capital adequacy strategy identifies mechanisms or minimum thresholds for capital adequacy and considers approaches for situations in which capital is constrained.

Table 53. KPI 3 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 3.2	Highly Satisfactory	4.00	Medium
Element 3.2.1	Highly Satisfactory	4	Medium
Element 3.2.2	Highly Satisfactory	4	Medium
Element 3.2.3	Highly Satisfactory	4	Medium
Element 3.2.4	Highly Satisfactory	4	Medium

MI 3.2 Evidence documents

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- EBRD (2024), *Investment of Choice Presentation*, EBRD, London, www.ebrd.com/investment-of-choice.pdf.
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- EBRD Board of Governors (2023), *Resolution No. 260, Amendment to Article 12.1 of the Agreement Establishing the European Bank for Reconstruction and Development to Remove the Statutory Capital Limitation on Ordinary Operations*, EBRD, London, www.ebrd.com/ebrd-annual-meeting-business-forum-2023.
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- Moody's Investor Service (2023), *Credit Opinion 3 February 2023 – EBRD*, EBRD London, www.ebrd.com/work-with-us/capital-markets/investor-information.html.
- S&P Global (2022), *S&P Global Ratings – European Bank for Reconstruction and Development*, EBRD, London www.ebrd.com/work-with-us/capital-markets/investor-information.html.

MI 3.2 Analysis

Element 3.2.1

The MO has strategy and mechanisms in place to assess the adequacy and efficient use of capital to implement the strategic vision, with clear targets for monitoring and reporting that are explicitly aligned to this vision.

EBRD has strong finance and risk management functions, which the Bank uses to maintain a significant focus on capital adequacy and efficient usage of capital through its strategy processes (SCF and SIPs) and operational processes (country and obligor risk limits). EBRD's use of capital is governed by its capital adequacy policy and are assessed as part of the SCF process. As part of the annual SIP cycle, EBRD further engages in regular stress testing to evaluate the adequacy of capital adequacy and liquidity under certain scenarios.

This element has been rated as **highly satisfactory**, reflecting the robustness of EBRD's policy framework and approaches, which are considered good practice across DFIs.

The Capital Adequacy Policy defines a framework against which the Bank's capital can be managed in the medium term from a risk-based perspective. The Policy aims to ensure that the Bank remains a going concern and that it maintains its 'triple-A' credit rating, preventing a need to call capital and that the Bank retains counter cyclical capacity. Capital Adequacy Policy also incorporates the Bank's Prudential Limits (covering risk concentrations in Banking operations), which are measured using required capital under the Policy. Prudential Limits consist of country limits, sector limits and single obligor limits. Capital numbers are produced and published in Business Performance Navigator (internal platform) on a monthly basis as well as quarterly reporting to the Board via the QPR.

Until 2023, the EBRD manages its capital according to the following constraints: the nominal statutory capital utilisation within a 92% prudential threshold, defined in the AEB; and capital adequacy utilisation within a 90% prudential threshold; according to the Capital Adequacy Policy. In the framework of the SCF 2021-25 approval, capital utilisation was analysed, and the Board of Directors deemed the projected capital stock adequate to support the Bank's operational ambition. Furthermore, the annual SIP cycle projects over time, statutory capital utilisation and capital adequacy utilization against the control levels.

A new resolution of the Board of Governors, however, now gives more flexibility. At the 2023 Annual Meetings, the Board of Governors passed a resolution in response to the recommendations coming from the G20 Independent Review of Capital Adequacy Frameworks which approves an amendment of Article 12.1 in the Agreement Establishing the EBRD to remove the statutory capital limitation on ordinary operations with the understanding that the Board of Directors will maintain an appropriate nominal leverage limit on operations within the capital adequacy framework. This resolution seeks to "enable the optimal use of the Bank's capital capacity to support the Bank in achieving the maximum potential impact in its recipient countries".

In light of the magnitude of the financial challenge in supporting Ukraine including through post-war reconstruction, the Board of Governors have approved a resolution to increase paid-in capital by €4 billion to help provided sustained investment in Ukraine.

The Treasury Authority and Liquidity Policy of the ERBD ensure that the Bank holds sufficient liquid assets to meet its financial obligations, including under stress conditions.

Other means by which EBRD monitors financial sustainability include the Investment Profitability Model (IPM) and monitoring of Return on Required Capital (RoRC) and the Debt RoRC through the corporate scorecard. The IPM allows for the assessment of projected risk-adjusted returns on new debt transactions at origination. RoRC captures the overall return of the Bank and Debt RoRC assessed the risk-adjusted financial returns at the level of the debt portfolio.

The SIP looks at financial sustainability through a three-prong approach, namely, to assess profitability, capital adequacy, and liquidity position. It assesses profitability based on a project specific metric (the Investment Profitability Model) and two scorecard metrics (Return on Required Capital (RoRC) and Debt RoRC, the latter since SCF 2021-2023). Capital Adequacy is managed by the aforementioned Capital Adequacy Policy using a risk capital utilisation ratio.

Table 54. Selected Financial Sustainability Metrics

	2016	2017	2018	2019	2020	2021	2022	2023
RoRC (3-year rolling average)	3.4%	7.4%	5.9%	7.7%	5.9%	11.9%	1.4%**	3.5%*
Debt RoRC (before costs)	-	-	-	-	7.1%	21.3%	-8.2%	-
Capital Utilisation (under CAP)	77%	70%	73%	66%	67%	65%	67%*	63%*

Source: EBRD Strategy Implementation Plans. *projection, ** estimate.

EBRD employs a range of tools under the umbrella "Stress Testing" that facilitate an understanding of correlation in the portfolio and enable the estimation of the impact of a range of adverse events on financial performance, allowing for measurement against the agreed Risk Appetite. Stress testing further evaluates the adequacy of solvency and liquidity given various scenarios. These include a Bank-wide stress test and regional stress tests. The VP CRO is accountable for the Stress Testing Framework and agrees annually with the Chair of the Audit and Risk Committee a schedule of Stress Tests to be undertaken, typically one Bank-wide stress Test and two Regional Stress Tests. ExCom may require further ad-hoc Stress Tests deemed necessary to support the development of strategic plans for the Bank. MD Risk Management is responsible for the coordination, preparation, and delivery of all Stress Tests. The results of the stress test are compared against financial loss tolerance thresholds to ensure the risk associated with each plan is understood and within the expected risk appetite.

Element 3.2.2

The MO's funding strategy identifies diversified mechanisms to raise funding from capital markets to supplement the use of paid-in capital and capital generated from retained earnings to support investment.

EBRD offers a range of bonds and debt instruments to raise funds via the capital markets.

This element is rated as **highly satisfactory**, reflecting strong growth in bond issuances over the assessment period, including through local currency issuances.

There is a dedicated unit within the Treasury Team responsible for funding. EBRD has issued traditional fixed rate and floating rate benchmark bonds, green bonds, social bonds, and structured, tailor-made products denominated in or linked to over 60 different currencies. Public and private debt instruments are also available in the form of Eurobonds, global bonds, bilateral loans and domestic issues in select markets. The latter, in particular, support the development of local capital markets, as well as the Bank's strategy of promoting local currency loans for projects with local currency income.

EBRD's Funding Strategy is based on four funding principles: investor-driven products; commitment to long-term relationships; strategic focus on benchmark issuance in core currency markets, developing capital markets in emerging currencies, sustainable finance, and reaching a diversified investor base; and diversity across markets, currencies, and instruments. The diversity of funding transactions by type and currency ensures that the Bank reaches a broad and diversified investor base by geography and type, which is a key part of the funding strategy.

The Financial Report indicates that the Bank has a proven track record in raising funds via capital markets, raising a total of € 6.7 billion of medium to long-term debt with an average tenor of 4.3 years in 2022.

As an established debt issuer in capital markets, EBRD has continuously developed innovative products and has a broad investor base. EBRD has issued €142.6 billion in approximately 3,000 medium-to-long term transactions and in 63 currencies under its annual Borrowing Programme as of 31 December 2023, of which 477 bonds totalling €40.5 billion were outstanding at year-end 2023.

In support of its mission to stimulate and encourage the development of capital markets, EBRD raises funds through local currency issuances. Local currency bond issuance up to year-end 2022 have amounted to EUR 9.9 billion, of which 30.5% was in RUB, 21.6% in KZT, and 13.9% in PLN. EUR 3.7 billion of local currency borrowing was outstanding at year-end 2022.

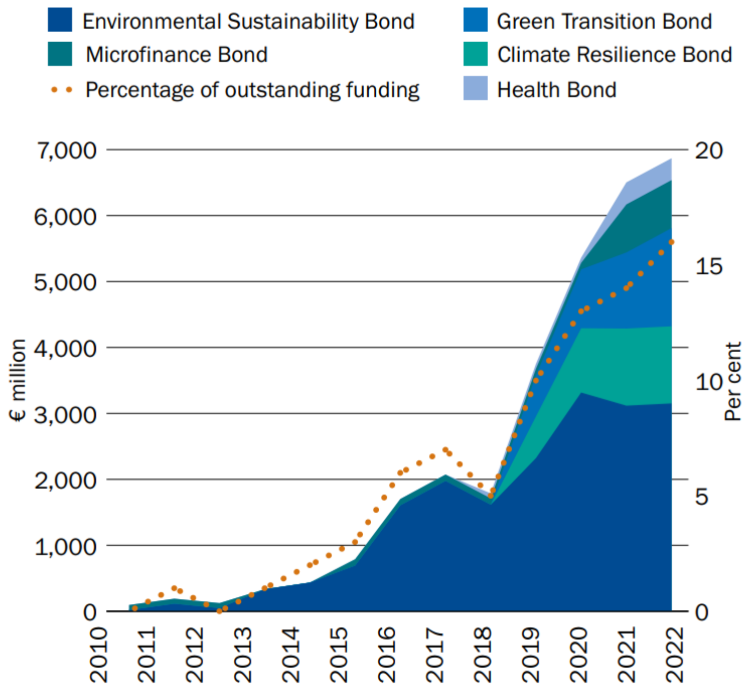
As part of their bond issuances, EBRD raises funds through the issuance of green and social bonds that raise earmarked funding for specific green and social issues. These comprise three Green Bond programmes: Environmental Sustainability Bonds, Climate Resilience Bonds, and Green Transition Bonds; as well as two Social Bond programmes: Microfinance Bonds and Health Bonds. There has been an aggregate issuance of € 8,320 million in green bonds, of which € 5,811 million was outstanding. Likewise, there has been an aggregate issuance of € 1,138 million in social bonds, of which € 1,059 million is outstanding. Table 55 shows the annual issuances, including of these thematic bonds and Figure 3.3 shows the outstanding issuances over time.

Table 55. Bond Issuances

	2016	2017	2018	2019	2020	2021	2022
Annual Issuance (€ billion)	6.0	9.2	10.3	11.8	15.5	13.0	7.0
Of which:							
Local currency issuance (€ billion)	0.5	1.3	2.0	2.6	1.7	1.6	1.3
Green Bond (€ million)	948	615	225	2,979	1,656	749	220
Social Bond (€ million)	*	*	97	*	*	886	0

Source: EBRD. * Data not available.

Figure 27. Outstanding Issuance overview for Green and Social Bonds



Source: Sustainability Report 2022.

Element 3.2.3

The MO's capital adequacy is reviewed to address capital availability, capital needs and projections for multiple years in line with strategic vision.

The EBRD Capital is assessed periodically by the Board of Governors, the most recent as part of the SCF 2021-25 process. SIPs then report on utilisation over time. Quarterly Performance Reports likewise report on and monitor parameters relevant to capital adequacy.

This element is rated as **highly satisfactory**, reflecting the robustness of EBRD's approach, including in underpinning its response to the War in Ukraine and preserving the financial position of the institution.

The review of the Bank's capital was conducted within the framework of the SCF 2021-25 approval. Capital utilisation was analysed, including on the growth of capital, the lending and investment capacity, relevant sensitivity analysis (for foreign exchange variation, the assumed growth in members' equity, return of equity investment, and debt losses) and stress testing. The Board ultimately deemed the projected capital stock as appropriate.

Per the AEB, the Board of Governors "shall review the adequacy of the Bank's capital stock at least every five years and thus, the next capital review was set for 2025. Furthermore, the Strategy Implementation Plans during the period reports statutory capital utilisation and capital adequacy utilisation over time against the control levels.

Table 56. Evolution of Operating Assets at Maximum Capacity as part of the Capital Review

€ billion / at planning rate	Actual 2019	Estimate 2020	Indicative 2021	2022	2023	2024	2025
Statutory capital basis							
Implied maximum operational capacity (at 92% utilization)							
Portfolio	45.7	48.3	57.4	58.2	59.1	60.0	60.9
Operating assets (at cost)	31.6	33.2	39.6	40.2	40.8	41.4	42.1
Cumulative specific provisions	(0.7)	(0.7)	(0.8)	(0.9)	(1.0)	(1.1)	(1.2)
Net operating assets	30.9	32.5	38.8	39.3	39.8	40.3	40.9
Statutory capital base (incl. callable capital)	41.2	41.6	42.1	42.7	43.3	43.9	44.9
CAP basis							
Implied maximum operational capacity (at 90% utilization)							
Portfolio	45.7	48.3	62.3	64.4	66.0	68.9	71.2
Operating assets (at cost)	31.6	33.2	43.0	44.5	45.6	47.6	49.2
Available capital base	17.8	16.9	17.7	18.5	19.3	20.1	21.0

Source: SCF 2020-2025.

As well as the annual SIP cycle, the Quarterly Performance Report and the Business Performance Navigator Platform are the main tools to report and monitor parameters relevant to capital adequacy. The Quarterly Performance report includes scores from credit rating agencies, including those related to capital adequacy. It also includes other parameters such as the required capital as per the Capital Adequacy Policy. The Business Performance Navigator platform is part of the Bank's business processes and includes the Prudential Limits, Required Capital (RC) / Available Capital (AC), Limit Utilisation for Country / Sector / Top 10 Groups for Single Obligor and link to full reports.

The capital adequacy impact of EBRD's response to the War on Ukraine was assessed over time as EBRD ramped up its support through a multi-stage process. First, the impact of provisioning and write-offs on the existing Ukraine portfolio was undertaken. Second, the impact of new and increased lending on EBRD's balance sheet was managed and minimized. This included fresh donor funding and provision of funded and unfunded guarantees during 2022/23. Finally, recognizing the need for continued support, the Board of Governors considered and approved a resolution on a capital increase which will be received by EBRD over the next several years.

Element 3.2.4

The MO's capital adequacy strategy identifies mechanisms or minimum thresholds for capital adequacy and considers approaches for situations in which capital is constrained.

EBRD uses two policy mechanisms to manage capital – a nominal statutory capital utilisation threshold and a capital adequacy utilisation threshold – until 2023. Following a resolution of the Board of Governors, in an effort to enable optimal use of the Bank's capital capacity, the removal of the statutory threshold requirement was approved but has not come into force. The Bank also considers rating agency solvency requirements.

This element is rated as highly satisfactory, reflecting the robustness of EBRD's approach in line with good practice and recommendations from the G20 review of MDB Capital Adequacy Frameworks.

Until 2023, the EBRD manages its capital according to the following constraints: the nominal statutory capital utilisation within a 92% prudential threshold, defined in the AEB; and capital adequacy utilisation within a 90% prudential threshold; according to the Capital Adequacy Policy. A new resolution of the Board of Governors, however, now gives more flexibility. At the 2023 Annual Meetings, the Board of Governors passed a resolution in response to the recommendations coming from the G20 Independent Review of Capital Adequacy Frameworks which approves an amendment of Article 12.1 in the Agreement Establishing the EBRD to remove the statutory capital limitation on ordinary operations with the understanding that the Board of Directors will maintain an appropriate nominal leverage limit on operations within the capital adequacy framework. This resolution seeks to "enable the optimal use of the Bank's capital capacity to support the Bank in achieving the maximum potential impact in its recipient countries".

In the framework of the SCF 2021-25 approval, capital utilisation was analysed, and the Board of directors deemed the projected capital stock as appropriate. Furthermore, SIPs reports over time, statutory capital utilisation and capital adequacy utilization against the control levels. Removing the Statutory Limit and allowing the Board of Directors to consider the appropriate levels of nominal capital utilisation as part of its capital adequacy framework policies allows a holistic assessment of the Bank's capital position to guide its lending activities. The Bank will no longer be constrained by a measure in the AEB which does not reflect the current practice in financial markets and risk management. This change does not result in any immediate increase to lending capacity but is expected to do so in the future.

MI 3.3: The MO's decisions for investments and other operations and its delegation of authority balance responsiveness and fiduciary requirements.

- Element 3.3.1: An organisation-wide policy or guidelines exist which describe the delegation of decision-making authorities including scrutiny of investments and other operations at different levels within the organisation prior to approval.
- Element 3.3.2: The MO's policy/guidelines or other documents provide evidence of efficient processes for resource reallocation, including at country level, which balance responsiveness and fiduciary requirements.
- Element 3.3.3: The MO's evaluations or other internal reports demonstrate that delegated authority is being exercised according to existing policies.
- Element 3.3.4: The MO has made efforts to improve or sustain the delegation of decision-making for investments and other operations in line with organisational priorities and client needs.

Table 57. KPI 3 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 3.3	Satisfactory	3.00	Medium
Element 3.3.1	Satisfactory	3	Medium
Element 3.3.2	Satisfactory	3	Medium
Element 3.3.3	Satisfactory	3	Medium
Element 3.3.4	Satisfactory	3	Medium

MI 3.3 Evidence documents

- EBRD (2016), *Delegated Authority – OpsCom Secretariate guidance*, EBRD, London.
- EBRD (2017), *Annex 4: RACI, ODM Update*, EBRD, London.
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MI 3.3 Analysis

Element 3.3.1

An organisation-wide policy or guidelines exist which describe the delegation of decision-making authorities including scrutiny of investments and other operations at different levels within the organisation prior to approval.

The Operations Manual describes the roles and responsibilities across the project cycle.

This element is rated as **satisfactory**, reflecting the documentation of processes, roles and responsibilities across operational processes in line with expected good practice across MDBs. EBRD's approach facilitates compliance with key requirements, promotion of strategic objectives and collaboration across the institution.

The investment process (or project cycle) is defined in the operations manual. The main stages include Concept Review, Final Review, Board Review, Signing, Disbursements, Repayments, Sale of equity, Final Maturity, and Completion. The manual provides guidelines for the execution of each stage and describes roles and responsibilities, including for departments and units not directly involved in the banking investment process. The manual also covers provisions for cases that require variants in the normal procedure.

The operations manual further outlines fast track procedures that expedite the approval process – usually for time reasons, including for capital market transactions, for time-sensitive transactions, and for club deals, co-financing or co-investments. These procedures do not reduce quality or thoroughness of work, rather allow for procedural flexibility for transactions where this is required.

The Operations Manual outlines that Banking and non-Banking Departments interact in the context of the project approval process. Non-Banking departments are accountable for their own area of expertise. Non-Banking departments may submit written comments within the areas under their purview, which the OL is expected to provide information on and due diligence results prior to final review. During final review, non-Banking departments may make comments where issues that fall within their expertise remain to be satisfied. The Manual specifically identifies the following roles for non-banking units in the banking operations cycle:

- **Risk Management**: Risk is required to review the information provided by banking at various stages of the appraisal process. It further provides an independent risk assessment of the creditworthiness of the Banking counterparty. Risk assigns a risk rating to approval documents prepared by Banking teams and plays a key role in determining appropriate pricing.
- **Impact**: Impact is responsible for confirming the ETI score and assigns transition impact ratings to all individual transactions during the assessment of transition impact based on information provided by Banking teams.
- **Office of General Counsel (OGC):** OGC is responsible for providing legal advice and services on all matters affecting the Bank and its operations. In terms of individual operations OGC is responsible for the assessment of the compliance of projects with the AEB and any applicable policies. Legal due diligence of projects is conduction in coordination with OCG.
- **Operation Administration Department (OAD)**: OAD is responsible for coordination of Banking financing agreements post-signing, including recording the status of compliance with the requirements articulated in the legal agreements, checking conditions precedent to drawdown, authorising drawdowns, and following up on reporting requirements.
- **Procurement Policy and Advisory Department (PPAD):** With a core responsibility to ensure procurement by the Bank's clients is undertaken in compliance with its policies, PPAD ensures relevant project documents address procurement and contracting arrangements and reviews procurement-related documents submitted to Management during Concept or Final/Structure Review. Exclusions or derogations from the policy should be endorsed by PPAD before submission of project documentation.
- **Office of the Chief Compliance Officer (OCCO):** OCCO provided case-specific project integrity advice on new and existing operations at all stages and investigates allegations of Prohibited Practices.
- **Environmental and Social Department (ESD):** During project appraisal, ESD prepared the environmental and social sections of project documents, manages the environmental and social appraisal of projects, and advises on environmental and social risks and opportunities.
- **Climate Strategy and Delivery team (CSD):** CSD is responsible for working with Banking departments across the project cycle, providing technical, market and regulatory expertise and caring out green assessments related to GET and Paris Alignment.
- **Policy, Strategy and Delivery (PSD):** PSD supports banking teams with project origination, structuring and design focusing on the thematic areas of fender and quality, digital, economic governance, and capital and financial market development. They further provide geopolitical, macroeconomic, political economic, and thematic insights as needed during project assessment.

The Board can delegate authority for approval to OpsCom, SBIC, or to a designated approver. OpsCom considers all operations that require Board approval, including standalone operations and sub-operations under Investment Frameworks falling outside the relevant delegation threshold. The Board extends delegated authority for approval to OpsCom for certain proposals conforming to the eligibility criteria under a given Investment Framework. Further delegation can be made to SBIC or Designated Approvers, depending on amounts (e.g. delegation thresholds) and sensitivities (e.g. "hot topics" or sensitive strategy and operational issues that require Senior Management attention).

Investment Frameworks enable the Bank to complete a series of similar transactions with enhanced efficiency without compromising standards of credit quality or transition impact. Investment Frameworks also facilitate a strategic discussion with the Board on specific sector or country engagements for situations where a series of small to medium investments is the best way to address transition gaps.

Project appraisal is conducted as part of the investment process (or project cycle) and is detailed in the operations manual. It lists a set of tools as well as policies, procedures, and guidelines needed to appraise projects according to the Bank's rules and regulations. Examples of these tools are Anti-Money Laundering and Counter-Terrorism Financing Checklist, Integrity Red Flags Checklist, Gender SMART Diagnostic tool, and Green Questionnaire – pre-CRM/NTN screening. There are clear project approval documentation sign-off responsibilities, clearly outlined in both a flow chart and process map. At concept review and Structure/Final, most projects are signed off by both the Sector Team Director and the Country Team Director/Head of RO. As of 2022, Sector Team Directors are able to delegate sign-off responsibilities to qualified Associate Directors. There are further sign offs requirements for equity projects, Projects in Ukraine, and projects in West Bank & Gaza.

Operations are developed by an operations team. The team is headed by an Operation Leader (OL) who is responsible for the active management of the Bank's relationship with the client, regular review and reporting on progress, and undertaking actions to protect Bank interests. The OL ensures compliance with Bank standards and policies, supported and guided by non-Banking departments. In addition to support from non-Banking departments, the OL is supported by one or more additional team members from within Banking, comprising the Operations Team, to ensure the team has access to required sector, country, and technical expertise within Banking. The OL is responsible for ultimate decision-making, though the operations team should foster a spirit of open debate and shared responsibility for the accuracy and completeness of the approval documents and any financial model.

Interaction between Management, non-Banking departments and Operations Team during investment project approval involves discussions in relation to project and policy decisions, mechanisms for confirming support for Operation proposals, forums for dispute resolution between the Operations Team and non-Banking departments on issues related to their areas of expertise, and mechanism for agreeing and recording decision on Operations and subsequent actions to be taken.

Non-Banking teams support Operations in many ways. Risk management plays a key role in validating appropriate pricing, with Banking providing an initial proposal. The primary interaction between Banking and EPG is in the area of economic analysis, transition impact and additionality with EBRD supporting Operations Teams by providing information on critical macroeconomic variables and their projections, as well as assistance in drafting the relevant document sections on transition impact and additionality. OCCO promotes good governance and ensures the highest standards of integrity. At the request of banking teams, they advise on project integrity and guidance for new and existing operations throughout the project cycle. ESD prepares the environmental and social sections that are included in project appraisal documents (CRM, SRM, FRM, and PSD) and manage the environmental and social appraisal of projects. ESD likewise advises OL and team, Management and the Board on the environmental and social risks and opportunities associated with the project, whether the project meets requirements in the ESP and Performance Requirements, and on potential opportunities to promote gender equality.

Element 3.3.2

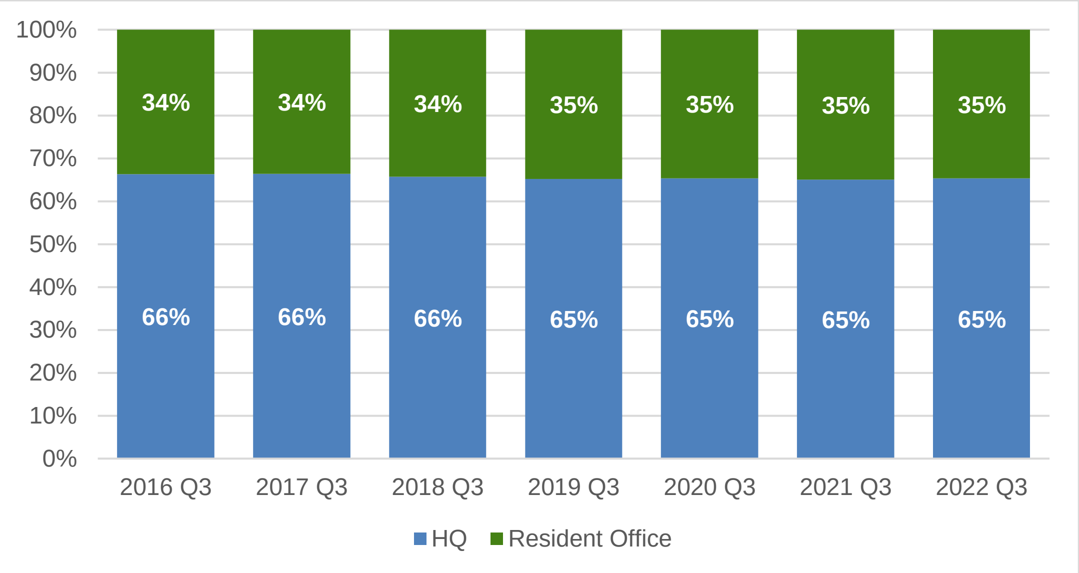
The MO's policy/guidelines or other documents provide evidence of efficient processes for resource reallocation, including at country level, which balance responsiveness and fiduciary requirements.

Resource allocation, as seen across consecutive SIPs, demonstrates the use of efficiency measures to reallocate funds towards resource needs, with clear evidence of prioritisation. Since 70% of EBRD's resources are expended on staffing costs, this is an important area to consider in resource allocation efficiency. Further, since EBRD staff are located at Headquarters and across its countries of operations through a network of Resident Offices (ROs), staff mobility options are an important aspect of efficiency in resource reallocation.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's processes with established good practices across MDBs and efforts to enhance staff mobility to promote career development and delivery of institutional priorities.

EBRD operates through an extensive network of resident offices (ROs), with some countries with particularly large portfolios having multiple offices (satellite or regional offices), around 60 in total. Roughly 1/3 of its staff are in the ROs. This has remained rather consistent over the assessment period, with a slight increase in RO-based staff in recent years.

Figure 28. Breakdown of staff in HQ and ROs



Source: EBRD SIPs.

Figure 29. Breakdown of Locally and Internationally Hired Staff, by location.

Source: EBRD.

A 2016 study of EBRD's experience with ROs found that there was a need for increased capacity of non-banking functions and sector economist in the field, though acknowledged the challenges and costs associated with moving staff to the field. It further found that the RO system had evolved over time without an explicit guiding policy or strategy. Management, in its response did not see a need for a decentralisation strategy.

In terms of staff resources, the resident office (RO) system experiences mobility challenges. Mobility for local-hire staff needs to be institutionalised and resourced to enhance staff skills for their current positions, and their motivation, and to position them for promotion. Inward mobility from HQ (or from other ROs) could be much more focussed on developing local-hire staff skills than is currently the case. The Management response to the IEvD Study on EBRD's experience with the ROs highlighted the Global Mobility policies would be further adjusted to balance the nature of the employee group, business need and cost effectiveness.

The EBRD has a number of mobility initiatives that enable the exchange of skills and knowledge. The Bank continuously reviews and updates if appropriate its guiding principles and key characteristics for temporary assignments or geographical assignments, which are captured in the Staff Handbook section on Compensation. Staff members and line managers have a number of mobility options beyond formal transfers at their disposal, for consideration during any development conversation throughout the year or as part of the performance and development process: informal temporary arrangements are a viable alternative to permanent transfers, such as assignments to other locations or business groups or secondments or participation in broader Bank-wide project or working groups. Such opportunities are advertised on the intranet when available and are further facilitated through targeted discussions between respective line managers. Staff members' skills information, input and updated in the Employee Profile in SuccessFactors, informs placements into Bank-wide working groups.

Interviews with country teams highlighted the importance of decentralisation, especially in terms of client satisfaction. They further articulated the important of mobility – both from HQ to the field and from the field to HQ – in understanding the local context and for the development of skills. Some interviews highlighted a disconnect between business planning and resources, in that there was a lack of flexibility to allow for additional resources when new opportunities arise.

The SCF 2021-25 envisions the potential of expanding the countries of operation, contingent on the Board's approval, which will bring new additional resource implications.

Element 3.3.3

The MO's evaluations or other internal reports demonstrate that delegated authority is being exercised according to existing policies.

Evaluations and internal reporting confirm delegated authority is being exercised, including through Investment Frameworks.

This element is rated as **satisfactory**, reflecting EBRD's progress in implementing delegated authority on a risk basis in line with good practice to enhance operational agility.

The EBRD defines its threshold of delegated authority as EUR 25 million investment projects under Investment Frameworks. The management has the option to propose stand-alone projects below EUR 10 million to the Board for approval under "no-objection" procedures. According to these thresholds, the delegation of authority follows three pathways: delegation to OpsCom, delegation to SBIC, or delegation to a Designated Approver. More information on Investment Frameworks and related policies can be found in Element 3.3.1. Between 2016 and 2023, on average 55% of projects benefited from the delegation of authority, ranging from 44% in 2016 to 62% in 2021.

The 2022 financial report highlights that “a number of frameworks for smaller projects are considered by the Small Business Investment Committee or by senior management under a delegated authority framework supervised by the Operations Committee. The project approval process is designed to ensure compliance with the Bank’s criteria for sound banking, transition impact and additionality. It operates within the authority delegated by the Board, via the President, to approve projects within Board-approved framework operations.”

Examples of such frameworks include the € 2 billion Resilience and Livelihoods Framework, which allowed for expedited approval through Delegated Authority for projects up to EUR 25 million.

Element 3.3.4

The MO has made efforts to improve or sustain the delegation of decision-making for investments and other operations in line with organisational priorities and client needs.

In 2019, EBRD expanded the threshold of delegated authority to € 25 million for framework projects and € 10 million for stand-alone projects, with quantifiable improvements to efficiency.

This element has been rated as satisfactory, reflecting EBRD’s ongoing efforts to reduce decision-making time through process and systems modernisation and delegation of authority. Performance could be improved through clearer reporting on progress against institutional benchmarks, demonstrating return on investment and identifying lessons.

Since 1992, the EBRD has been undertaking efforts to improve the delegation of authority. The last milestone was the officialization of a pilot programme in March 2019, which was introduced under the OE&E Programme, where the threshold of delegated authority expanded to € 25 million for framework projects. It has also given the management an option to propose stand-alone projects below € 10 million to the Board for approval under the “no-objection” procedures. These measures have resulted in quantifiable improvements; for example, a decrease in approval time from 2.5 weeks on average to three to seven days.

The OE&E worked to streamline the investment approval process to enable faster client response and increased focus of Banker’s time on client facing activities through differentiating product structuring processes. This resulted in reduced process time of Staff estimated at 70 hours per deal, primarily made up of answering DAQs and onboard attendance, and a faster client response time.

From 2016-2023, the average time from approval to signing was around 29 weeks for projects requiring Board approval compared to 13 weeks for projects delegated to Management. Over this period, there has been a slight trend towards a shortening of the required time. The average size of projects requiring Board approval was € 46 million compared to € 7 million for those approved under delegated authority. From 2016-2023, on average 55% of projects were delegated to Management, 16% in terms of commitment volumes.

Table 58. Share of projects approved under delegated authority

	2016	2017	2018	2019	2020	2021	2022	2023	2016-2023
By number of projects	44%	55%	57%	59%	57%	62%	56%	52%	55%
By commitment volume	9%	15%	18%	19%	15%	23%	14%	14%	16%

Source: EBRD.

MI 3.4: The MO's HR systems and policies are performance-based and geared to the achievement of results.

Element 3.4.1: The MO has a system in place that requires all staff, regardless of seniority, undergo a performance assessment.

- Element 3.4.2 There is evidence that the performance assessment system is implemented systematically by the MO for all staff in line with the required frequency.
- Element 3.4.3 The MO's performance assessment and incentives systems are linked to organisational priorities around financial performance, additionality and impact as outlined in the strategic vision.
- Element 3.4.4 The MO's staff performance assessment is applied in decision-making on promotion, incentives, rewards etc.
- Element 3.4.5 The MO has a clear process in place to manage disagreement and complaints regarding staff performance assessments.
- Element 3.4.6 The MO has processes in place to support Diversity, Equity and Inclusion (DEI) in the workplace.
- Element 3.4.7 The MO has processes in place to assess staff engagement and the working environment, including measures to report and follow up on identified issues in a transparent manner.

Table 59. KPI 3 – MI 4 ratings

MI / Element	Rating	Score	Confidence Level
MI 3.4	Satisfactory	3.00	Medium
Element 3.4.1	Satisfactory	3	Medium
Element 3.4.2	Satisfactory	3	Medium
Element 3.4.3	Satisfactory	3	Medium
Element 3.4.4	Satisfactory	3	Medium
Element 3.4.5	Satisfactory	3	Medium
Element 3.4.6	Satisfactory	3	Medium
Element 3.4.7	Satisfactory	3	Medium

MI 3.4 Evidence confidence

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- EBRD (2016), *Driving Performance through a Focus on Employee Engagement – 2016*, EBRD, London.
- EBRD (2016), *Guidance Note for Bank Personnel: Code of Conduct Rule 2,* EBRD, London.
- EBRD (2017), Diversity Inclusion and LGBT, www.ebrd.com/news/events/diversity-inclusion-and-lgbt.html (accessed on 11 January 2024).
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- EBRD (2020), *Engagement Survey Results – Initial insights*, EBRD, London.
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- EBRD (2021), *Engagement Survey November 2021 – Initial insights,* EBRD, London.

- EBRD (2021), *Procedure: Performance Management and Development*, EBRD, London.
- EBRD (2022), *Bank-wide Annual Engagement Action Plan – 2022*, EBRD, London.
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- EBRD (2023), *EBRD Staff Handbook*, EBRD, London.
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- EBRD (n.d.) *Addressing Staff Grievances*, EBRD, London, https://www.ebrd.com/downloads/about/sgri.pdf.
- EBRD (n.d.), *Guidance on Setting Effective Objectives and Personal Development Goals*, EBRD, London.

MI 3.4 Analysis

Element 3.4.1

A system is in place which requires all staff, including senior staff, to undergo performance assessment.

In addition to ongoing and informal feedback from managers, staff performance is reviewed at least twice a year against objectives established with their managers. EBRD's performance management framework sets out the program structure, processes and definitions for staff to undergo formal performance assessment. A cloud-based system is used to support this framework.

This element has been rated as **satisfactory**, reflecting EBRD's progress achieved in implementing a systematic performance review process across staff in line with established good practice across MDBs.

In 2021, the EBRD has updated its Performance Management and Development Procedure for staff performance management and development. The annual performance management cycle consists of three key milestones: Objective setting, Mid-year Reviews and Year-end Reviews.

The Staff Handbook document describes the Year-End performance and development review process for all staff who have performed their duties and responsibilities at the Bank for at least four months during the relevant Performance Review Period (which follows the calendar year). The procedure is supported by a number of guidance materials which are shared with staff for each performance management cycle and are openly available on the intranet or through ServiceNow.

The year-end review consists of a self-assessment by the staff member of their performance over the review period, an assessment from the line manager of the staff member's performance as well as can include input from an additional matrix manager (in case such a relationship exists for the role or in case the employee has changed reporting lines during the review period). Obtained through a somewhat separate, yet aligned process, the year-end review program also offers the opportunity to ask for input from 360 feedback providers supplementing the line manager's own assessment. Line managers are asked to assign a recommended performance rating that reflects a combination of the staff member's performance against their individual performance goals set for the year in collaboration with their line managers as well as the Bank-wide behavioural competencies (Leading the Way). Throughout the year, line managers are encouraged to provide continuous feedback on performance, so that adjustments can be made instantly.

The recommended rating gets then reviewed at department and group level calibration sessions. Calibration involves line managers coming together to discuss the performance of individuals in comparable roles at similar levels. This ensures fairness and consistency in how performance ratings are applied across the business, taking into consideration the complexity of the staff members' objectives and the impact of their achievements. Following calibration, line managers should update the staff member's performance and development review to reflect any relevant additional feedback shared during the calibration discussion.

The Managing Director, Human Resources and Organisational Development establishes the Performance Review framework outlining the intermediate steps in the performance review process and a performance review schedule that prescribes timelines for the aforementioned intermediate steps.

The procedure also includes provisions for sub-standard performance management as well as training and professional development. In the event of substandard performance, and if it could not be addressed outside of the formal process, the line manager will formally inform staff on the specific performance issues and what improvements are required with a set review date to reassess performance. If performance persist to be sub-standard, the line manager, in consultation with the HR department, will discuss with the staff member and inform in writing the specific issues, what improvements are required, the support the staff member receives to address the issues and by when improvements should be made, and the fact that failure to improve may result in demotion or termination.

Element 3.4.2

There is evidence that the performance assessment system is systematically and implemented by the organisation for all staff and to the required frequency.

The EBRD sets the performance review period as 12 months and is applicable to all staff who have been engaged in their duties for at least 4 months. There is clear evidence that these policies are implemented, with an overall completion rate of 83% in 2022.

This element has been rated as satisfactory, reflecting EBRD's progress achieved in implementing a systematic performance review process across staff in line with established good practice across MDBs as well as initiatives undertaken to promote awareness and compliance.

The staff handbook outlines the Procedure for Performance Management and Development, which stipulates the performance review cycle shall be a 12-month period. All staff who have performed their duties and responsibilities at the bank for at least 4 months during the relevant performance review period shall undergo a performance review. This includes staff under regular/fixed-term contracts and under short-term contracts that meet the time length criteria, but not contractors. The Managing Director, Human Resources & Organisational Development may grant a deviation from a requirement in the procedure.

The overall completion rate for performance management system in 2022 – including self-assessment, manager assessment, and acknowledgement of performance rating – was 83%. Objective setting (i.e. the % of staff who have set annual objectives) is regularly monitored throughout the year. For example, for 2022 the Bank reported 81% of staff who completed their objective setting process (including discussion with line managers). In 2021 and 2020 the same activity was reported as completed by 81% and 85% respectively.

During the period of mid-year and year-end reviews, regular reporting ensures that the process is being followed as per the timelines communicated to staff. These reports focus on completion of steps to adhere to the program deadlines. In addition, at year-end, the performance rating distribution is also carefully monitored to help ensure a smooth running of the calibration sessions designed to ensure fairness and transparency of the rating allocation.

Annually, the Human Resource and Development Department produces a set of briefing materials for staff and line managers highlighting the Bank's performance management goals and providing guidelines for the execution of permanent management tasks for the closing year. These goals include the maintenance of EBRD's performance culture by managing individual performance with an emphasis on the performance conversation and assessing both what has been delivered and how and the continual recognition of individual contribution in globally and often personally challenging circumstances. The guidelines include a schedule of activities, roles and responsibilities, recommendations and learning resources, which are made available as part of every formal performance management period within the year (objective setting, mid-year and year-end as part of the guidance provided, but resources are permanently established on our Learning Management Platform). Guidance regarding setting objectives is also clearly linked in the online objective form directly where annual objectives are to be entered.

Consultants are measured against the objectives of their contract (as outlined as part of the procurement process/ contracting). Temporary staff (CCTs) are not staff members of EBRD but of external organisations; as such, they are not included in the Bank-wide process.

Element 3.4.3

The performance assessment system is clearly linked to organisational improvement, particularly the achievement of corporate objectives, and to demonstrate ability to work with other entities.

Performance assessment at EBRD considers achievement of objectives as well as technical and behavioural competencies. Efforts have been made to promote the alignment of performance objectives with institutional goals. Performance-based compensation is used for all staff.

This element has been rated as satisfactory, reflecting EBRD's progress achieved in implementing performance-based compensation and aligning performance incentives with key institutional priorities such as transition impact and managing performance, mobility and staff development based on defined competencies.

The procedure for performance management and development states that following consideration of the staff member's self-assessment, a written assessment that includes the assessment of the staff members duties and responsibilities, technical competencies, achievement of agreed objectives and behavioural competencies shall be prepared by the relevant line manager, or managers in the event that the staff member reports to more than one manager. The staff member is then assigned an overall performance rating reflective of individual performance, relative performance compared to peers as an outcome of calibration sessions, and contribution to the relevant organisational unit to include workload, output, complexity, and impact.

The Human Resources and Organisational Development department updated in 2021 guidance to promote the alignment of performance objectives with personal and institutional goals, which is shared with all staff as supporting materials for each performance management process step. The corporate scorecards align objectives and incentives across the organisation. Furthermore, the Bank implements performance-based compensation, which includes targets for the Banking team for Expected Transition Impact and Portfolio Transition Impact. In relation to incentives for cross-thematic prioritisation, there is crowding out of inclusion due to the prominence and high targets/incentives for green investments. Similar challenges exist to carry out policy dialogue reforms.

Guidance on objective setting articulates that every staff member should have 3-5 objectives that represent the deliverables for the upcoming and the criterion on which success is to be measured. Objectives are always assessed against what are the achievements (measurable) and how has the staff member achieved the objective (demonstrating the Bank's competencies). Objectives center around five broad categories, including risk, strategy (required of all staff), leadership and management (required of all staff with management responsibilities), those related to other on-going responsibilities in the staff member's purview, and personal development goals (required of all staff).

Indications are that there is room for improvement in setting objectives for staff. Feedback from staff engagement surveys indicates, however, that there is scope to improve the clarity of goals and their prioritization to ensure alignment with organizational delivery. Further, a 2020 external review of the impact management system of the EBRD recommends further aligning staff incentive systems to the achievement of impact as well as financial performance.

The Bank's reward package is designed and managed based on five guiding reward principles, which state that rewards should (i) be competitive in order to attract and retain high calibre staff members from a wide range of shareholder countries, (ii) promote a culture where consistent high performance and behaviours that reflect the EBRD values and competencies are recognised and rewarded, (iii) facilitate mobility in support of business objectives and continued staff development, (iv) deliver a high quality package benefits on a global basis which provides an appropriate level of security and is relevant to a diverse staff member base, and (v) engage with staff members through an open and transparent Total Reward process.

The Bank provides a number of formal (local and international transfers or reassignments, secondments) and informal (skills sharing, rotations) mobility opportunities to staff to further their career and increase skill levels. All staff members are eligible for consideration for a mobility opportunity, provided there is an available vacancy, and they demonstrate the relevant skills and experience to perform the role.

In 2018 the Bank introduced well-considered organisation design principles, that guide all structural and developmental enhancements for a healthy organisation, supporting the Bank's business objectives and behaviours, enabling flexible responses to the business landscape externally and priorities internally.

Element 3.4.4

Staff performance assessment is applied in decision-making on promotion, incentives, rewards, sanctions etc.

Performance assessments are considered when determining advancement, promotion, demotion, or termination. All eligible staff (regular and fixed term staff members appointed to positions that are not eligible for overtime pay) are subject to performance-based compensation.

This element has been rated as **satisfactory**, reflecting EBRD's progress achieved in linking promotion, compensation and staff development to the performance management system and a competency framework.

The staff handbook outlines that consideration for promotion or advancement of a staff member takes into account (i) the Staff member's qualifications, skills, experience, performance, developmental needs and the assessed ability to assume higher responsibilities and (ii) the operational needs of the Bank.

Substandard performance in a staff member's performance assessment may result in demotion or termination, in the event deficiencies are not improved concurrent with an established improvement plan.

Criteria for promotions and requirements for all types of roles at all levels in the organisation are published in the People Management Framework, outlining the skills and expertise required. This tool and other supplementary materials provided to all staff via the Intranet is used for development conversations between line managers and staff members.

The Bank implements performance-based compensation based on achievement of a staff member's business objectives, application of identified behavioural competencies required to achieve the objective and the follow-up on personal development goals as agreed at the beginning and throughout the year during the Performance Management process, for Banking teams this may include targets for Expected Transition Impact and Portfolio Transition Impact for the Banking team. In addition, staff with people management responsibilities are advised to enter (and therefore are rated against) an objective under ‘Leadership and Management’.

Staff who are part of the Corporate Leadership Group (CLG) are also advised to add a ‘Corporate Risk’ objective and are expected to be assessed against this criterion as well as, from 2024 against the objective ‘Building an environment that supports Hybrid Working’. The Bank follows a performance assessment process that is clearly outlined and explained to staff and line managers via various communication channels, management and the Board discuss annually the Bank’s overall performance and the resulting scope for the budget to implement performance awards. The budget is then allocated across the organisation (at department level) following a set formula.

Staff engagement survey results highlight that there could be improvements in terms of visibility of growth opportunities, specifically better and close coaching from management and more feedback, continuous performance discussions, and more clarity around objectives and what rewards will result if they are achieved. The tools for this are in place, people managers continuously work to improve the quality of development conversations with staff. The 2023 Staff Engagement Survey results show that the ‘Growth’ markers of ‘Growth’ and ‘Accomplishment’ noted an upwards rating movement.

Element 3.4.5

A clear process is in place to manage disagreement and complaints regarding staff performance assessments.

The performance assessment system allows staff the opportunity to provide feedback on the assessment received, and to write comments on reports of substandard performance. Grievance mechanisms are in place for staff to seek redress of administrative decisions.

This element has been rated as **satisfactory**, reflecting EBRD’s progress achieved in implementing a system to manage disagreements and complaints around performance assessments through an appeals and administrative review process in line with established good practice across MDBs.

Performance assessments identifying substandard performance initiate a process whereby the line manager discusses the specific aspects of performance that do not meet standards and what improvements are needed resulting in a summary note, including what help the Bank provides to address the shortfall. Staff members are invited to provide their own written comments in response to these notes. If the issue can be addressed within the agreed timeframe, the process for substandard performance is closed. If the issue is not addressed, further steps can be taken by the Bank to discuss how to resolve the shortfall.

A staff member also has the opportunity to seek advice prior to making use of formal channels: (i) using the Ombudsperson, an independent resource, providing alternative, informal conflict resolution services to all staff, and (ii) the Staff Legal Adviser, who provides advice to staff members on legal matters related to their employment at the Bank.

The EBRD maintains an internal justice system containing an Administrative Review Process and an Appeals Process, which establish a graduated and defined three-tier appeal mechanism under which a staff member can seek redress of any administrative decision that adversely affects him or her. The system is comprised of normal administrative channels, an Administrative Review Committee issuing recommendations to the President (formerly the Grievance Committee) and an Administrative Tribunal, whose decisions on appeals submitted by staff members are final and binding. The Tribunal is comprised of five members who are nationals of different member states are not allowed to be current or former staff members or members of the Board of Directors or of the Board of Governors. They are appointed by the board of Directors on recommendation of the President in consultation with the MD Human Resources and Organisational Development, General Counsel and Staff Council. The members are to act independently and impartially.

The performance assessment process gives the opportunity to staff to provide written comments in response to the assessment. Mediation is possible at various stages of the Administrative Review Process, including though the Bank's Ombudsperson. At any time during the Administrative Review Process a staff member may request mediation, with agreement by the MD Human Resources and Organisational Development, at which point the Administrative Review will be stayed for the period of mediation, but no longer than 25 days.

Element 3.4.6

The MO has processes in place to support Diversity, Equity and Inclusion (DEI) in the workplace.

EBRD is committed to diversity, equity and inclusion, as reflected by corporate statements and its Diversity and Inclusion (D+I) Policy (as of 2024, referred to as DEI). There are also several employee networks that promote awareness of diversity and inclusion issues.

This element has been rated as **satisfactory**, reflecting EBRD's progress achieved in managing disability and inclusion through a robust policy framework, employee networks and senior level champions in line with established good practice across MDBs. EBRD is now tracking diversity metrics and trends across the institution and reporting will be expanded in future.

The EBRD is committed to the principles of diversity and inclusion and strives to build an inclusive culture. The diversity and inclusion agenda is led from the top. Within the updated policy the Executive Committee commits to a series of 3-year diversity and inclusion action plans which they are responsible for owning, supporting and implementing. The action plan contains objectives, strategies and ambitions in relation to the principles set out under this policy. Progress against this action plan is reviewed annually by the Executive Committee and the Board. The EBRD through its staff code of conduct promotes a work environment free of harassment, sexual harassment, bullying or abuse of authority. Furthermore, the Bank recognises its multicultural nature and encourages respect and tolerance for different cultures, beliefs and backgrounds.

This is further enshrined in its Diversity and Inclusion Policy (2022). In terms of supporting D+I, the Diversity and Inclusion Policy notes that EBRD will avoid all forms of discrimination and that it will take appropriate steps to support diversity and inclusion in the workplace. Specifically, it notes that "where, for example, members of a specific group are under-represented or where the work environment is not sufficiently adapted to the needs of a specific group the Bank may deem necessary to take appropriate action, such as, encouraging applications from under-represented groups in its recruitment efforts. It may provide learning and development opportunities to help the staff gain the skills required for their role and identify other tailored measures aiming to support the Bank's strategy to address under-representation and equal opportunities."

It outlines six goals: (i) for managers to demonstrate effective awareness and leadership especially in areas of diversity and inclusion, (ii) better representation of under-represented groups at all levels, (iii) enhance the Bank's inclusive working environment, (iv) better work-life integration, (v) for Bank personnel to show respect and tolerance for varied cultures, beliefs and backgrounds and avoid behaviours that constitutes harassment or bullying, and (vi) for managers and employees to show respect for diversity in accordance with Staff regulations and the Code of Conduct. The AEB, Staff Regulations, and Staff Handbook all note the importance and intention to recruit "on a wide geographical basis among members of the Bank".

The Bank has a Diversity Steering Group (DSG), chaired by a Diversity Champion who is a member of the Executive committee. The DSG supports the implementation of the principles set out in the Diversity and Inclusion Policy, including through the following:

I. Contribute to, endorse, prioritise, and monitor EBRD's D&I strategic initiatives and objectives to ensure action is coordinated in line with the Bank's mandate and business objectives;

II. Visibly promote, communicate and lead D&I efforts, help EBRD learn from setbacks and celebrate successes along the way;
III. Provide input and feedback on both internal and external engagement for key diversity initiatives e.g., policies, guidance and EDGE certification;
IV. Review the D&I annual progress report on the implementation of the D&I policy;
V. Provide guidance and support to the Employee Networks on the development and implementation of their programs;
VI. Advise Management on strategies and initiatives to achieve a fully diverse and inclusive workplace.
VII. Participate and represent the EBRD in appropriate diversity-related topics either internally or externally; and
VIII. Provide visible leadership and role modelling in the support and promotion of diversity and inclusion.

The members of the DSG are selected by the Chair in consultation with the President and MD, HROD, and will include the Director, Talent and Performance Management, with the Principal, Diversity and Inclusion acting as the Secretariat of the DSG. The DSG meets on a quarterly basis or as often as convened by the Chair and in addition meet quarterly with representatives of the Employee Networks and Staff Council.

There are a number of employee networks, including African-Caribbean, Asian, disAbility, EBRDconnect, EBRD Family, Spectrum (LGBTQ+) and Young Professionals that contribute to diversity and inclusion at EBRD. They promote and increase awareness of diversity and inclusion issues as well as sponsoring and coordinating events across EBRD's countries of operations. For example, activities may be arranged by the networks to address potential issues, such as a panel in Türkiye in 2023 'Why LGBTQ+ inclusion matters for business and the community'.

Starting in 2023, EBRD introduced new questions on diversity and inclusion into its staff engagement survey. Results showed some challenges related to the inclusiveness of EBRD and when it comes to non-discrimination in terms of access to the same opportunities at EBRD. In both of these areas, scores were below industry benchmarks. EBRD is addressing these in its most recent staff engagement survey action plan. At the same time, the survey highlighted that staff generally feel comfortable being themselves at work, largely driven by personal confidence and by managers and colleagues that take interest in or care about their colleagues.

Prior to 2022, EBRD did not track any specific internal D+I metrics, including through its corporate scorecard. Starting in 2022, however, EBRD adopted a new set of questions that allow it to track for internal use a broader range of demographic metrics, including ethnicity, religion, disability, sexual orientation. This is now tracked internally though a Diversity & Inclusion Progress Report. As of 2023, female representation at the CLG level remains stable at 41%.

Element 3.4.7

The MO has processes in place to assess staff engagement and the working environment, including measures to report and follow up on identified issues in a transparent manner.

EBRD regularly conducts surveys to assess staff engagement. Completing these surveys is entirely voluntary and anonymous. In response to these surveys, the Bank establishes action plans to address issues. This is further supplemented by Staff Council efforts.

This element has been rated as **satisfactory**, reflecting EBRD's progress achieved in implementing an ongoing staff engagement process, including continuous feedback, in line with established good practice across MDBs. Staff engagement has remained challenging in the context of ongoing transformation and EBRD has responded through enhanced engagement and platforms for staff to express their concerns.

The Bank engages and puts emphasis on continuous listening, which includes regular engagement surveys (annually for all staff, and for departments where there is appetite for a more continuous way of listening, monthly or quarterly frequency is enabled). EBRD considers the results and comments of the engagement survey and develops action plans on team and department level, as well as at Bank level, headed by the members of the Executive Committee) to address issues. The annual Bank-wide Engagement Action Plan is sponsored by members of the Executive Committee and the initiatives and actions included focus on improving areas of concerns raised in the staff engagement surveys. Updates to these initiatives and the overall plan are communicated regularly to all staff via the intranet or Presidential townhalls.

The EBRD Staff Council is a body of staff representatives elected by all staff to present their views to Management and the Board of Directors (for information) on matters pertaining to personnel policies, conditions of service, pay and benefits, and the adherence to procedures for the consideration of complaints and grievances of individual persons. Its objectives are to be a supporting voice to the rights and interests of EBRD staff, to represent their interests in relation to policies and practices affecting terms of employment and staff welfare, and to ensure staff have a collective voice to express their interests. It achieves these objectives by maintaining a channel of communication with management and HR, providing staff with information about developments affecting their interests, acting as the representative for staff with management and HR on matters of common staff interest, promoting staff rights, studying critical areas of management-staff relations with a view to recommend solutions and identify opportunities for improvement, financial support of social and cultural activities, which may impact the organisational structure of the EBRD and as such effect on EBRD staff. The Staff Council Survey is a monitoring tool that analyses staff view related to their employment in the Bank and documenting trends and changes.

The overall Bank-wide annual employee engagement score is tracked in the corporate scorecard. (Table 60) Although it has no articulated target, it informs the annual assessment of the performance of the Bank. In addition to assessing engagement levels at Bank-level, the results are also being made available to individual line managers in teams where 4 or more responses have been received. EBRD administers these surveys via a cloud-based application (introduced in 2020), which also offers managers an online dashboard to track and review their team’s feedback from the staff engagement surveys. This dashboard enables managers to understand, what are the key priority areas to pay attention to from the employee feedback, what key drivers/ segments of the employee experience are positively regarded by staff and where they think there are opportunities to improve the experience. The application also allows EBRD to benchmark its staff engagement scores (overall as well as for each standard questions selected from the engagement vendor’s standard question set) to the Finance Sector clients of the vendor (including several IFIs). Internal benchmarking of results is also available as are ways to share the survey feedback with the teams. In addition, the platform also offers ways to track agreed actions and hosts a wide variety of micro-courses and learning opportunities.

Beginning in 2023, EBRD introduced a new approach to survey to allow for improved continuous engagement through quarterly surveys, with positive feedback from staff.

In addition to looking at the results on Bank-level, division/ department-level and team-level relevant program teams (such as D+I, Transformation Office, Hybrid Working) also contribute to the core question set included in the surveys. They also receive a high-level overview if the relevant feedback from the staff engagement surveys to inform the work they do to improve the related experiences for staff.

The Bank reviews the Staff Engagement Survey feedback closely and creates action plans that are published on the intranet. A review of the action plans shows that these plans focus on the areas of poor performance, identify actions for improvement, and articulate specifically articulate how success will be measured. Survey questions also seek feedback on the follow-up activities from action plans, which provides an additional lever to management to ensure agreed actions are followed through.

As shown in the Corporate Scorecard, there has been a deterioration in the staff engagement ratio since 2020 when EBRD score in the 'middle range' against benchmarks to the bottom 25% in 2021. It further decreased to the bottom 10% in 2022. 2023 saw an increase back to the bottom 25%.

Table 60. Staff Engagement Ratio Indicator Reported in Corporate Scorecard

	2017	2018	2019	2020	2021	2022	2023
Staff Engagement Ratio *	3.8	3.8	3.9	7.6	7.3	7.0	7.2

Source: EBRD Staff Engagement Survey Results Reports. *Note: Change of Assessment Methodology in 2020 (moving from Gallup to Peakon).

In times of organizational change and transformation, staff engagement often becomes a challenging endeavour. Amidst the uncertainty and shifting dynamics, employees may experience feelings of apprehension, fear, or resistance to change. Maintaining high levels of engagement requires transparent communication, empathetic leadership, and clear articulation of the organization's vision and goals. Moreover, providing avenues for employees to voice their concerns, participate in decision-making processes, and feel valued for their contributions becomes crucial. EBRD introduced multiple touchpoint opportunities for staff to provide views and get more insight into the Transformation activities: creation of a number of change champion groups, transformation updates and newsletters available on the intranet, updates by the VP and CTO in Bank-wide Townhalls, focussed engagement at Managing Director level and targeted questions in the Staff Engagement Survey (Bank-wide annual survey, monthly/ quarterly departmental surveys).

KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability.

Table 61. KPI 4 ratings

KPI / MI	Rating	Score
KPI 4	Satisfactory	**3.39**
MI 4.1	Highly Satisfactory	3.60
MI 4.2	Satisfactory	2.75
MI 4.3	Satisfactory	3.00
MI 4.4	Highly Satisfactory	4.00
MI 4.5	Highly Satisfactory	3.80
MI 4.6	Highly Satisfactory	4.00
MI 4.7	Satisfactory	3.00
MI 4.8	Satisfactory	3.00

MI 4.1: The MO demonstrates transparent decision making for approving investments and other operations, consistent with priorities over time.

- Element 4.1.1: An explicit organisational statement and/or policy is available that clearly defines criteria for identifying and approving investments and other operations based on additionality, financial sustainability and development impact as appropriate.
- Element 4.1.2: The MO's highest priority themes/countries/areas of intervention are set out in the current strategic vision and are assessed at the portfolio-level.
- Element 4.1.3: The MO's approval criteria are flexible and allow for adaptation in different contexts and as market conditions change.

- Element 4.1.4: The MO's strategy is regularly reviewed and updated reflecting portfolio level reviews and results.
- Element 4.1.5: The MO has processes in place to assess the economic rationale for applying blended concessional finance in accordance with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations.

Table 62. KPI 4 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 4.1	Highly Satisfactory	3.60	Medium
Element 4.1.1	Highly Satisfactory	4	Medium
Element 4.1.2	Highly Satisfactory	4	Medium
Element 4.1.3	Satisfactory	3	Medium
Element 4.1.4	Satisfactory	3	Medium
Element 4.1.5	Highly Satisfactory	4	Medium

MI 4.1 Evidence documents

- EBRD (2015), *Strategic and Capital Framework 2016-2020*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2017), *Staff Guidelines for the Use of Concessional Finance Products in EBRD Operations*, EBRD, London.
- EBRD (2018), *A Guide to EBRD Financing*, EBRD, London, www.ebrd.com/news/publications/guides/a-guide-to-ebrd-financing.html.
- EBRD (2018), *EBRD's Enhanced Approach to Additionality – Board Information Session,* EBRD, London.
- EBRD (2018), *EBRD's Enhanced Approach to Equity – Pilot Kick-off*, EBRD, London.
- EBRD (2019), *Strategy Implementation Plan 2019-2021*, ERBD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2020), *Enhanced Approach to Additionality – Quick Reference Guide*, EBRD, London.
- EBRD (2020), *Independent Impact Management Verification*, EBRD, London, www.ebrd.com/verifier-statement.pdf.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), Risk Appetite Statement, EBRD, London.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2022), *Staff Guidelines for the Use of Blended Concessional Finance – 2022 Update*, EBRD, London.
- EBRD (2022), *Strategy Implementation Plan 2022-2024,* EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2023), *EBRD Insurer Mobilisation Progamme*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395295158898&d=&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2024), *Operating Principles for Impact Management: EBRD Disclosure Statement*, EBRD, London, www.ebrd.com/operating-principles.pdf.
  EBRD (2024), *Operations Manual*, EBRD, London.

MI 4.1 Analysis

Element 4.1.1

An explicit organisational statement and/or policy is available that clearly defines criteria for identifying and approving investments and other operations based on additionality, financial sustainability and development impact as appropriate.

EBRD's operations are guided by the three main operating principles of sound banking, additionality, and transition impact which are clearly stated in its founding documents. These principles are translated into operational guidelines and investment and lending standards through a comprehensive Operations Manual.

This element is rated as **highly satisfactory** based on the clarity and public availability of criteria for identifying and approving investments and other operations in line with good practice.

The Agreement Establishing the EBRD present three main operating principles: sound banking, additionality, and transition impact. It specifically states that the Bank shall apply sound banking principles to all its operations and shall not undertake any financing or provide any facilities when the applicant is able to obtain sufficient financing or facilities elsewhere on terms and conditions that the Bank considers reasonable. In addition, the Bank promotes environmental sustainability in all its operations.

The Operations Manual translates all three principles into detailed operational guidelines and investment and lending standards. For sound banking, the main focus is on the banking credit process for which key principles are enunciated including for risk assessment, risk mitigation, and adequate review and challenge. These principles are operationalised through processes and guidelines, and controls throughout the project evaluation and portfolio management process. For additionality, in addition to the principle set forth in the AEB to not substitute for the market, specific guidance is provided in the Operations Manual for assessing both financial and non-financial additionality.

Finally, for Transition Impact, explicit consideration is given to assessing how the development objectives and activities of each individual operation contribute to Transition Impact. This is done by assigning an Expected Transition Impact Score (ETI) which is based on assessing the project's contributions to the six transition qualities: Competitive, Well-governed, Green, Inclusive, Resilient, and Integrated. This impact is also tracked during implementation through the Portfolio Transition Impact Score (PTI).

In 2019, following an internal Additionality Review and consistent with the Harmonised Framework for Additionality, EBRD introduced its Enhanced Approach to Additionality, which introduced a more structured and transparent assessment. While the approach to additionality will still rely on OL's judgement, it will be better structured and provide the counterfactual. The aim is to allow this judgment to be better substantiated through a more structured and transparent presentation. The Enhanced Approach separates projects into two groups: those where additionality is clear and those where additionality is less clear. The Approach introduces a set of triggers that distinguishes between the two groups. In cases where the case for additionality is less clear cut, additional evidence is needed to justify additionality with support from non-banking teams. To make the determination on additionality, OLs also have access to standardised datasets on financing conditions in major markets.

Element 4.1.2

The MO's highest priority themes/countries/areas of intervention are set out in the current strategic vision and are assessed at the portfolio-level.

Priorities are identified in the SCF, and the SIPs identify operational objectives. These are assessed at a portfolio level through multiple reports, including the annual review, the sustainability report, and the transition report.

This element is rated as **highly satisfactory** based on the clarity with which EBRD has identified its priority themes in publicly available strategic documents.

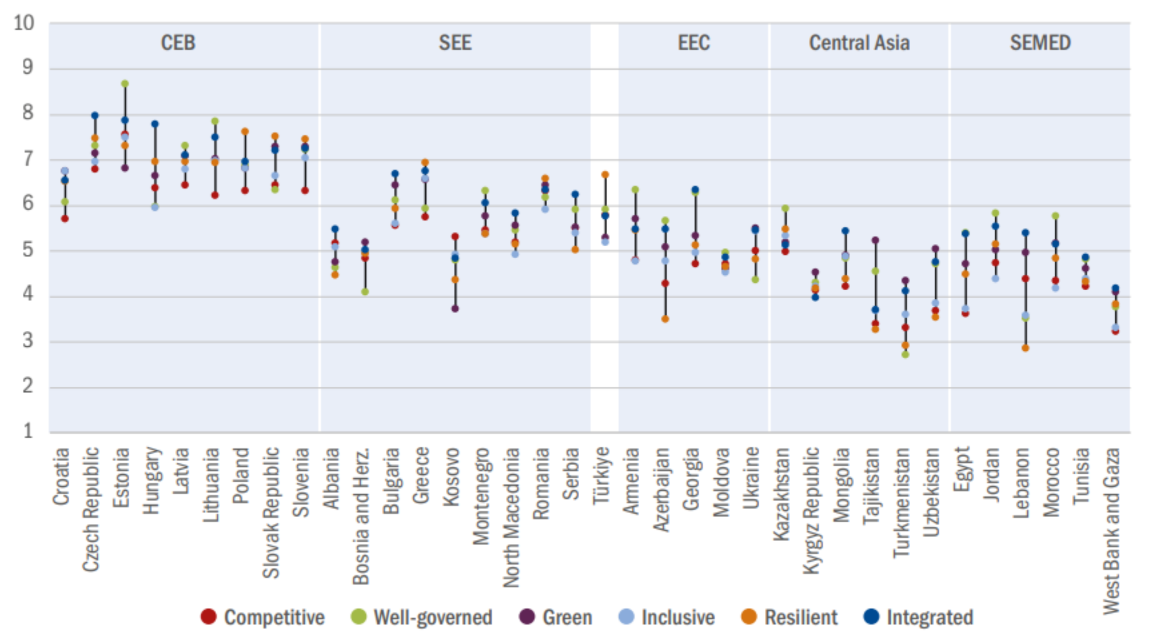
The Strategic and Capital Framework (SCF) sets out the priorities in terms of regions/countries and areas of interventions and themes. The current SCF sets a goal of moving Bank operations progressively towards countries and regions where transition is less advanced, including ETCs, Western Balkans and SEMED.

The Strategy Implementation Plan (SIP) identifies objectives in terms of geographical, sector and product distribution of banking activities. The SIP further presents the corporate scorecard, with specific indicators identified for Transition Impact and Operational Performance.

The Annual Review provides both quantitative and qualitative assessment of priorities, including total investment and specific indicators at the portfolio level. It reports on portfolio level indicators, including annual mobilised investment and the private sector share of the portfolio, both for the overall portfolio and by region. For the overall portfolio, it reports on volume amounts for GET and project totals for EoO and Gender.

The Sustainability Report provides portfolio-level assessment for Green and Gender and Economic Inclusion. The Transition Report provides assessment of progress made on the six transition qualities (see Figure 30). There is also portfolio level reporting to the Board via the Annual Report on Transition Performance (ARTP) and the Quarterly Performance Reports (QPR), which provide the Board with an overview of performance based on transition, operational, financial, and risk parameters.

Figure 30. Figure 4.1 ATQ scores for six transition Qualities - 2022



Source: EBRD Transition Report 2022-2023.

Element 4.1.3

The MO's approval criteria are flexible and allow for adaptation in different contexts and as market conditions change.

The EBRD has flexibility in its approval criteria and can adapt them as the contexts and markets change. EBRD was able to respond rapidly both in launching its COVID-19 Solidarity Package and

in responding to the needs of CoOs affected by the War on Ukraine though the Ukraine Resilience and Livelihood Framework.

This element is rated as **satisfactory** based on EBRD demonstrated experience in applying risk-based, flexible approval criteria, instruments and processes to respond to crises and enhance agility.

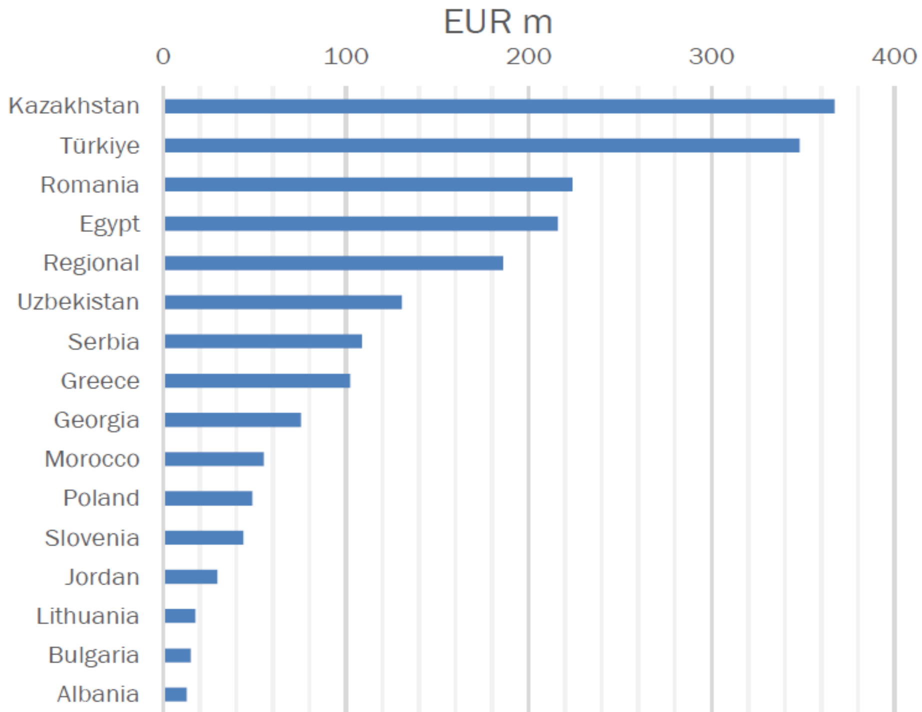
The SCF underlines that “the Bank’s operational environment is volatile and uncertain”, and this requires flexibility in adapting the implementation of the priorities to developments.

Each project under consideration undergoes a “comprehensive and careful assessment of financial, business processes and overall assessment of creditworthiness or equity risk return”. This includes a market due diligence that considers commercial viability of a projects, competitive position of the borrower in the market, and all factors that may impact the short- or long-term demand and supply of the market. Deal pricing is determined based on risk, structure and market conditions.

The operations manual outlines the various procedures for approval, depending on the type/riskiness of deal and level discussion needed. The operations manual further outlines conditions for ‘fast-track’ procedures which allow for procedural flexibility for some transactions when required. Namely this is for situations that have timing limitations such as capital market transactions, time sensitive transactions, or club deals co-financing or co-investments.

In 2014, EBRD introduced its Insurer Mobilisation Program that mobilises the private insurance sector through unfunded risk participations (URPs). URPs are signed on a transaction-by-transaction basis whereby the URP participant takes on the risk exposure of an EBRD loan transaction for a portion of the loan in exchange for a share in the interest margin. URPs allow EBRD to commit larger financing packages and facilitate management of country and borrower limits while allowing EBRD headroom to explore new facilities. This is particularly important in the context of Early Transition Countries (ETCs), where URPs have allowed EBRD to provide financing in circumstances where it was otherwise not possible. (Figure 31)

Figure 31. URP portfolio by country (as of 31 October 2023)



Source: EBRD (2023), EBRD Insurer Mobilisation Programme.

EBRD has shown flexibility in its procedures in its response to COVID and the War on Ukraine.

During COVID, EBRD launched its COVID-19 Solidarity Package, which focused on (i) immediate establishment of a EUR 1 billion resilience framework for existing clients to provide emergency short term liquidity, working capital, trade finance, and restructuring for clients with strong business fundamentals temporarily affected by the crisis; and (ii) urgent exploration of opportunities for increased and targeted investment that respond to evolving challenges in specific markets, reach new clients, and form new financing partnerships with governments, MDBs, DFIs and donors. A key element of the Resilience framework was introducing expedited processes. Without compromising sound banking or compliance standards, Management developed a streamlined OpsCom approach, bringing projects to approval stage as quickly as possible and in project documents of no more than five pages. Under the framework, new financing under EUR 25 million was subject to delegated approval by Management, and projects above EUR 25 million and restructuring were submitted to the Board on a 3-day no objection basis.

Interviews indicated that under the Ukraine Resilience and Livelihood Framework, which covered Ukraine and neighbouring countries, EBRD managed to shorten the governance processes, in particular those related to the Board approval processes. While around 85% of EBRD projects in Ukraine were done under this framework, a more traditional approach was still used for neighbouring countries when possible. The benefit of the framework was that it offered considerable flexibility – while the approval processes remained the same, there was quicker escalation of bottlenecks within the management structure. For example, difficult conversations between the banking department and the risk management department did not go through excessive iterative discussions. Given the urgency, issues were escalated quickly for decisions by management.

Element 4.1.4

The MO’s strategy is regularly reviewed and updated reflecting portfolio level reviews and results.

The main strategic documents – the SCF and the SIPs – are regularly reviewed at the Board level, taking into account portfolio level reviews. This includes the annual SIP process and through the Country Strategy Delivery Reviews (CSDR).

This element is rated as **satisfactory**, reflecting EBRD’s alignment with good practices among other MDBs.

The SCF is prepared on a five-year basis. The formation of the new SCF takes into account the experience of implementing the previous SCF, including operational delivery and performance. While there was no provision for a mid-term review of the first SCF, SCF 2021-25 had a provision for review after one year linked to the COVID-19 pandemic.

The SIP is prepared annually for a three-year time horizon. It likewise includes a discussion of performance of the portfolio. It also includes a discussion of progress towards major initiatives for institutional change, including the OE&E programme and the IT MYIP.

The portfolio is also reviewed annually through the Country Strategy Delivery Reviews (CSDRs), which serves as an opportunity to review performance of the country strategies and portfolio. However, evidence from IEvD reviews and interviews highlight that CSDRs do not constitute a formal Mid-Term Review which documents the mid-course adjustments to the Country Strategy, even when the context has changed. However, CSDRs do describe short-term adjustments and shorter-term focus of the implementation of country strategy in the forward-looking section. In case of crises or if significant changes to the Country Strategy are required, changes are first reflected in an operational approach document (which may cover more than one country) for endorsement by the Board of Directors until a new country strategy is prepared and approved. In the context of recent crises (i.e., both COVID and Ukraine), EBRD has produced strategies to address each crisis. However, the adoption of these institutional strategies at the country level has only been documented as new Country Strategies have been prepared.

Element 4.1.5

The MO has processes in place to assess the economic rationale for applying blended concessional finance in accordance with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations.

The EBRD adheres to the DFI Principles for Blended Concessional Finance in Private Sector Operations and has in place internal guidelines and governance measures for this purpose.

This element is rated as **highly satisfactory**, reflecting the integration of robust processes to scrutinise the economic rationale for applying blended concessional finance into the approval process, including specialised both simplified and in-depth processes depending on the project context.

EBRD's Staff Guidelines for the use of Blended Concessional Finance are aligned with the DFI Guidance for Using Investment Concessional Finance in Private Sector Operations. According to Staff Guidelines from December 2022, all assessments of BCF projects, irrespective of the level of concessionality as mentioned in MI1.4.7, have to consider why is it needed. The standard assessment for private and public sector projects deploying blended concessional finance requires a clear rationale for the use of concessional finance, that only the minimum amount of concessionality needed to make the project viable is used, that the project supports clear paths towards long-term commercial sustainability, and that the project does not distort markets. There is also a simplified assessment for projects with low levels of concessionality.

To support staff and ensure compliance, EBRD has a ‘Blended Concessional Finance Checklist’ (the BCF Checklist) which outlines what is required to justify the use of BCF. EBRD's Impact team reviews the checklist and assigns a rating of “aligned”, “partially aligned” or “not aligned” with the Staff Guidelines with a written explanation of the rating. The assessment covers all BCF principles – Additionality, Minimum concessionally and crowding-in, commercial sustainability, and reinforcing markets. The rating and opinion are shared with the relevant investment approval committee, which approves requests for concessional finance.

Projects that intend to use concessional finance are to flag this in the concept review stage and include the key terms and rationale for concessionality in the concept review memorandum. The completed BCF checklist is required for submission at structure or final review, submitted as an attachment to the structure/final review memorandum. In addition, a summary and conclusions of the assessment are included in the memorandum itself.

EBRD has two blended finance specialists in the Impact team who lead the governance process. The Impact sector teams provide the initial review, with more complex questions being referred to these specialists.

MI 4.2: The MO’s planned investments and other operations are disbursed in accordance with internal policies and pre-agreed conditions set out in investment or advisory agreements.

- Element 4.2.1: The MO has set clear timelines, conditions, and clearance processes for disbursement of planned investments and other operations.
- Element 4.2.2: The MO has processes in place to monitor legal agreements for investments and other operations to identify problems and intervene as appropriate.
- Element 4.2.3: Clear reasons, including changes in context or the client’s situation, are documented for any variances against conditions set out in legal agreements.
- Element 4.2.4: The MO has processes in place to learn lessons and promote the timely and effective implementation of future investments.

Table 63. KPI 4 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 4.2	Satisfactory	2.75	Medium
Element 4.2.1	Satisfactory	3	Medium
Element 4.2.2	Satisfactory	3	Medium
Element 4.2.3	Satisfactory	3	Medium
Element 4.2.4	Unsatisfactory	2	Medium

MI 4.2 Evidence documents

- EBRD (2013), *Guidelines to Loan Disbursements for Non-Sovereign Operations*, EBRD, London, www.ebrd.com/downloads/research/guides/guidelines.pdf.
- EBRD (2018), *A Guide to EBRD Financing*, EBRD, London, www.ebrd.com/news/publications/guides/a-guide-to-ebrd-financing.html.
- EBRD (2019), *Disbursement Handbook for Public Sector Loans*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395255064020&d=&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2019), *Strategy Implementation Plan 2019-2021*, ERBD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *OSM Process Maps – Disbursements*, EBRD, London.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2024), *Operating Principles for Impact Management: EBRD Disclosure Statement*, EBRD, London, www.ebrd.com/operating-principles.pdf.
- EBRD (2024), *Operations Manual,* EBRD, London.
- IAD (2020), *IAR 18/14: Management of operational risk*, EBRD, London.
- IAD (2021), *IAR 20/15: Standardised Approval Measures and Implementation (SAMI) approach to the deferrals of loan repayment schedules – Stage 2: Review the effectiveness of controls*, EBRD, London.
- IAD (2022), *IAR 21/10 and 21/03: Operational Risk Framework (ORF): business implementation and compliance and Risk culture and risk appetite*, EBRD, London.
- IAD (2023), *IAR 23/08: Embedding risk culture through the Operational Risk Framework (ORF) – follow-up review*, EBRD, London.
- IEvD (2021), *Special Study: Technical Paper 6 - Learning and Knowledge Management at the EBRD: Conclusions, Recommendations, and Suggested Actions*, EBRD, London, www.ebrd.com/documents/evaluation/tp6-conclusions-recommendations-and-suggested-actions.pdf.

MI 4.2 Analysis

Element 4.2.1

The MO has set clear timelines, conditions, and clearance processes for disbursement of planned investments and other operations.

The EBRD project cycle specifies that disbursements begin when commercial terms are signed/agreed and conditions precedent to disbursement are met. Loan agreements outline the procedures and conditions to be satisfied prior to disbursement. EBRD provides guidelines available for clients to better understand loan disbursement processes.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's approach with good practices implemented across MDBs.

The EBRD has a set project cycle that defines the conditions and processes for disbursements. Specifically, once the commercial conditions are signed/agreed and the Bank's conditions precedent to disbursement are met, the funds are transferred.

As part of the loan agreement, terms for disbursement procedure and conditions to be satisfied prior to the disbursement of funds is outlined. Internal Process Maps dictate the roles and responsibilities of different units/team members for the processing/release of disbursements for different instruments, including loans, equity, and grants. This includes various clearances needed to process disbursements.

The operations manual outlines that operation leaders (OL) are responsible for monitoring the conditions precedent to drawdown. The Banking Services Department (formerly the Operation Administration Department manages post signing processes for the Bank's projects covering multiple products (including but not limited to non-sovereign loans, sovereign loans, direct equity, donor-funded grants and concessional finance, bonds, guarantees and TFP products), identifying potential risks and problems, alerting relevant stakeholders both internal and external, and providing timely and effective solution to immediate and complex challenges. Banking Services coordinates processing of drawdown applications by checking that conditions have been met and confirming signatures and details are in place. Treasury is involved in drawdowns for on-market transaction agreements that are executed by Treasury. Donor Partnerships is involved in drawdowns from donor and EBRD net income financed cooperation and special funds. The fund allocations are determined by the donor manual, which forms part of the Operations Manual and sets out how various parts of the Bank are responsible for ensuring the donor funds are used in compliance with donor requirements. To enhance process transparency and efficiency, the 'donor funds library' and the 'donor funds tracker' enable the Bank to identify donor funding criteria, fund terms and contributions, as well as funding availability.

EBRD has guideline documents for loan disbursements for both non-sovereign and public operations, to assist clients in understanding loan or credit agreements.

Element 4.2.2

The MO has processes in place to monitor legal agreements for investments and other operations to identify problems and intervene as appropriate.

The EBRD has processes in place to monitor investments and other operations to identify issues concerning transition objectives, social, environmental or other requirements and intervene as required.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's approach with good practices implemented across MDBs.

The Operation Leader. with oversight by relevant Banking Portfolio teams, is charged with active management of the operation, including reviewing and reporting on the operation's progress and credit quality over the life of the project. The OL is likewise responsible for monitoring the conditions precedents to drawdown and covenant compliance.

The Banking Services Department (formerly Operation Administration Department (OAD)) manages post-signing processes, identifying potential risk and problems, alerting relevant stakeholders, and providing timely and effective solutions to immediate and complex challenges. Banking Services is responsible for recording the status of compliance of the legal agreements.

Internal audit found that towards that beginning of the review period there were issues related to the identification and management of operational risks. However, as of 2023, a follow-up audit reported a marked improvement on this, including adherence with the Operational Risk Framework.

Element 4.2.3

Clear reasons, including changes in context or the client's situation, are documented for any variances against conditions set out in legal agreements.

The EBRD explains changes in context or client's situation in reporting.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's approach with good practices implemented across MDBs.

The OL is responsible for monitoring compliance with the ongoing covenants relating to an operation. Interviews confirmed that the OL had the primary responsibility for identifying problems. Each project is reviewed annually, including the financials, compliance with covenants, and forecasts of cash flows. For breaches of covenant, if it is determined that the Bank is comfortable with the situation or with any remedies performed, the issue will be waived. The Bank can further agree with the counterparty to modify the terms and conditions of their agreement though an amendment. Otherwise, the Bank will proceed with the proper enforcement though legal remedies.

The Banking Services team (previously known as the Operations Administration Department) is tasked with the administration on a loan after signing, including the processing of waivers and amendments. If a waiver or amendment is approved, Banking Services prepares an approval memo in consultation with the OL, which articulates the reason for the request, the rationale for the change, and the associated recommendation. This is circulated and the designated approvers, and, once internal approval is granted, a confirmation email is circulated by Banking Services.

In the event problems arise, risk management may intervene when necessary, including transfer to or oversight by Corporate Recovery (CR), confirmed by interviews. Risk maintains a watchlist of projects that may need intervention, including performing assets that need enhanced monitoring (Category 3 and 4) or non-performing assets where oversight is transferred to CR (Category 1 and 2). Refer to element 5.4.3 for more information on EBRD's watchlist processes.

CR may seek to improve impaired operations through:

- commitment of addition investment: additional investment may be committed to prevent further erosion and improve the chance of recovery. If the new investment exceeds EUR 5,000,000 or poses serious reputational risk, Board approval is required.
- restructuring: a project may be restructured in amount ("haircut"), in time (rescheduling) or in reduced priority. Approval procedures vary depending on the level of restructuring and associated credit exposure.

In both cases, Banking Services administers the approval process using the Bank's procedures for approval of amendments, waivers, notices, and consents.

An example of how EBRD has documented changes in context results from EBRD's experience with COVID and its Standardised Approval Measures and Implementation for principal and interest deferrals. Under this approach, within each country and sector, Portfolio and Risk teams assessed and prioritised loans that were eligible for payment deferrals. After confirmation of the terms of deferral, Banking Services prepared a letter of the terms and rationale to be revied and completed by OGC. Implementation of this process was confirmed through an Internal Audit.

Element 4.2.4

The MO has processes in place to learn lessons and promote the timely and effective implementation of future investments.

EBRD has been making progress in improving the processes in place to learn lessons, including improving the self-assessment systems and introduction of a new knowledge and lessons learned database. However, there is a need to accelerate progress and create stronger institutional accountabilities around learning.

This element is rated as **unsatisfactory** on the basis that some efforts to revamp EBRD's approach the Learning and Knowledge Management are still in the early stages of implementation five years following the Kirk Report. Furthermore, most initiatives have addressed the supply of knowledge without reinforcing institutional incentives and accountabilities.

The EBRD is currently amidst improving its self-evaluation systems, in-depth learning from selected operations and themes and the feedback loops to new operations from both self-evaluation and independent evaluation.

The 2019 Kirk Report found that the Bank "needs to develop a medium-term plan for strengthening the self-evaluation system and integrating it with the Bank results architecture". The report identified the following main issues with regard to learning lessons:

- Self-evaluation: The self-evaluation system was in need of repositioning, reform and improvement. As such, Management needs to develop a medium-term plan for strengthening the self-evaluation system and integrate it with the Bank's results architecture. Furthermore, Management needs to 'own' the self-evaluation system, as in practice it had been IEvD who had run the system and presented results.
- Knowledge Management and Lessons: The uptake of lessons drawn from evaluation is weak. Further work is required to strengthen this, including sustained engagement between IEvD and Management on monitoring TI and corporate systems and processes, knowledge sharing and knowledge management, and strengthening institutional incentives to enhance the enabling environment for evaluation.

A subsequent 2021 IEvD study also found that learning processes are not coherent across the EBRD. Consequently, the 2021-2025 Strategic and Capital Framework made it a priority to consolidate and enhance knowledge and lessons learning across the Bank.

In response to the Kirk Report, the EBRD has designed and is now implementing a Learning and Knowledge Action Plan geared towards improving the knowledge and learning ecosystem at the Bank and to improve the learning of lessons. Actions have been taken to strengthen the Knowledge Management and Learning architecture, including the introduction of a new data strategy and strengthening of the KM function. The new data strategy seeks to enhance the link between data, information, and knowledge. There are additionally discussions with the Transformation Office and HROD around the integration of LKM into data, policies/processes, people's' skills and internal mechanisms to promote internal KM. In 2022, VP3 was reorganised to, including the formation of an Impact Pillar that gives KM a more formal status. A KM approach and action plan has been approved in 2022 that will lay the foundation for KM in the institution, strengthen KM in VP3 and commit human and financial resources to KM. A Knowledge and Lessons Learned Database is in the early stages of implementation. This centralised platform will capture and collate lessons from multiple sources across the Bank, including SPAs, TIMS, evaluations conducted by management, and independent evaluations, with a view to better incorporate lessons into new operations. Progress on the action plan is reported to the Board.

The action plan further has sought to overhaul the self-assessment system and strengthen of feedback loops for operations. The former project self-assessments – Operation Performance Assessments (OPAs) – are transitioning to Summary Project Assessments (SPAs), which are expected to provide a broader coverage as well as more efficient and effective for both accountability and learning. SPAs will introduce a more streamlined approach to analysing, reporting, and use of data. For the first time in the self-evaluation process, the SPAs will generate easily accessible and usable data. The SPA template was created and tested through a pilot which was completed in 2023.As of February 2024, SPAs have been launched in an interim format (without IT automation), officially replacing OPAs. This first year of SPAs will be used to collect further feedback and introduce automation.

MI 4.3: The MO applied principles of results-based budgeting

- Element 4.3.1: The most recent organisational budget clearly aligns financial resources with strategic objectives and intended resources as well as the complexity of the operating context.
- Element 4.3.2: The MO produces a budget document that provides clear costs for the achievement of strategic priorities.
- Element 4.3.3: The MO has systems in place to track budget implementation and performance against projections, including for strategic priorities and cross-cutting themes.

Table 64. KPI 4 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 4.3	Satisfactory	3.00	Medium
Element 4.3.1	Satisfactory	3	Medium
Element 4.3.2	Satisfactory	3	Medium
Element 4.3.3	Satisfactory	3	Medium

MI 4.3 Evidence Documents

- EBRD (2015), Strategic and Capital Framework 2016-2020, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2019), *Strategy Implementation Plan 2019-2021*, ERBD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2020), *Strategy Implementation Plan 2020-2022*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2021), *Management comments on the Special Study: Review of Strategy Implementation Plans 2016-2021*, EBRD, London www.ebrd.com/what-we-do/evaluation-latest-reports.html.
- EBRD (2021), *Strategy Implementation Plan 2021-2023*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2022), *Financial Report 2021*, EBRD, London, www.ebrd.com/news/publications/financial-report/financial-report-2021.html.
- EBRD (2022), *Strategy Implementation Plan 2022-2024,* EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2023), *Financial Report 2022*, EBRD, London, www.ebrd.com/financial-report-2022.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- IEvD (2021), *Special Study: Review of Strategy Implementation Plans (2016-2021)*, www.ebrd.com/documents/corporate-strategy/review-of-strategy-implementation-plans-20162021.pdf.

MI 4.3 Analysis

Element 4.3.1

The most recent organisational budget clearly aligns financial resources with strategic objectives and intended resources as well as the complexity of the operating context.

The administrative budget is organised by direct and centrally managed costs, rather than by priority theme. However, incremental changes are discussed by priority theme.

This element is rated as **satisfactory**. Although EBRD's approach differs from other MDBs in that it does not implement budgeting by strategic theme, its approach has proved fit for purpose in controlling the growth of the administrative budget during a period of institutional reform.

The administrative budget is organised on the basis of direct costs (staff and non-staff) and centrally managed costs. The Bank does not organise the budget information on the basis of the cross-cutting strategic and thematic priorities of the SCF, as confirmed by a Special Study of the Evaluation Department. EBRD's management in its response to the IEvD study noted that they recognise "there would be merits in having other perspectives, namely cost allocations per key strategic priorities and activities. This journey that has started in the most recent SIP will take some time and is very much on the radar of senior management."

The SIP, however, does outline key movements in the budget, as related to SCF priority areas. (Table 65)This is accompanied with a discussion of these movements in budget.

Table 65. Key Movements in the 2023 Budget for SCF Priorities (£ million)

	Proposed	Saving	Net	Increase
SCF Priorities	**10.8**	**(6.6)**	**4.2**	**1.0%**
War on Ukraine	2.1		2.1	
SCF Priorities – Green	1.8		1.8	
SCF Priorities – Equality of Opportunities	0.3		0.3	
SCF Priorities – Digitalisation	0.9		0.9	
Reinforcing Delivery	5.2		5.2	
Algeria	0.5		0.5	
Efficiencies		(6.6)	(6.6)	

Source: SIP 2023-2025.

Element 4.3.2

The MO produces a budget document that provides clear costs for the achievement of strategic priorities.

While the budget is not organized thematically, it includes a discussion of net resource needs.

This element is rated as **satisfactory.** Although EBRD's approach differs from other MDBs in that it does not implement budgeting by strategic theme, its approach has proved fit for purpose in controlling the growth of the administrative budget during a period of institutional reform.

The EBRD provides an annual financial report that measures the Bank's performance against key financial indicators of financial performance, efficiency, portfolio quality, liquidity and leverage and capital strength. It does not organise the budget information on the basis of the cross-cutting strategic and thematic priorities as detailed in MI 4.3-E1.

The SIP includes a discussion of the net resource needs of the institution, including for SCF priorities and other institutional priorities (Figure 32).

Figure 32. Figure 4.3 2023 Net Resource Requests

Source: SIP 2023-2025

Element 4.3.3

The MO has systems in place to track budget implementation and performance against projections, including for strategic priorities and cross-cutting themes.

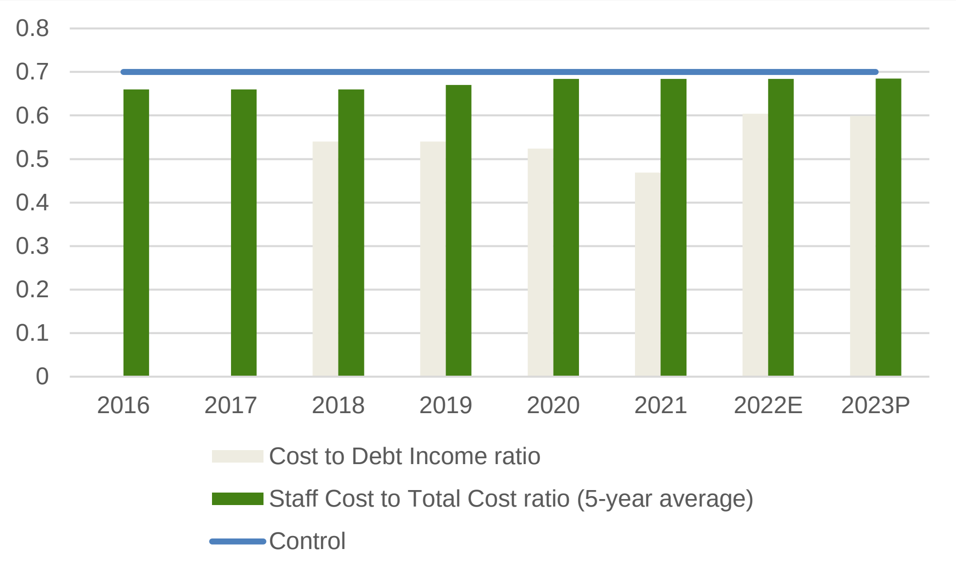
EBRD tracks implementation of the budget through Quarterly Performance Reports (QPRs) and Financial Reports. The corporate scorecard tracks overall budget against projections, though this is not done at a detailed/line-item level or by priority.

This element is rated as **satisfactory**, reflecting the fact that EBRD's approach is in line with good practices across other MDBs.

The QPR to the Board reports on budget utilisation in addition to progress towards strategic priorities. This includes a comparison between actual and budget amounts by cost area as well as a comparison of the previous year actual values. It also includes a discussion of what cost areas are over or underspent with a discussion of main reasons. The QPR also includes a discussion on Transition Performance for each TQ. In addition to QPRs, Financial Reports report on the overall financial performance of the Bank.

The Bank institutes control parameters, established through its SCF, to provide assurance that the Bank is pursuing its strategic objectives responsibly. To ensure flexibility in resource management, this is done through relative parameters. SCF 2016-2020 established two parameters – a cost-to-income ratio (five-year rolling average) and a staff cost to total cost ratio. Control levels for these parameters were set at 50% and 70%, respectively. SCF 2021-2025 replaced the cost-to-income ratio with a cost to debt income ratio, set at a maximum control level of 70%. It further maintained the staff cost to total cost ratio but on a five-year rolling average basis, also at the control level of 70%. The Bank has remained under the control level over the assessment period. Performance against these parameters is shown in Figure 33.

Figure 33. Resource Control Parameters



Source: EBRD Strategy Implementation Plans. These values are based on the parameters established in SCF 2021-2025. Note that the Staff Cost to Total Cost ratios for 2016 and 2017 are annual values and not five-year rolling averages as it is for the rest of the period.

In the corporate scorecard of the SIP, under 'Resource Framework', EBRD presents the overall budget and actual value for the previous year. (Table 66) The SIP includes a detailed administrative expense budget, which includes actual values for the previous years as well as the budgeted values for the current and subsequent year, though this does not directly compare projections with actual values. As mentioned in 4.3.1, the EBRD does not organise budget information on the basis of the cross-cutting strategic and thematic priorities.

Table 66. Administrative Expenses (Budget and Actual) by Cost Area

	2018	2019	2020	2021	2022	2023
			Administrative Expenses - Budget			
Salaries	130.0	134.9	141.3	147.5	155.1	172.7
Total Benefits	93.7	97.4	102.1	107.2	110.3	1219.0
Performance Based Compensation	14.5	15.5	16.1	16.7	20.7	23.3
Other Staff Costs	1.5	1.4	1.4	1.4	1.4	13.0
Staff Costs	*239.7*	*249.1*	*260.9*	*272.8*	*287.5*	*319.2*
Consultancy/Legal	16.5	12.5	11.1	10.7	116.0	12.1
Travel/Hospitality	12.6	13.0	13.2	10.6	10.1	10.1
Other Direct Costs	13.3	13.3	12.9	13.8	13.7	146.0
Non Staff Costs	*42.4*	*38.9*	*37.2*	*35.2*	*35.4*	*36.9*
Direct Costs	**282.1**	**288.0**	**298.1**	**307.9**	**322.9**	**356.1**
Occupancy Costs	32.9	32.9	11.0	11.0	10.1	13.3
Technology (License, Hosting & Vendor)	14.9	19.3	21.9	23.2	24.0	25.6
Annual Meeting	1.5	1.2	1.2	1.2	12.0	15.0
Central Staff Expenses	4.9	5.1	5.3	5.7	5.9	7.2
Institutional Fees	2.0	1.9	2.1	2.1	2.2	2.4
Depreciation	20.9	21.2	43.6	43.1	43.6	418.0
Contingency	0.3	0.3	0.3	0.3	0.3	0.3
Total Centrally Managed Costs	**77.4**	**82.0**	**85.3**	**86.6**	**87.2**	**92.1**
Core Admin Expenses	**359.5**	**370.0**	**383.4**	**394.5**	**410.1**	**448.2**
			Administrative Expenses - Actual			
(£ million)	2018	2019	2020	2021	2022	

Salaries	126.0	134.4	145.5	143.5	150.3	
Total Benefits	90.6	93.3	106.3	110.0	113.1	
Performance Based Compensation	17.7	19.4	20.2	22.2	22.4	
Other Staff Costs	2.2	2.5	17.0	2.1	2.1	
Staff Costs	*236.6*	*249.7*	*273.7*	*277.8*	*287.9*	
Consultancy/Legal	14.8	13.1	9.2	14.6	16.6	
Travel/Hospitality	14.4	14.6	2.1	1.6	9.8	
Other Direct Costs	13.3	13.2	13.1	14.5	13.2	
Non-Staff Costs	*42.5*	*40.9*	*24.5*	*31.4*	*40.5*	
Direct Costs	**279.1**	**290.6**	**298.2**	**307.1**	**326.3**	
Occupancy Costs	35.1	10.7	9.6	13.1	3.9	
Technology (License, Hosting & Vendor)	14.2	17.3	213.0	24.0	25.1	
Annual Meeting	1.3	1.0	0.6	1.1		
Central Staff Expenses	5.6	6.3	3.9	6.4	5.5	
Institutional Fees	1.8	1.5	1.5	1.7	2.3	
Depreciation	21.7	42.6	43.9	40.7	43.4	
Contingency	-	-	-	-	-	
Total Centrally Managed Costs	**79.7**	**79.4**	**80.9**	**87.0**	**81.5**	
Core Admin Expenses	**358.8**	**370.0**	**379.1**	**396.2**	**409.9**	

Source: EBRD Strategic Implementation Plans.

MI 4.4: The MO's external audits or other external reviews certify that internationally accepted standards are met at all levels, including with respect to internal audit.

- Element 4.4.1: External audits are conducted that comply with internationally accepted standards.
- Element 4.4.2: The most recent external audit confirms compliance with internationally accepted standards across functions.
- Element 4.4.3: The MO has a system in place to ensure deficiencies identified through audits are followed up.
- Element 4.4.4: The MO's internal audit function meets with internationally accepted standards, including for independence and transparency.

Table 67. KPI 4 – MI 4 ratings

MI / Element	Rating	Score	Confidence Level
MI 4.4	Highly Satisfactory	4.00	Medium
Element 4.4.1	Highly Satisfactory	4	Medium
Element 4.4.2	Highly Satisfactory	4	Medium
Element 4.4.3	Highly Satisfactory	4	Medium
Element 4.4.4	Highly Satisfactory	4	Medium

MI 4.4 Evidence Documents

- EBRD (2021), *Financial Report 2020*, EBRD, London, www.ebrd.com/news/publications/financial-report/financial-report-2020.html#:~:text=The%20Financial%20Report%202020%20demonstrates,strong%20support%20of%20its%20members
- EBRD (2021), *Operational Risk Management: Issues and Actions Management – Operating Procedures*, EBRD, London.
- EBRD (2022), *Financial Report 2021*, EBRD, London, www.ebrd.com/news/publications/financial-report/financial-report-2021.html.

- EBRD (2023), *External Quality Assessment of the Internal Audit Department*, EBRD, London.
- EBRD (2023), *Financial Report 2022*, EBRD, London, www.ebrd.com/financial-report-2022.
- EBRD (2023), *Internal Audit Department Methodology Manual*, EBRD, London.
- EBRD (2023), *Internal Audit Update – Q3 2023: Update to the Audit & Risk Committee*, EBRD, London.
- EBRD (2023), *Minutes of the Meeting of the Audit and Risk Committee of 13 July 2023*, EBRD, London.
- EBRD (2023), *Semi-Annual Operational Risk Outstanding Issues: Update and Follow-up*, EBRD, London.
- EBRD (2024), *Procedures and Terms of Reference of Board Committees*, EBRD London www.ebrd.com/board-committee-tor.pdf.

MI 4.4 Analysis

Element 4.4.1

External audits are conducted that comply with internationally accepted standards.

External audits of the financial statements are conducted annually in accordance with International Standards on Auditing. External auditors are independent, with is ensured by the Risk and Audit Committee.

This element is rated as **highly satisfactory**, reflecting the high standard of external audit implemented for EBRD’s financial statements, in line with robust practices across the MDBs.

External auditors - appointed by the Board of Directors, on the recommendation of the President - perform an annual audit to express an opinion on whether the financial statements give a true and fair view of the state of the Bank's affairs in accordance with Internal Financial Reporting Standard (IFRS). The auditors also express their opinion on the effectiveness of internal controls over financial reporting. Audits are conducted in accordance with International Standards on Auditing (ISAs). Based on these opinions, the external auditors prepare a letter setting out their view that is shared and discussed with the Audit and Risk Committee.

Auditors may be appointed for terms of five years, with a maximum of two consecutive terms. Auditors are independent from the Bank in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). EBRD has provisions regarding the independence of the external auditors, including restrictions to perform non-audit related services for the Bank. The independence and performance of the external auditors is reviewed by the Risk and Audit Committee annually.

Element 4.4.2

The most recent external audit confirms compliance with internationally accepted standards across functions.

The most recent external audits (2020, 2021, 2022) confirms compliance with internationally accepted standards across functions, that is the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This element is rated as **highly satisfactory**, reflecting the high standard of external audit implemented for EBRD’s financial statements, in line with robust practices across the MDBs.

Specifically, most recent external audits have determined that they present a true and fair view of the state of the Bank’s affairs and of its loss and cash flows as well as that they have been properly prepared in accordance with IFRS as issued by IASB.

The External auditor is appointed by the Board of Directors on the recommendation of the President. The Board Audit and Risk Committee oversees the independence, qualifications and performance of the Bank's external auditor. The Committee considers the President's proposal for the appointment and compensation of the external auditor and makes recommendations to the Board before the Board makes decisions on the appointment of the external auditor. External auditors may be appointed for terms of five years with a maximum of two consecutive years.

Element 4.4.3

The MO has a system in place to ensure deficiencies identified through audits are followed up.

Issues identified by audits are recorded in an internal system, where actions to address issues are tracked. Reporting on issues is additionally regularly reported to ExCom and the Audit and Risk Committee. The Audit and Risk Committee is responsible for reviewing follow-up on issues identified. Issue status is reported regularly to the Audit and Risk Committee.

This element is rated as **highly satisfactory**, reflecting the strong processes implemented by EBRD and other MDBs to follow-up on actions taken in response to issues identified by both internal and external audit, including through the use of data platforms.

The external auditors set out any deficiencies in a management letter for the Board of Governors that is reviewed and discussed with the Audit and Risk Committee. The letter includes the "views and management's responses on the effectiveness and efficiency of internal controls and other matters".

The Audit and Risk Committee is responsible for review of completed audits, including any comments or recommendations. The Committee discusses and reviews follow up action by management to address key issues related to findings. Copies of all Internal Audit reports and issues, and the Management Letter from the external auditor, are circulated to the Committee for review. Where requested by the Committee, management is called to attend the Committee to account for significant new and overdue issues.

All issues identified, including internal and external audit issues, are recorded in the OneSumX system administered by Operational Risk Management. Issues are assigned risk ratings, owners, target dates, and one or more actions with separate owners and target dates. The system provides automated notification as actions and issues fall due, and automated reporting of overdue issues and actions.

The status of issues is followed-up by the source responsible for reporting them. In the case of external audit issues, the external auditor independently validates the status of agreed actions as part of the following year's work. Internal Audit independently validates actions taken by management to close issues raised in its reports, where these are rated medium or high risk.

Additionally, the status of all open and overdue Internal Audit issues is reported quarterly to the Committee. This includes IAD commentary in the event any high-risk issues that remain overdue. The status of all open and overdue issues of all types (internal and external audit issues) is also reported semi-annually by Operational Risk Management to the Committee. This reporting is delineated by level of risk, with greater commentary for overdue issues of high risk.

Material operational risk issues and incidents are summarised in the Quarterly Performance Report along with trends on number reported in a period, the rating and analysis of overdue items.

Interviews indicated that Internal Audit has started to report issues to both ExCom and the Audit Committee more holistically discussing the audits that have been conducted and the issues that have been identified. Interviews further confirmed that all issues identified go into the enterprise-wide risk system – OneSumX and that these are reported annually to the Board. They further highlighted that the avenue for escalation for issues that remained unaddressed was through the Audit and Risk Committee. There are further now scorecard measures that track performance on closing issues raised and on changing timelines for addressing issues. Interviews also confirmed positive trends in the percentage of overdue issues over the period.

Element 4.4.4

The MO's internal audit function meets with internationally accepted standards, including for independence and transparency.

EBRD's internal audit function is carried out independently, as ensured by the Audit and Risk Committee. EBRD systems meet internationally accepted standards.

This element is rated as **highly satisfactory**, reflecting the high standard of independent internal audit implemented by EBRD in line with the practices of other MDBs. In the case of EBRD, the Internal Audit Department (IAD) has played a critical role in guiding and reinforcing organisation-wide reforms to enhance the operational culture.

The EBRD's internal audit function carries out its activities in conformity with appropriate international standards in line with the Institute of Internal Auditors' International Professional Practices Framework. It is responsible for providing independent objective assurance to executive management and the Board of Directors on internal controls, governance, and risk management processes. It likewise provides consulting and in-flight reviews outside the annual audit plan which are intended to provide advice, particularly in the development of new or revising existing key controls.

Internal Audit's Terms of Reference include a requirement for periodic reviews by independent qualified assessors, in line with Institute of Internal Auditors professional standards. The most recent review, issued in May 2023, concluded that the function, "in all material respects [...] meets, and in multiple areas, exceeds its professional requirements [...] IAD is seen by its stakeholders to be independent and objective [...] This includes conforming with the IIA International Standards, the additional UK CIIA Financial Services Standards for internal auditing, and applying the Basel Committee Principles for Internal Audit." [EBRD EQA Full Report – Final]

The Audit and Risk Committee periodically reviews internal audit and compliance functions to assess whether they have a role commensurate to the Bank's needs, whether policies and procedures are adequate to their role, whether budget and staff resources are adequate to perform their role, and that they are performance to expectations. The Audit and Risk Committee further assess internal audit and compliance function's ability to performance their duties independently from the department, units or Bank personnel over whom it exercises an oversight or review responsibility and that the Heads of these functions have the ability to express opinions independently from other members of management. The committee is further involved in the recruitment, engagement of, objective setting, appraisal and removal of the Chief internal Auditor.

All issues identified, including internal and external audit issues, are recorded in the OneSumX and are assigned risk ratings, owners, target dates, and one or more actions with separate owners and target dates. The system provides automated notification as actions and issues fall due, and automated reporting of overdue issues and actions. The status of issues is followed-up by the source responsible for reporting them. Internal Audit independently validates actions taken by management to close issues raised in its reports, where these are rated medium or high risk. Additionally, the status of all open and overdue Internal Audit issues is reported quarterly to the Committee, and the status of all open and overdue issues of all types (internal and external audit issues) is reported semi-annually by Operational Risk Management to the Committee.

MI 4.5: Issues or concerns raised by the MO's internal control mechanisms (operational and financial risk management, internal audit, safeguards etc.) are adequately addressed.

- Element 4.5.1: A clear policy or organisational statement exists on how issues identified through internal control mechanisms/reporting channels (including misconduct such as fraud, sexual misconduct) should be addressed.
- Element 4.5.2: The MO has management guidelines or rules that provide clear guidance on the procedures for addressing any issues identified through internal control functions which include guidance on timelines.
- Element 4.5.3: Clear guidelines are available for staff on reporting any issues identified pertaining to internal control functions.
- Element 4.5.4: A tracking system is available that records responses and actions taken to address any identified internal control issues.
- Element 4.5.5: The MO's governing body or management documents indicate that relevant procedures have been followed and/or actions have been taken in response to identified issues, including recommendations from audits (internal and external) with clear timelines for action.

Table 68. KPI 4 – MI 5 ratings

MI / Element	Rating	Score	Confidence Level
MI 4.5	Highly Satisfactory	3.80	Medium
Element 4.5.1	Highly Satisfactory	4	Medium
Element 4.5.2	Highly Satisfactory	4	Medium
Element 4.5.3	Satisfactory	3	Medium
Element 4.5.4	Highly Satisfactory	4	Medium
Element 4.5.5	Highly Satisfactory	4	Medium

MI 4.5 Evidence Documents

- EBRD (2016), *The Bank's Integrity Risks Policy and Terms of Reference for the Office of the Chief Compliance Officer,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395253716947&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2017), *Enforcement Policy and Procedures,* EBRD, London, www.ebrd.com/enforcement-policy-and-procedures.pdf.
- EBRD (2019), *Financial Report 2018*, EBRD, London, www.ebrd.com/documents/comms-and-bis/financial-report-2018.pdf.
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MI 4.5 Analysis

Element 4.5.1

A clear policy or organisational statement exists on how issues identified through internal control mechanisms/reporting channels (including misconduct such as fraud, sexual misconduct) should be addressed.

Issues identified through internal control mechanisms/reporting channels are addressed by the Office of the Chief Compliance Officer (OCCO) for issues such as fraud, corruption, and misconduct.

This element is rated as **highly satisfactory**, reflecting the high standard of EBRD’s structures and processes to address internal control issues, including efforts to ensure accountability across EBRD personnel, contractors and Board Officials.

Fraud, Corruption, Collusion, Coercion, Obstruction, Theft, or Misuse of Bank resources are established as Prohibited Practices in the EBRD's Enforcement Policy and Procedures. The EBRD's Integrity Risks Policy sets out the role of the OCCO using the Bank’s corporate values and principles for the management of its integrity risks, including to address fraud, corruption and misconduct in all aspects of the Bank's work. The Policy identifies and defines the main types of integrity and personal conduct risks that concern the Bank and outlines integrity and ethics responsibilities within the EBRD, including OCCO’s terms of reference. OCCO is responsible for promoting good governance and ensuring the hight standards of integrity are applied to all Bank activities.

The Integrity Risks Policy is complemented by the Codes of Conduct for Officials of the Board of Directors of the EBRD and EBRD Personnel, the Enforcement Policy and Procedures, the Whistleblowing Policy, the Directive on Conduct and Disciplinary Rules and Procedures and the Harassment-Free and Respectful Workplace Procedures.

The Code of Conduct for Bank Personnel stipulates that Bank Personnel must show respect and tolerance for varied cultures, beliefs, and backgrounds and that they must avoid behaviour that constitutes harassment, sexual harassment, bullying, or abuse of authority. It further outlines that Bank Personnel should avoid situations involving a Conflict of Interest, performance of certain unauthorized outside activities, engagement in political activities that affect their official duties. The Code of Conduct for Bank Personnel also mandates that Bank Personnel have the duty to report any suspected misconduct or suspected incidence of a 'Prohibited Practice' – Fraud, Coercion, Collusion, Corruption, or Misuse of Bank resources or assets – by another Bank Personnel, Board Official, or any person working on Bank premises.

The Code of Conduct for the for the Board outlines that Board Officials should observe the highest standards of integrity and ethical conduct. The Code further outlines that Board Officials must avoid situations involving a Conflict of Interest, engagement in any outside employment without authorisation by the Ethics committee, engagement in political activities that conflict with their official duties, avoid the acceptance of gifts or awards in connection with their official duties. Board officials likewise must report suspected misconduct or any incidence of a Prohibited Practice. Allegations of misconduct against Covered Persons are reviewed by the Ethics Committee, proceeding to a formal investigation if necessary. Specific procedures are outlined in the two Codes and the Rules of Procedure for the Ethics Committee.

The Whistleblowing Policy sets out the rights and responsibilities for Bank Personnel, Board Officials, Service Providers, and Third Parties with respect to reporting suspected Misconduct, Prohibited Practices, Unaddressed systems, Processes and Controls issues, and concerns regarding the care and conduct of Integrity Due Diligence. It further establishes multiple reporting channels for misconduct, including to OCCO (through email, through an online reporting link, or sending the report via post); the Head of Internal Audit, MD Human Resources and Organisational Development, President or other member of the Executive Committee, or, where the matter relates to a Covered Person, directly to the Ethics Committee via email. If the matter is reported to an avenue outside OCCO, the recipient has 24 hours to refer the matter to OCCO, unless the matter concerns personnel within OCCO, the Chief Compliance Officer, or a Covered Person, in which case stipulated procedures apply. The Policy reaffirms the prohibition of retaliation and outlines interim protection measures for whistleblowers who believe that retaliation has occurred or is likely to occur, including suspension of the effect of internal decisions alleged to have involved retaliation, suspension of the effect of internal actions alleges to have involved retaliation, imposition of a temporary internal administrative decision, reassignment of the Bank personnel with their consent, authorisation of paid administrative leave for the Bank Personnel, or any other action deemed reasonable and appropriate.

Allegations of improper interpersonal behaviour (including bullying, harassment, and/or abuse of authority) are referred to and dealt with by the MD Human Resources and Organisational Development. These are handled pursuant to the Harassment-Free and Respectful Workplace Procedures.

Element 4.5.2

The MO has management guidelines or rules that provide clear guidance on the procedures for addressing any issues identified through internal control functions which include guidance on timelines.

Guidelines for procedures addressing issues identified through internal control functions are clearly presented in the Staff Handbook.

This element is rated as **highly satisfactory**, reflecting the rigour and clarity of EBRD's processes for addressing internal control issues through investigative processes and consultations, including timelines and protections in place for affected staff.

The Directive on the Conduct and Disciplinary Rules and Procedures (CDRPs), outlines the investigative process for instances of suspected misconduct. For OCCO, the process involves (i) the assignment of an inquiry officer by the Chief Compliance Officer, (ii) an initial inquiry whereby the inquiry officer determines whether conduct would amount to Misconduct and whether the matter may be properly investigated from which the Chief Compliance Officer determines whether a formal investigation should proceed; (iii) a formal investigation from which the inquiry officer prepares an investigative report of any information gathered during the investigation and conclusion about whether the evidence substantiated the allegation of misconduct. The Investigation Report is then transmitted to the Managing Director Human Resources and Organisational Development to commence the Disciplinary Process.

The CDRPs and the Harassment-free and Respectful Workplace Procedure (RWPs), specify that allegations of misconduct are dealt with in a timely manner but sets a precise timeline only for the Managing Director Human Resources and Organisational Development to take an initial action upon reception of an allegation (15 days) and response time of a EBRD staff member to an accusation of misconduct (15 days). The Enforcement Policy and Procedures provides guidance and timelines for addressing allegations of Prohibited Practices (defined as coercive, collusive, corrupt and fraudulent practices and misuse of Bank resources or assets) in relation to Bank assets or projects.

ORM has operating procedures for Issues and Actions management that outlines specific roles and responsibilities for the identifier and owner of issues as well as the procedural steps needed to be taken. The procedure outlines examples of trigger events that could lead to the decision to create a new issue. It is the responsibility of all staff to identify material issues within their areas and record issues in the system within 10 working days at which time an issue owner will be assigned who is responsible for managing the progression of the issue to closure. This could be a Risk owner, control owner or Business Risk Champion with judgment based on the appropriate level of seniority and experience. The issue is then rated in terms of severity and actions to remediate the issue are then identified (with associated timelines) and assigned an owner.

Business Risk Champions are responsible for tracking and providing advice on issues identified and associated actions. In this capacity, the Business Risk Champion services as an avenue for advice and guidance when identifying and creating issues in the system. If designated the issue owner, the Champions also log the issues in the OneSumX.

All issues identified that are not confidential by nature or subject of a current investigation or case, including internal and external audit issues, are recorded in the OneSumX system administered by Operational Risk Management. Issues are assigned risk ratings, owners, target dates, and one or more actions with separate owners and target dates. The system provides automated notification as actions and issues fall due, and automated reporting of overdue issues and actions.

The status of issues is followed-up by the source responsible for reporting them. Additionally, the trends of all open and overdue issues, plus a short summary of high-risk items are reported quarterly to the Audit and Risk Committee, and the status of all open and overdue issues of all types (internal and external audit issues) is reported semi-annually by Operational Risk Management to the Committee.

Material operational risk issues and incidents are summarised in the Quarterly Performance Report along with trends on number reported in a period, the rating and analysis of overdue items.

Element 4.5.3

Clear guidelines are available for staff on reporting any issues identified pertaining to internal control functions.

There is a clear duty to report outlined in the code of conduct and staff handbook.

This element is rated as **satisfactory**, reflecting the alignment of EBRD’s practices with good practices implemented across the MDBs.

The EBRD's policies, codes of conducts and procedures to address fraud, corruption and misconduct (as described in 4.5.1) provide clear guidelines for staff on reporting any issues identified. Bank Personnel (which includes staff members) and Board Officials have a duty to report misconduct, as outlined in the relevant Code of Conduct. Specifically, Bank Personnel must report suspected misconduct by Bank Personnel, Board Officials, or any person working on Bank premises as well as any incidence of a Prohibited Practice. The Whistleblowing Policy also clearly outlines these avenues by which staff can report misconduct.

OCCO provides mandatory training regarding integrity, application of the relevant Code of Conduct, anti-corruption and money laundering practices, and the Whistleblowing Policy. Attendance rates of these trainings is provided in Table 69.

Table 69. Trainings by OCCO

	2021	2022
Integrity Ethics and ND Training	**357**	**474**
"Integrity Matters" for staff	261	305
"Integrity Matters" for Board Officials	21	32
"Integrity Matters" – "Living Our Ethical Values" a refresher course for ROs	44	110
Training for ND	31	27
IDD Anti-Corruption Training	**846**	**868**
IDD and anti-corruption	208	244
IDD refresher	196	128
IDD second refresher workshop	179	277
Business IDD	39	33
Essentials of IDD	41	45
Compliant or complacent?	32	65
Portfolio operation leader training	25	20
Clients with Poor integrity – handing difficult communications	72	56
Getting to Yes	54	n/a
Online training modules – The Whistleblower Policy	**-**	**3,115**

Source: Integrity and Anti-Corruption Report 2022.

Reporting of operation risk issues is contained in the Operational Risk policy documentation / procedures and guidelines online, clearly stating it is the responsibility of all staff to report such issues. The Procedure clearly articulates that it is the responsibility of all staff to identify material issues wither their area of work and that the issues must be recorded in the OneSumX system within 10 working days by an issue owner. Specific Bank-wide training on operational risk also reinforces this message.

Element 4.5.4

A tracking system is available that records responses and actions taken to address any identified internal control issues.

Clear systems are in place for monitoring and tracking reports while protecting the confidentiality of complainants. OCCO tracks responses and actions to address fraud, corruption and misconduct.

This element is rated as **highly satisfactory**, reflecting the high standard of EBRD's systems and monitoring of efforts to address internal control issues.

The OCCO tracks responses and actions to address fraud, corruption and misconduct within the EBRD. In 2022, OCCO received 26 new complaints and had 6 matters that were carried over from the previous year (Table 70). The responses and actions are published in the annual OCCO's Integrity and Anti-

Corruption Report (Table 71). Likewise, the specific type of misconduct and the location are reported annually (Table 72).

The OCCO's annual Integrity and Anti-Corruption Report indicates that the procedures have been followed to address fraud, corruption and misconduct within the EBRD. The Budget and Administrative Affairs Committee and the Audit Committee review the Bank's Quarterly Performance Report and issues raised within.

Table 70. Misconduct complaints by type

	2020	2021	2022
New misconduct complaints	26	26	26
Misconduct complaints carried over from previous years	2	2	6
Complaints of staff misconduct investigated by OCCO (non-RWP)	24	22	31
RWP referrals from MD HROD	4	6	7

Source: Integrity and Anti-corruption Report 2021; Integrity and Anti-corruption Report 2022.

Table 71. Misconduct complaints by outcome

	2020	2021	2022
Complaints closed with no finding of misconduct	19	17	12
Staff who left the Bank during the course of an investigation	2	0	2
Referred to the MD HROD for a written warning	1	1	0
Referred to the MD HROD for disciplinary action	5	4	5
Carried forward to new period	1	6	19
Total complaints investigated	**28**	**28**	**38**

Source: Integrity and Anti-corruption Report 2021; Integrity and Anti-corruption Report 2022

Table 72. Complaints investigated by type of misconduct and location (2022)

	HQ	RO
Rule 1. General standard of conduct	9	11
Rule 2. Duties of bank personnel	3	3
Rule 2 (c). Integrity	1	1
Rule 2 (d). Harassment and bullying	2	2
Rule 3. Conflicts of interest	3	10
Rule 4. Outside activities	1	2
Rule 5. Political activities	-	-
Rule 6. Employment	-	-
Rule 7. Gifts and hospitality	-	-
Rule 8. Financial interests	-	-
Rule 9. Disclosure of financial interests	-	-
Rule 10. Confidentiality	-	2
Rule 11. Misuse of EBRD assets	-	-
Rule 12. Retaliation	-	-
Rule 13. Privileges and immunities	1	-
Rule 16 (a). Outside formal investigation and Enforcement Commissioner referral	1	-

Source: Integrity and Anti-corruption Report 2022

A tracking system is available that records responses and actions taken to address any identified internal control issues. In relation to internal control issues identified through internal and external audits, self-raised by management, or identified by other assurance functions, all such issues are recorded in the OneSumX system administered by Operational Risk Management. Issues are assigned risk ratings, owners, target dates, and one or more actions with separate owners and target dates. Each issue/action is further assigned a Risk Owner and Control owner that monitors progress of the issues and actions associated with their risk or control instances respectively. They are also responsible for reviewing and challenging any amendments to target completion dates. Action owners are responsible for providing progress updates. The system provides automated notification as actions and issues fall due, and automated reporting of overdue issues and actions Issue Owners manage the progression of the issue based on progress made on the associated action. Procedures as to how to record these items are available along with training. (Refer to Elements 4.4.3 and 4.5.1 for more information on the OneSumX system).

Internal Audit has found that there have been improvements to operational risk management over the period, including positive trends in the timeliness of recording incidents and in addressing issues raised by the specified timeline.

Element 4.5.5

The MO's governing body or management documents indicate that relevant procedures have been followed and/or actions have been taken in response to identified issues, including recommendations from audits (internal and external) with clear timelines for action.

There is a centralized system – OneSumX – that tracks internal control issues and assigns target dates for specified related actions. Documents confirm that the Audit and Risk Committee are responsible for ensuring follow-up to audit recommendations.

This element is rated as **highly satisfactory**, reflecting EBRD's use of data platforms to manage, track and address follow-up on identified internal control issues with clear reporting procedures.

In relation to internal control issues identified through internal and external audits, self-raised by management, or identified by other assurance functions, all such issues are recorded in the OneSumX system administered by Operational Risk Management. Issues are assigned risk ratings, owners, target dates, and one or more actions with separate owners and target dates. The system provides automated notification as actions and issues fall due, and automated reporting of overdue issues and actions.

The quarterly and annual reporting of the OCCO indicates that procedures and timelines have been followed in response to issues of fraud, corruption and misconduct within the EBRD.

The Audit and Risk Committee is responsible for reviewing recommendations from audits as well as any follow-up required. The status of all open and overdue Internal Audit issues is reported quarterly to the Committee, and the status of all open and overdue issues of all types (internal and external audit issues) is reported semi-annually by Operational Risk Management to the Committee.

MI 4.6: The MO's policies and procedures effectively prevent, detect, investigate and sanction cases of fraud, corruption, conflict of interest and other financial irregularities.

- Element 4.6.1: The MO has clear policy/guidelines on fraud, corruption and any other financial irregularities in place and made available publicly.
- Element 4.6.2: The MO has policy/guidelines in place that clearly define the roles of management and staff in implementing and/or complying with them.
- Element 4.6.3: The MO has conducted staff training/awareness-raising on policy/guidelines related to fraud, corruption, conflict of interest and other financial irregularities.
- Element 4.6.4: There is evidence that these policy/guidelines have been implemented (e.g. through regular monitoring and reporting to the governing body).
- Element 4.6.5: The MO has channels/mechanisms in place for reporting any suspicion of misuse of funds (e.g., anonymous reporting channels and "whistle-blower" protection policy).
- Element 4.6.6: The MO produces annual reporting on cases of fraud, corruption and other irregularities, including actions taken, and ensures that these reports are made public.

Table 73. KPI 4 – MI 6 ratings

MI / Element	Rating	Score	Confidence Level
MI 4.6	Highly Satisfactory	4.00	Medium
Element 4.6.1	Highly Satisfactory	4	Medium
Element 4.6.2	Highly Satisfactory	4	Medium
Element 4.6.3	Highly Satisfactory	4	Medium
Element 4.6.4	Highly Satisfactory	4	Medium
Element 4.6.5	Highly Satisfactory	4	Medium
Element 4.6.6	Highly Satisfactory	4	Medium

MI 4.6 Evidence documents

- AfDB, ADB, EBRD, EIB, IDB, IMF, and WBG (2006), *Uniform Framework for preventing fraud and corruption*, EBRD, London, www.ebrd.com/downloads/integrity/task.pdf.
- AfDB, ADB, EBRD, IDB, and WBG (2010), *Agreement for Mutual Enforcement of Debarment Decisions*, EBRD, London, www.ebrd.com/downloads/integrity/Debar.pdf
- AfDB, ADB, EBRD, EIB, IDB and WBG (2021), *MDB General Principles for Settlements*, ADB, Manila, https://lnadbg4.adb.org/oai001p.nsf/0/299CA009578916A84825870F007B1604/$FILE/General%20Principles%20for%20MDB%20Settlements.pdf.
- AfDB, ADB, EBRD, EIB, IDB and WBG (2023), *MDB General Principles for Business Integrity Programmes*, World Bank Group, Washington, DC, https://thedocs.worldbank.org/en/doc/528f96bfd7a3991fba23747e20ed6dc0-0530012023/mdb-general-principles-for-business-integrity-programmes.
- AfDB, ADB, EBRD, EIB, IDB and WBG (2023), *MDB Harmonized Principles on the Treatment of Corporate Groups*, ADB, Manila, https://lnadbg4.adb.org/oai001p.nsf/0/A7912C61C52A85AD48257ACC002DB7EE/$FILE/MDB%20Harmonized%20Principles%20on%20Treatment%20of%20Corporate%20Groups.pdf.
- AfDB, ADB, EBRD, EIB, IDB and WBG (n.d.), General Principles and Guidelines for Sanctions, ADB, Manila, https://lnadbg4.adb.org/oai001p.nsf/0/CE3A1AB934F345F048257ACC002D8448/$FILE/Harmonized%20Sanctioning%20Guidelines.pdf.
- EBRD (2016), *Prohibited Practices Guidelines for EBRD Operations*, EBRD, London, www.ebrd.com/who-we-are/our-values/definitions-and-guidelines.pdf
- EBRD (2016), *The Bank's Integrity Risks Policy and Terms of Reference for the Office of the Chief Compliance Officer,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395253716947&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2017), *Enforcement Policy and Procedures,* EBRD, London, www.ebrd.com/enforcement-policy-and-procedures.pdf.
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- EBRD (2021), *Code of Conduct for Board Officials*, EBRD, London, www.ebrd.com/code-of-conduct-board.pdf.
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- EBRD (2021), *Guidance Note on Ethics and Integrity Training*, EBRD, London.
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- EBRD (2024), Investigating fraud, corruption, and misconduct website, www.ebrd.com/who-we-

are/our-values/investigating-fraud-and-corruption.html (accessed 5 January 2024).
- EBRD (2024), Anti-Money Laundering and Countering the Financing of Terrorism statement, https://www.ebrd.com/what-we-do/strategies-and-policies/statement.html (accessed on 17 May 2024).
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- OCCO (2023), I*ntegrity and Anti-Corruption Report 2022*, EBRD, London, www.ebrd.com/integrity-and-anticorruption-report-2022.pdf.

MI 4.6 Analysis

Element 4.6.1

The MO has clear policy/guidelines on fraud, corruption and any other financial irregularities in place and made available publicly.

Policies and guidelines around fraud, corruption and other prohibited practices are available publicly, including through the Integrity Risk Policy, the Codes of Conduct, and the Enforcement Policy and Procedures.

This element is rated as **highly satisfactory**, reflecting the high standard of management of fraud, corruption and other integrity issues, with coverage of personnel, contractors and Board Officials.

The EBRD's Integrity Risk Policy sets out the role of the Office of the Chief Compliance Officer (OCCO) to address fraud, corruption and misconduct in all aspects of the Bank's work. In the area of fraud and corruption, the Integrity Risks Policy is complemented by the Codes of Conduct for Officials of the Board of Directors of the EBRD and EBRD personnel, the Enforcement Policy and Procedures, the Whistleblowing Policy, the Directive on Conduct and Disciplinary Rules and Procedures, in addition to internal procedures and guidelines to respond to money laundering and terrorist financing risks in Bank projects.

The Bank identifies the following seven prohibited practices:

I. Coercive Practice - impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party to influence improperly the actions of a party.

II. a Collusive Practice - an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

III. a Corrupt Practice - the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

IV. a Fraudulent Practice - any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

V. a Misuse of Bank Resources or Bank Assets - improper use of the Bank's Resources or Bank Assets, committed either knowingly or recklessly.

VI. an Obstructive Practice - either (1) destroying, falsifying, altering or concealing of evidence material to a Bank investigation to impede an investigation, (2) making false statements to investigators in order to materially impede a Bank investigation into allegations of a Prohibited Practice, (3) failing to comply with requests to provide information, documents or records in connection with a Bank investigation, (4) threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to a Bank investigation or from pursuing the investigation, or (5) materially impeding the exercise of the Bank's contractual rights of audit or inspection or access to information; and

VII. a Theft - the misappropriation of property belonging to another party.

These definitions are outlined in the Enforcement Policy and Procedures as well as in guidance for how these apply to the private sector. Bank Personnel, Board Officials, and experts performing missions for the Bank must immediately report any information regarding a suspected Prohibited Practice in relation to Bank Assets or a Bank Project to OCCO.

The EBRD is also a member of the Joint International Financial Institution Anti-Corruption Task Force since its establishment in 2006. As such, they adhere to the Uniform Framework for Preventing and Combating Fraud and Corruption and maintain a system of mutual recognition of enforcement actions through cross-debarment.

Element 4.6.2

The MO has policy/guidelines in place that clearly define the roles of management and staff in implementing and/or complying with them.

The EBRD's policies, codes of conducts and procedures to address fraud and corruption (as described in element 4.6.1) provide clear guidelines for staff and management on implementing and complying with them.

This element is rated as highly satisfactory, reflecting the high standard of management of fraud, corruption and other integrity issues, with coverage of personnel, contractors and Board Officials.

OCCO terms of reference stipulate that the overall objective of OCCO is to:

I. Ensure ethical rules of conduct and internal standards, procedures, and guidelines on anti-money laundering, counter-terrorist financing, conflicts of interests, Prohibited Practices, treatment of confidential information, and integrity due diligence reflect internationally accepted norm.
II. Ensure that Board Officials and Bank Personnel fulfil their obligation to behave in an ethical manner, consistent with the relevant Code of Conduct, and are adequately trained on these obligations.

Previously, OCCO was also responsible for overseeing the effective administration of the Bank's external project complaint mechanism which reviews allegations that the Bank has failed to adhere to certain specified policies. Since 2019, this function is now independent under the responsibility of the Bank's Independent Project Accountability Mechanism.

As such, OCCO is responsible for investigating allegations of prohibited practices in EBRD-financed projects and allegations of staff misconduct.

The Codes of Conduct and Whistleblowing Policy both stipulate that Bank Personnel, Board Officials and Service Providers (as defined in the Whistleblowing Policy) have a duty to report any instance of fraud, corruption, or other prohibited practice. More information on the Whistleblowing Policy is articulated in element 4.5.1.

Element 4.6.3

The MO has conducted staff training/awareness-raising on policy/guidelines related to fraud, corruption, conflict of interest and other financial irregularities.

OCCO conducts training on ethics and integrity that are compulsory to all new staff. OCCO further provides all project-facing staff with compulsory trainings on IDD, anti-corruption, capital market compliance, and domiciliation.

This element is rated as **highly satisfactory**, reflecting mandatory, widespread training reinforced by departmental penalties – a good practice example.

The OCCO conducts training on ethics and integrity though its core training course “Integrity Matters!”. "Integrity Matters!" is compulsory for all new staff and covers the Code of Conduct and standards to which all staff must adhere. OCCO also created a bespoke, targeted refresher course for ROs called “Living Our Ethical Values” to counter risks during COVID-19. (Table 74)

Table 74. Integrity and Ethics Trainings

	Attendees		Courses Held
	2021	2022	2022
“Integrity Matters!” – Staff	261	305	13
“Integrity Matters!” - Board Officials	21	32	2
“Living our Ethical Values”	44	110	6
Training for Nominee Directors (NDs)	31	27	3

Source: Integrity and Anti-Corruption Report 2022.

OCCO also provides all project-facing staff with a suite of compulsory training programmes on IDD, anti-corruption, capital-markets compliance and domiciliation. These are mandatory for all staff with refresher courses in three-year intervals thereafter. In 2022, OCCO delivered IDD and anti-corruption training in 63 live, virtual sessions for 868 staff members, up from the 846 staff trained over 56 sessions in 2021. (Table 75)

Feedback from EBRD indicate that over 95% of staff have received this training, with compliance further reinforced by departmental penalties where staff do not complete or refresh their training within a specified timeframe.

Table 75. IDD and anti-corruption Trainings

	Attendees		Courses Held
	2021	2022	2022
IDD and anti-corruption training - A mandatory two-hour-15-minute course for all new project-facing staff on AML, CFT and IDD.	208	244	12
IDD refresher course - A mandatory two-hour course designed to update project-facing staff who received IDD training more than three years previously.	196	128	13
IDD second refresher workshop - A 90-minute workshop for project-facing staff who attended the IDD refresher course more than three years previously.	179	277	18
Business IDD - A two-and-a-half-hour course to help project-facing staff at all levels to hone their questioning and intelligence-gathering skills.	39	33	3
Essentials of IDD - A 90-minute course for all professional staff involved in Bank projects introducing IDD procedures and effective strategies for conducting IDD.	41	45	5
Compliant or complacent? - A 90-minute interactive course for all professional staff involved in Bank projects on skills to assess a client’s anti-corruption measures and other internal controls.	32	65	7
Portfolio operation leader training - A 90-minute training session for all prospective portfolio operation leaders on how to monitor the integrity of Bank projects and what to do if fraud and/or corruption are suspected, with real-life case studies.	25	20	1
Clients with poor integrity – handling difficult communications - A 90-minute interactive course on strategies for handing discussions with potential clients found to be unacceptable under the EBRD’s IDD Guidelines.	72	56	4
Getting to Yes - A 75-minute training for Banking analysts and associates with roughly 6-12 months’ experience at the EBRD on effective preparation and presentation of banking projects.	54	N/A	

Source: Integrity and Anti-Corruption Report 2022.

Element 4.6.4

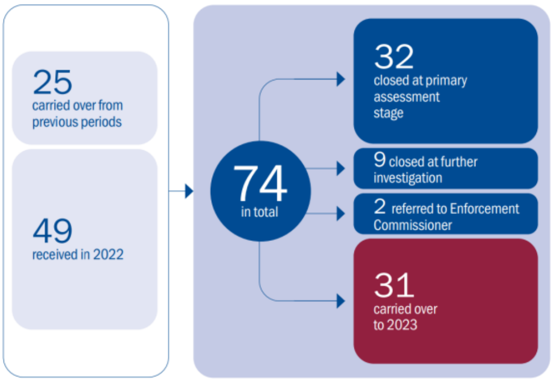
There is evidence that these policy/guidelines have been implemented (e.g., through regular monitoring and reporting to the governing body).

The OCCO monitors and reports on the responses and actions to address fraud and corruption within the EBRD, as published in the annual OCCO's Integrity and Anti-Corruption Report.

This element is rated as **highly satisfactory**, based on the quality, detail and regularity of reporting through the publicly-available Integrity and Anti-Corruption Report.

The Integrity and Anti-Corruption Report reports on investigations under the Enforcement Policy and Procedures. This includes the number cases received, information on cases carried over, and decisions made. In 2022, OCCO handled 74 cases involving Enforcement Policy and Procedures (EPP) matters, 25 of which were carried over from previous periods. Of the 74 cases, 32 were closed at the preliminary assessment stage, 9 were closed at the formal investigation stage and 2 were referred to the Enforcement Commissioner. (Figure 34)

Figure 34. Outcomes of EPP matters handled by OCCO Investigations



Note: Primary Assessment Stage is now termed Preliminary Assessment Stage. Further Investigation is now termed Formal Investigation.
Source: Integrity and Anti-corruption Annual Report 2022

Furthermore, in the GRI Report, Sustainability Disclosures reports confirmed incidents of corruption and actions taken. Interviews further confirmed that the policy and guidelines have been implemented.

Element 4.6.5

The MO has channels/mechanisms in place for reporting any suspicion of misuse of funds (e.g., anonymous reporting channels and "whistle-blower" protection policy).

Anonymous reporting channels exist, and protections are clearly set out in the EBRD's Whistleblowing Policy.

This element is rated as **highly satisfactory**, reflecting the availability for multiple confidential channels through which misconduct can be reported, including anonymously and clear protections available to whistleblowers.

The EBRD's Whistleblowing Policy (updated in 2021) sets out the channels and mechanisms to report suspicion of misuse of funds and other integrity failures. These include to OCCO (via email, online link, or post) or to the Chief Internal Auditor, the Managing Director responsible for Human Resources and Organisational Development, or the President/Executive Committee member, in addition to the ability to report to OCCO. Reports can also be made directly to the Ethics Committee via email for allegations against a Covered Person (such as Board Officials, the President, Vice Presidents, the Chief Evaluator, the Chief Accountability Officer, the Chief Compliance Officer and the Chief Internal Auditor). The Whistleblowing Policy applies to Bank Personnel, Board Officials, and Service Providers. The Whistleblowing Policy confirms that persons may report allegations anonymously, though notes that by doing so they do not benefit from the protections outlined in the Whistleblowing Policy, such as interim protection measures which for obvious reasons, cannot be provided to anonymous persons. The policy further prohibits retaliation. More information on the Whistleblowing Policy is available in element 4.5.1.

EBRD's website allows for submission of reports online or through email. It further allows for submission of reports via post. The website informs that reporters may choose to remain anonymous and that no attempt would be made to discover the identity of an anonymous reporter. Attempts to identify a whistleblower would be considered an instance of misconduct.

The Enforcement Policy and Procedures outlines that reports may be made anonymously.

Element 4.6.6

The MO produces annual reporting on cases of fraud, corruption and other irregularities, including actions taken, and ensures that these reports are made public.

OCCO annual reports on cases and responses to instances of fraud and corruption. These are made public.

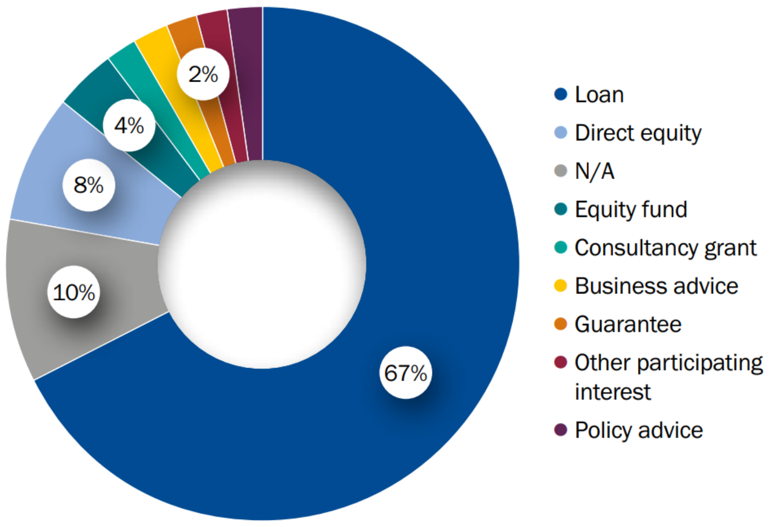
This element is rated as **highly satisfactory**, reflecting the high standard of public reporting provided by EBRD on follow-up to instances of fraud and corruption.

The responses and actions of EBRD on fraud and corruption are published in the annual OCCO's Integrity and Anti-Corruption Report. This report includes number of complaints received, where the complaint originated, and outcome of the matters separated by public sector and private sector.

EBRD further is a member of the Internal Financial Institutions Anti-Corruption Task Force. Per the Enforcement Policy and Procedures, the CCO or the Enforcement Commissioner may make available to any international organisation any information that the Bank may have relating to the suspected commission of a Prohibited Practice in accordance with the agreement with the relevant organisation covering such disclosure of information. If an enforcement action meets the conditions for mutual enforcement, a notification of the issuance of the Bank's decision to impose such Enforcement Action shall be sent by the CCO to all of the Mutual Enforcement Institutions.

In 2022, OCCO handled 74 cases involving Enforcement Policy and Procedures (EPP) matters, 25 of which were carried over from previous periods. Of the 74 cases, 32 were closed at the preliminary assessment stage, 9 were closed at formal investigation stage and 2 were referred to the Enforcement Commissioner. (Figure 4.5) EPP complaints by financing type are depicted in Figure 35. Table 76 outlines a summary of prohibited practice complaints.

Figure 35. 2022 EPP complaint by financing type



Source: Integrity and Anti-corruption Annual Report 2022

Table 76. Complaints about Prohibited Practices

	2020	2021	2022
New complaint reported to OCCO	43	44	49
Complaints carried over from previous periods	20	35	25
Complaints closed at preliminary assessment or formal investigation	21	59	41
Matters referred to EBRD's enforcement Commissioner	4	1	7
Complains resulting in remedial action	-	3	0
Complaints carried over to a new period	34	16	31
Number of individuals subject to enforcement action by the EBRD Enforcement Commissioner	5*	2	3
OCCO personnel assigned to investigate fraud and corruption complaints	2.5	3	3

Source: Integrity and Anti-Corruption Report 2022; Integrity and Anti-corruption Report 2021.

MI 4.7: The MO prevents and responds to sexual exploitation and abuse (SEA) in operations.

- Element 4.7.1: Organisation-specific dedicated policy statement(s), action plan and/or code of conduct that address SEA are available, aligned to international standards, and applicable to all categories of personnel.
- Element 4.7.2: The MO has mechanisms in place to regularly track the status of implementation of the SEA policy at HQ and at field levels.
- Element 4.7.3: Dedicated resources and structures are in place to support implementation of the MO's policy and/or action plan at HQ and in programmes (e.g., covering safe reporting channels, and procedures for access to sexual and gender-based violence services).
- Element 4.7.4: Quality training of personnel / awareness-raising on SEA policies is conducted with adequate frequency.
- Element 4.7.5: The MO has clear standards and due diligence processes in place to ensure that its client investees and other relevant partners precent and respond to SEA

- Element 4.7.6: The MO can demonstrate its contribution to interagency efforts to prevent and respond to SEA in line with the Joint Statement on Continuous Advancement of Standards to Prevent Sexual Harassment, Abuse, and Exploitation.
- Element 4.7.7: Actions taken by the MO on SEA allegations in operations are timely with their number, related non-identifying information and actions taken reported publicly.
- Element 4.7.8: The MO promotes a survivor-centred approach to SEA in operations, with operations having a survivor support function in place (stand-alone or part of existing structures) in line with its exposure/risk of SEA.
- Element 4.7.9: The MO regularly shares information with other organizations about its progress in implementing its policy and contributes to dialogue around good practices and standards.

Table 77. KPI 4 – MI 7 ratings

MI / Element	Rating	Scores	Confidence level
MI 4.7	Satisfactory	3.00	Medium
Element 4.7.1	Satisfactory	3	High
Element 4.7.2	Satisfactory	3	Medium
Element 4.7.3	Satisfactory	3	Medium
Element 4.7.4	Satisfactory	3	Medium
Element 4.7.5	Satisfactory	3	Medium
Element 4.7.6	Satisfactory	3	Medium
Element 4.7.7	Satisfactory	3	Medium
Element 4.7.8	Satisfactory	3	Medium

MI 4.7 Evidence documents

- CDC, EBRD, and IFC (2020), *Addressing Gender-Based Violence and Harassment: Emerging Good Practice for the Private Sector*, EBRD, London, www.ebrd.com/documents/gender/addressing-genderbased-violence-and-harassment-emerging-good-practice-for-the-private-sector.pdf.
- CIF and EBRD (2016), *Gender Mainstreaming in District Heating Projects in the Commonwealth of Independent States: A Toolkit*, EBRD, London, www.ebrd.com/documents/gender/toolkit-gender-mainstreaming-district-heating-english.pdf.
- EBRD (2013), *Access to Services Support Programme Gender Advisory Services*, EBRD, London, www.ebrd.com/documents/gender/access-to-services-support-programme.pdf.
- EBRD (2014), *EBRD's Environmental and Social Risk Management Procedures for Corporate Loans, SMEs and Micro-loans,* EBRD, London.
- EBRD (2016), *Guidance Note for Bank Personnel: Code of Conduct Rule 2,* EBRD, London.
- EBRD (2019), *Environmental and Social Policy*, EBRD, London, www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html.
- EBRD (2019), *Procedure: Harassment-free and Respectful Workplace*, EBRD, London, www.ebrd.com/documents/corporate-strategy/harrassment-free-and-respectful-workplace-procedures.pdf.
- EBRD (2020), *Building Back Better for Gender Equality*, EBRD, London www.ebrd.com/gender/building-back-better-for-gender-equality.pdf.
- EBRD (2020), *Gender-Based Violence and Harassment: ESD Reporting Protocols for Project-Related Allegations and Incidents,* EBRD, London.
- EBRD (2020), *Gender-Based Violence and Harassment: Project Risk Screening, Assessment and Monitoring Procedures*, EBRD, London.
- EBRD (2021), *Code of Conduct for Board Officials*, EBRD, London, www.ebrd.com/code-of-conduct-board.pdf.
- EBRD (2021), *Code of Conduct for EBRD Personnel*, EBRD, London www.ebrd.com/code-of-conduct-personnel.pdf.

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- EBRD (2021), *EBRD Whistleblowing Policy*, EBRD, London, www.ebrd.com/integrity-and-compliance/ebrd-whistleblower-policy.pdf
- EBRD (2021), *Guidance Note on Ethics and Integrity Training*, EBRD, London.
- EBRD (2021), *Strategy for the Promotion of Gender Equality 2021-2025*, EBRD, London, www.ebrd.com/promotion-of-gender-equality-strategy-2021-25.pdf.
- EBRD (2022), *Guidance Note for Bank Personnel – Rule 2*, EBRD, London.
- EBRD (2022), *OCCO Q4 2021 Update*, EBRD, London.
- EBRD (n.d.), EBRD's Mitigation Gender Traffic Light, EBRD, London, www.ebrd.com/documents/gender/gender-and-mitigation-tool.pdf.
- OCCO (2021), *Integrity and Anti-Corruption Report 2020*, EBRD, London, www.ebrd.com/integrity-and-anti-corruption-report-2020.pdf.
- OCCO (2023), I*ntegrity and Anti-Corruption Report 2022*, EBRD, London, www.ebrd.com/integrity-and-anticorruption-report-2022.pdf.

MI 4.7 Analysis

Element 4.7.1

Organisation-specific dedicated policy statement(s), action plan and/or code of conduct that address SEA are available, aligned to international standards, and applicable to all categories of personnel.

EBRD has a clear internal policy statement addressing GBVH that reflects the MDB Joint Statement on Continuous Advancement of Standards to Prevent Sexual Harassment, Abuse and Exploitation.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

This element examines EBRD's organisational commitments to prevent and respond to SEAH in operations, including: (i) the existence of an organisational policy or strategy and clear definition aligned to international good practice; (ii) a plan to operationalise the policy with evidence of implementation; and (iii) codes of conduct applicable to all personnel that address SEAH risks. Whereas 4.7 typically addresses prevention of Sexual Exploitation and Abuse in operations only, this assessment considers prevention and response to Sexual Harassment as a relevant operational issue, particularly with respect to creation of a safe working environment in the promotion of gender equality (See below).

Definition and commitment to address SEA/SH:

EBRD has joined other IFIs in commitment to the prevention of sexual exploitation, abuse, and harassment. The environmental and social policy requires bank clients to prevent sexual violence, harassment, exploitation and abuse. EBRD was the first IFI to include explicit language in this regard. EBRD has adopted the term 'Gender-Based Violence and Harassment" to align to the International Labour Organisation's Violence and Harassment Convention.

For the purpose of the Convention:

(a) the term "violence and harassment" in the world of work refers to a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment.

(b) the term "gender-based violence and harassment" means violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment. [International Labour Organisation; C190 - Violence and Harassment Convention, 2019 (No. 190)]

This definition has implications for how relevant risks are identified in operations. In particular, prevention of sexual harassment becomes a relevant risk throughout operations in addition to sexual exploitation and abuse with respect to ensuring a safe working environment.

EBRD is a participant in the Joint Statement on Continuous Advancement of Standards to Prevent Sexual Harassment, Abuse and Exploitation. As such, it is committed to the statement's seven principles.

- Principle 1: Foster a culture of respect and high standards of ethical behaviour across institutions.
- Principle 2: Establish and maintain standards aimed at preventing sexual harassment, abuse, and exploitation and other forms of misconduct.
- Principle 3: Provide a safe and trusted environment for those affected by sexual harassment, abuse and exploitation to step forward to report incidents and concerns, with the assurance that they will be treated respectfully and consistently.
- Principle 4: Provide protection for those affected, as well as whistle-blowers and/or witnesses within their institutions, and to take appropriate measures against any form of retaliation.
- Principle 5: Maintain robust policy frameworks and clear institutional mechanisms that address how incidents and allegations will be handled should they arise.
- Principle 6: Provide effective training programmes so all staff understand the requirements and standards of behaviour expected of them as international civil servants.
- Principle 7: Support clients to develop and implement policies and mechanisms that address sexual harassment, abuse and exploitation.

Codes of Conduct for Board Officials and EBRD Personnel address improper interpersonal behaviour, defined to include bullying, harassment, including sexual harassment and abuse of authority. For staff, it is specified that it applies to dealings with third parties.

<u>Operationalisation of EBRD's commitment:</u>

The Environmental and Social Policy (ESP) and Performance Requirements, which was revised in 2019, requires that Bank clients must prevent and address any form of violence, and harassment including sexual harassment, exploitation and abuse. This is one of the key means through which the EBRD implements the requirements of the Joint Statement and is embedded into the project appraisal and supervision requirements for all operations. Interviews indicated that EBRD was the first MDB to include explicit language on SEAH regarding the need for private sector clients to assess SEAH risks and implement policies where risks where identified.

New provisions introduced into the ESP include:

- "EBRD requires its clients to adopt measures to effectively prevent, and address any form of violence, harassment, including sexual harassment, exploitation and abuse, gender-based violence, bullying, intimidation and/or exploitation;"
- "The client will take measures to prevent and address any form of violence and/or exploitation, including any form of Gender Based Violence;" (Performance Requirement 2)
- "Where a client provides accommodation for project workers, the accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity, including safeguards against sexual harassment and other forms of GBV;" (Performance Requirement 2)

- "The client will provide an effective grievance mechanism for workers and this mechanism will include provisions for confidential complaints and those requiring special protection measures such as reports of gender-based violence;" (Performance Requirement 2) and
- "The client will assess project-related gender-based violence risks of sexual harassment, sexual exploitation and abuse to project-affected persons and communities. Where appropriate, the client will adopt specific measures to prevent and address these risks, including the provision of confidential channels for reporting incidents and providing support." (Performance Requirement 4)

Operations are implemented through collaboration across bankers and different functional specialists (e.g. Bankers, Economists, Risk Management, Environmental and Social Safeguards specialists). All staff in the Environmental and Social Development team are required to undertake gender-based violence and harassment (GBVH) due diligence, both in the design of investments and monitoring throughout implementation.

Procedures for GBVH risk screening, assessment, and monitoring identify definitions for the different types of gender-based violence defines GBVH as "an umbrella term for any harmful acts perpetrated against a person's will that is based on socially ascribed gender differences, including acts that inflict physical, mental or sexual harm or suffering, threats of such acts, coercion and other deprivations of liberty." Violence and harassment are further defined as "a continuum of unacceptable behaviours and practices or threats thereof, whether a single occurrence or repeated, having the aim of causing physical, psycho-social, or economic harm, including GBVH." A range of different acts constituting GBVH are identified and defined.

EBRD does not have a specific GBVH implementation plan or strategy. Instead, implementation cuts across existing operational strategies, including the Strategy for the Promotion of Gender Equality (creation of a safe working environment) and the Environmental and Social Policy and Performance Requirements. Whereas this approach is appropriate for guiding implementation, the absence of a specific strategy carries some trade-offs in terms of being able to ensure sufficient expertise, resources and accountabilities are in place for preventing and responding to SEAH risks in operations. In 2020, EBRD presented to the Board of Directors an action plan that includes development of training plans, processes, implementation tracking, development of Technical Cooperation services and mapping of potential partner organisation in Countries of Operations and developing the capacity of GBVH experts to work with the private sector. A standalone plan would enable more visibility closer follow-up on implementation for these positive initiatives.

<u>Staff rules and code of conduct:</u>

The Codes of Conduct for Board Officials and for EBRD Personnel both address Sexual Exploitation and Abuse. Rule 2(d) of the Code of Conduct States: "In their dealings with colleagues and Bank staff, Bank Personnel must show respect and tolerance for varied cultures, beliefs and backgrounds. They must avoid behaviour that constitutes harassment, sexual harassment, bullying or abuse of authority, or that could be perceived by others as such." For other categories of personnel, such as consultants, interns, secondees and other temporary staff, similar ethical obligations are drafted into their contracts, entitling the Bank to terminate the contract when these obligations are breached.

The guidance note for Rule 2 provides a clear definition of sexual harassment:

"Sexual Harassment is any unwelcome sexual advance, request for sexual favour, verbal or physical conduct of a sexual nature, or any other behaviour of a sexual nature by Bank Personnel that causes, has caused, or that might reasonably be expected or be perceived to cause offence or humiliation to other Bank Personnel or CTCs or create an intimidating, hostile or offensive work environment. Sexual Harassment may occur between persons of the opposite or same sex. Sexual Harassment may take the form of, words, gesture, display of pornography, or other actions of an expressed or implied sexual nature, including any situations where employment decisions are made contingent upon the provision of sexual favours."

Element 4.7.2

The MO has mechanisms in place to regularly track the status of implementation of the SEA policy at HQ and at field levels.

Assessment and monitoring of GBVH risks is embedded within the investment cycle, with systematic monitoring and reporting across EBRD's operations.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs. This element addresses implementation mechanisms for follow-up and reporting on an organisations' SEAH policy or action plan.

Implementational Mechanisms:

As noted in 4.7.1, EBRD's commitment to address SEAH is embedded in its Environmental and Social Policy, one of the core operational policy of the Bank. Requirements around the management of ESG risks are embedded into the Operations Manual and approval processes for new operations, requiring that ESG risks, including SEAH are identified and addressed through a suitable action plan prior to approval. Follow-up on ESG risks is monitored throughout implementation and ESG performance has been scrutinised through self-evaluation of operations throughout the majority of the assessment period.

The Environmental and Sustainable development team are responsible for GBVH risk screening and assessment of client capacity pertaining to GBVH issues. GBVH Project Risk Screening, Assessment and Monitoring Procedures address GBVH risks at four stages in the investment cycle, including screening, appraisal, mitigation and monitoring. Investments are assigned a GBVH risk rating and Environmental and Social Action Plans are introduced if necessary. Screening takes many factors into consideration including client, project, and location related factors.

Actions taken at each stage depends on the risk rating assigned the projects, ranging from low to high. Even in cases of low risk, the ESD team is required to establish that appropriate policies, procedures and grievance mechanisms exist and provide any needed training. For high-risk projects, specialised resources are engaged to appraise risks with a GBVH specialist conducting an in-depth review and developing a monitoring and evaluation framework. Monitoring of ESAP implementation occurs as part of regular project supervision, with clients reporting activities on at least an annual basis.

ESAP implementation and monitoring is reflected in loan agreements, creating a contractual requirement. Follow-up on ESAPs includes an examination of the following issues:

I. The number of employees trained or who have signed GBVH policies;

II. The number of GBVH grievances received;

III. Percentage of GBVH grievances responded to within 24 hours; and

IV. Percentage of GBVH grievances under investigation / successfully closed.

Clients are required to respond to a differential evidence standard depending on the level of risk, with high-risk clients needed to undergo more stringent actions to ensure staff and contractors are addressing GBVH risks. A detailed reporting protocol is available, requiring any EBRD client, staff or consultant who is made aware of a GBVH incident to file a GBVH Incident memo to a GBVH focal point in ESD. The ESD GBVH focal point is required to compete an incident report and maintain contact with the client to ensure the complaint is addressed ethically and safely. The report is filed as per dedicated protocol. Incidents are reported internally to the Office of the Chief Compliance Officer (OCCO) to assess jurisdiction under the Enforcement Policy and Procedures (EPPs). Specific information management protocol are identified to protect confidentiality.

EBRD provided multiple examples of how this process has been implemented in the context of different projects, including high-risk case examples. Each case demonstrates an analysis of relevant risks, including GBVH, stakeholder engagement activities, arrangements for grievance mechanisms and arrangements for monitoring and reporting. Examples of legal agreements were also provided demonstrating how reporting requirements have been implemented. One example demonstrated how technical cooperation is used to help build client capacity to prevent, identify, respond to and report incidents of GBVH. Finally, a case example was provided where a client failed to meet some GBVH requirements. EBRD responded with a more stringent ESAP and updated provisions in the loan agreement. Overall, there is evidence that these processes are regularly implemented.

Reporting on prevention and response to SEAH risks in operations:

Reporting on efforts to address GBVH in operations are also discussed through reporting on the implementation of the Strategy for Promotion of Gender Equality (See MI 2.1). Operational reporting to the Board on a quarterly and annual basis identifies GBVH issues that have arisen in operations – however, stakeholders report that cases have not yet been reported for sexual abuse and only for sexual harassment. This is regarded internally as evidence that monitoring and review processes require further strengthening.

Reporting on ESG performance was formerly reported on in Operations Performance Assessments, which were previously mandatory for all mature operations; however, information on performance and compliance has not been aggregated at the institutional level. KPI 9 reflects on EBRD performance in addressing ESG risks more broadly – including GBVH risks - throughout operations, noting generally satisfactory performance. But more limited information is available on how GBVH risks have been addressed specifically. Nor is a retrospective analysis available that examines how GBVH risks have been addressed in previous projects and any lessons that can be drawn.

As noted above, EBRD does not have a GBVH-specific action plan or strategy which could support such compliance monitoring and support robust resourcing to address GBVH. Reporting and follow-up on compliance is important given that EBRD relies on client reporting to identify incidents. An ongoing challenge involves clients reporting incidents in annual reporting only – despite legal agreements requiring immediate reporting to EBRD. Legal agreements were strengthened in 2020 to require immediate reporting to EBRD focal points if an incident occurs.

Element 4.7.3

Dedicated resources and structures are in place to support implementation of the MO's policy and/or action plan at HQ and in programmes (e.g., covering safe reporting channels, and procedures for access to sexual and gender-based violence services).

GBVH focal points and the Office of the Chief Compliance Officer support the implementation of EBRD's approach. Numerous confidential reporting channels are available to receive and address complaints.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Coordination and processes for addressing GBVH risks in operations:

As noted above, EBRD has specific procedures in place to support the screening, assessment, and monitoring of GBVH risk across operations, that guide coordination between Banking teams, ESG staff and the Office of the Chief Compliance Officer. Projects are assigned a GBVH risk rating, an assessment of the client's capacity to manage project related GBVH risks is undertaken, clients are advised on the minimum required GBVH risk mitigation actions, and client's efforts to mitigate GBVH risks are monitored. EBRD also has dedicated reporting protocols for Project-related allegations and incidents, which includes initial GBVH Disclosure, the filing of an incident report, and sharing of report information. Clients are required to implement an effective grievance mechanism for its workers that includes provisions for confidential complaints and those requiring special protection measures such as reports of GBV.

Differential processes are in place to address GBVH risks for projects based on the level of risk. Risk screening first takes into account the country risk based on the Women's Peace and Security Index. Other factors considered include the location (urban, peri-urban, rural), labour influx risk, duration of construction work, use of security forces, due diligence on the company for past GBVH issues. As noted above, all projects undergo ESG risk screening as part of their design and approval. At a minimum, all clients are required to have anti-GBVH policies and reporting mechanisms in place. Projects in higher risk settings and countries are subject to additional scrutiny and questionnaires and specific provisions may be identified in Environmental and Social Action Plans (ESAPs) to strengthen client measures to monitor risk. High risk projects and contexts may require the engagement of third-party experts to carry out in-depth assessment and monitoring and direct engagement with potentially affected persons through awareness-raising activities. Project examples provided by EBRD demonstrated differential approaches taken for different levels of risk.

<u>Resources, focal persons and capacity for addressing GBVH:</u>

Within the organisation, the Office of the Chief Compliance Officer is responsible for receiving reports through the GBVH focal points. As described in MI 4.5, this function is an independent oversight function headed by the Bank's Chief Compliance Officer. Currently, there is no dedicated staff to address GBVH as specialists perform other ESG risk management functions. A senior-level position was budgeted but remains unfilled. Work on GBVH is supported by 5 GBVH focal points located within the Environmental and sustainable development team who are all senior social and health and safety advisors. These focal points receive more in-depth practical training to enable them to handle questions and reports. SEA and GBVH risks are managed by E&S staff as part of all the issues they need to address. These focal points serve as a coordination function between clients, ESG staff and other internal stakeholders across Headquarters and within Countries of Operation. A potential risk involves the high workload of these focal points, as expressed by stakeholders.

The OCCO and ESD functions are funded through specific allocations in EBRD's administrative budget and are funded independently of other teams and operations. However, EBRD stakeholders feel that the absence of dedicated staff is a challenge in addressing GBVH risks in operations.

<u>Reporting channels for GBVH:</u>

Clients are expected to establish confidential mechanisms for receiving complaints as part of ESAPs. Beyond these, various direct reporting channels are available to victims, including an online confidential reporting mechanism, a whistleblower complaints intake platform and the Independent Project Accountability Mechanism (IPAM). As noted above, during the assessment period, EBRD had received one project related GBVH complaint pertaining to sexual harassment through client self-reporting.

IPAM is the independent accountability mechanism of the EBRD which reviews environmental, social and transparency-related concerns raised by project-affected people and CSOs about Bank-financed projects that have caused harm. Like other channels, IPAM also provides a mechanism for confidential reporting. For cases that IPAM reviews for which it finds non-compliance with provisions of the ESP, Management Action Plans (MAPs) are produced and IPAM monitors their implementation bi-annually. In 2022, IPAM completed its first full year of implementation. IPAM Reports on its cases publicly. Since 2015, IPAM has registered 52 cases, 19 of which remain open. None of these cases involved incidents of GBVH.

Element 4.7.4

Quality training of personnel / awareness-raising on SEA policies is conducted with adequate frequency.

The EBRD provides relevant training to its staff and clients to enhance capacity to prevent and respond to instances of Sexual Exploitation and Sexual Abuse.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Mandatory training on prevention and response to GBVH:

The OCCO conducts mandatory training on EBRD's ethical principles including addressing misconduct in its "Integrity Matters!" course, which includes issues around improper interpersonal behaviour, including sexual harassment. All staff are required to complete this course within 6 months of joining the Bank and training must be refreshed every 3 years or staff are subject to a financial penalty. This training is also mandatory for Board Officials. Courses are held regularly, with 13 sessions held for staff in 2022 with a total of 305 attendees. Stakeholders note that staff compliance exceeds 95%.

Additionally, the Bank has reported in its document Access to Services Support Programme - Gender Advisory Services that it plans to develop a strategy for staff training to raise awareness of gender-related issues. A mandatory eLearning module for project-facing Bank staff was rolled out in 2022.

Stakeholders confirmed that training provided is updated periodically and is scenario-based, reflecting aspects of actual situations and cases. EBRD has conducted six internal training session since 2019 on GBVH and Prevention. Additionally, the five GBVH focal points in ESD have received specialised in-depth training with a specialist Civil Society Organisation.

As identified above, client capacity to prevent and respond to GBVH risks is assessed during appraisal relative to the inherent project risks. For any project above low risk, ESD officers are guided to ensure that clients are given relevant training and support to ensure appropriate policies and structures are in place, including grievance mechanisms for victims and training for staff and any contractors. These requirements are reflected in the project ESAP and monitored throughout implementation. EBRD provided examples where such capacity development was undertaken as part of Environmental and Social Management Plans.

Interviews indicated that the Bank has undertaken a lot of internal training following the implementation of the new Environmental and Social Policy, especially with E&S staff, but also Gender and Economic Inclusion staff and OCCO staff. Furthermore, stakeholders indicated that as part of the launch of the Good Practice note there was an internal launch where the guidance was communicated with staff. However, some staff interviewed at the country level reported that they had never received training on addressing GBVH complaints.

Collaboration with partners to build capacity in addressing GBVH risks:

Whereas EBRD works closely with other IFIs such as IFC in coordinating their practices to address GBVH risks in operations through joint guidance notes and sharing of screening tools and questionnaires used to screen operations. While not systematic across COOs, Technical cooperation projects can sometimes address GBVH matters directly or indirectly. These include support provided to government ministries and municipalities on the prevention of sexual harassment on public transport and removal of employment barriers which contribute to GBVH. In the case of Ukraine, this work has focused on mapping referral services to handle SEAH reports in a conflict setting.

Element 4.7.5

The MO has clear standards and due diligence processes in place to ensure that its client investees and other relevant partners prevent and respond to SEA.

Due diligence processes have been integrated into the operational cycle through the Environmental and Social Policy and the Performance Requirements.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

As noted under elements 1 and 2, the Environmental and Social Policy and Performance Standards require that all clients assess project-related gender-based violence risks of sexual harassment, sexual exploitation and abuse to project-affected persons and communities and adopt specific measures where appropriate. The gender issues mitigation process also requires projects to pay attention to women-specific risks such as gender-based violence.

EBRD has established procedures for project risk screening, assessment, and monitoring related to GBVH risk which is implemented systematically across projects. These include GBVH Risk Screening and an assessment of the client's capacity to manage project related GBVH risks. These requirements are clearly specified in legal agreements, including client responsibilities to mitigate and monitoring GBVH-related risks in accordance with ESAPs and report incidents promptly to EBRD. Evidence of such legal provisions were provided to the team. The EBRD's Environment and Social Department assess projects to ensure risks are properly identified up front and clients' capacity to manage and monitor these risks is sufficient. Due diligence monitoring is implemented throughout implementation depending on the level of risk, from a desk review of client reports to implementation of a specialised screening questionnaire, provision of technical assistance, enhanced site-based monitoring and/or third-party monitoring and verification by a GBVH expert.

EBRD's processes to address GBVH in operations also cover contractors recruited by clients. Clients are required to identify a GBVH policy, disclose this policy to contractors, provide training on GBVH reporting procedures and monitor implementation. One of the indicators examined in reflecting on GBVH action plans includes the number of employees and contractors trained or who have signed the clients' GBVH policy.

EBRD provided an example of how it intervenes when clients are found not to have capacity to manage existing GBVH risks. EBRD supported a ride-hailing company incorporated in a Central Asian country to better understand and address the GBVH risks linked to the operating environment, the sector and the country, developing a tailored action plan. It was agreed that EBRD would finance implementation support given the limited capacity of the client staff. This support is targeted at strengthening leadership, policies, partnerships, monitoring and reporting and training programmes.

However, stakeholders noted an important challenge with respect to monitoring GBVH risks for projects involving Financial Intermediaries (FIs). Whereas large infrastructure investments and corporate investments are easier to monitor with respect to prevention and response to GBVH, it is much harder to assess these activities for FIs which onlend to multiple smaller clients with different levels of capacity. While these smaller loans are thought to carry less risk, stakeholders raised concern that GBVH monitoring for FIs primarily addresses FIs' capacity to prevent and respond to GBVH among its own staff and its onlending portfolio. Although the Bank may conduct due diligence for FIs' portfolios in higher risk settings, the focus is generally on ensuring the client FI has capacity to manage environmental and social risks and demonstrate this.

More limited monitoring is completed to ensure FIs are providing appropriate capacity development, oversight and grievance mechanisms with respect to their clients. Furthermore, because these projects are typically "low risk," they get a lighter touch review.

EBRD delegates the due diligence of subprojects to FIs and in doing so ensures they have the right environmental and social management systems (ESMS) in place (in compliance with Performance Requirement 9 for FIs). GBVH risk assessment and management should be part of the FI ESMS. Furthermore, PR9 requires all FIs to have a stakeholder engagement mechanism for external stakeholders to raise any concerns. While gender is not explicitly mentioned in PR9 (ESP 2019) it will be clearly outlined in the revised ESP (2025) and it will also explicitly require FIs to have a grievance mechanism.

Element 4.7.6

The MO can demonstrate its contribution to interagency efforts to prevent and respond to SEA in line with the Joint Statement on Continuous Advancement of Standards to Prevent Sexual Harassment, Abuse, and Exploitation.

The EBRD participates in inter-agency efforts to prevent and respond to SEA through MDB Working Groups at global level and identification of guidance notes.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The EBRD contributes to inter-agency efforts through participating in the Multilateral Development Banks (MDBs) Working Group on SEAH and collating good practices with MDBs to address gender-based violence and harassment (GBVH) in MDBs investments at the global level, which are translated into operational policies that have implications for individual investments.

Following the 2018 London Safeguards Summit, the UK's Foreign, Commonwealth and Development Office (FCDO) convenes and chairs a Cross-Sector Safeguarding Steering Group (CSSG) which is made up of representatives from all stakeholders who made commitments related to the Summit, Including EBRD. The CSSG convenes a quarterly as a forum to share progress, challenges and examples of best practice across the sector. An annual progress report is released by this group.

In November 2020, IFIs formed a dedicated MDB SEAH Working Group to collaborate and coordinate between institutions whose policies and procedures somewhat differed in approach and coverage. Two joint sub-groups were established to focus on: (i) development of a knowledge platform and exploring opportunities for joint pilot initiatives; and (ii) country-level collaboration around specific investments or thematic areas. The platform is intended to facilitate communication, share external resources developed by IFIs and support the development and/or sharing of practical tools and training.

EBRD is part of the Steering Committee for this initiative and participated as a comparator for a 2022 comparison of approaches across IFIs, for which it was found to have among the most robust approaches in place for representation of SEAH in policy documents, guidelines and good practice notes, risk assessments, procurement requirements and requirements for grievance mechanisms [ADB (2022) Summary of the Analytical Study for the Safeguard Policy Review and Update] Interviews indicated that EBRD participated in other working groups, including for a MDB website for joint recourses, and with the UK FCDO.

As part of the COVID-19 recovery, the EBRD encouraged clients and stakeholders to design and implement policies that focus on mitigating the risk of GBVH and other forms of violence against women. This culminated in a policy brief on "Building back better for gender equality," which advises that companies and organisations should adopt specific governance policies, processes and systems, including grievance mechanisms and enhance awareness among staff and management and along supply chains. This includes discussing the need for action on GBVH with co-investors during policy dialogue and in developing country strategies. [EBRD 2020, Building Back Better for Gender Equality] This has since been incorporated into EBRD's Good Practice Note, advising teams to: "[discuss] the need for action on GBVH with co-investors during policy dialogue and when developing country strategies, so that a consistent set of expectations is presented to the company."

EBRD has worked with partners at the country-level to adapt its E&S due diligence processes to address risks associated with projects it finances in conflict situations, notably Ukraine, including Technical Assistance to support Ukraine-based clients in managing increased risks to their workers and research commissioned into exploring which GBVH support services were available and functioning. Specific guidance is being developed to support clients in addressing this issue and providing linkages to service providers [EBRD Sustainability Report, 2022].

Element 4.7.7

Actions taken by the MO on SEA allegations in operations are timely with their number, related non-identifying information and actions taken reported publicly.

EBRD has clear reporting protocol in place for incidents of SEA.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The quarterly and annual reporting of the Office of the Chief Compliance Officer (OCCO) tracks the status of all complaints including of those of suspected sexual exploitation and abuse by EBRD staff within the category of harassment and bullying. The OCCO Annual Report is available publicly while quarterly reporting remains internal. The OCCO Annual Report provides an overview of allegations of staff misconduct but identify the type of misconduct alleged. It identified the number of cases referred for disciplinary action, including termination of employments and subsequent resignations [OCCO Annual Report 2022].

At the project level, there are three steps in formally reporting an allegation or incident of GBVH. First, there is initial disclosure where an EBRD client, staff or consultant is made aware of a GBVH allegation or incident and submits a GBVH Incident Memo to the GBVH Focal Point. Second, a GBVH Incident report is completed and filed by the GBVH Focal Point, who maintains regular contact with the client to ensure the allegation or incident is handled ethically and safely. Third, the GBV Report information is shared to both EBRD staff and relevant external stakeholders whom the GBVH Focal Point identifies as needing to be informed. This is done through a GBVH Incident Internal Report and/or GBVH External Report if required. The GBVH Focal Point maintains regular contact with these persons to provide updates as required. For internal reporting, there is a list of trigger points identified in the reporting protocols to determine whether a report needs to be made and to whom. For external reporting, if no stakeholders are identified that require immediate reporting of all GBVH allegations and incidents, then EBRD will only shares aggregate information.

EBRD employs protocols around the handling of information in terms of the channels to be used, the information to be shared, and the protections to ensure safe storing of information. EBRD staff and consultants are not to be provided with personal information about a survivor, are not to seek identifiable information related to the survivor, perpetrator or witness, nor should they try to make direct contact with anyone involved. GBVH focal points are responsible for managing all information, ensuring reporting protocols are followed accurately, and for providing recommendation on how to further secure GBVH information.

As part of the loan agreements, clients are expected to report instances of GBVH complaints to the EBRD immediately upon occurrence. When a report is received by a GBVH Focal Point, that person should get in touch with the client 'as soon as practical' to start a review of the case and case management by the client. Stakeholders report that clients are not notifying reported complaints (all for Sexual Harassment to date) within this timeline, with some complaints raised in annual reporting.

EBRD has processes in place to prevent rehiring of former staff who have engaged in misconduct, including SEAH. EBRD is not yet a member of platforms such as Clearcheck. However, stakeholders note that potential staff hires and consultants undergo a rigorous screening process. Potential hires are required to identify whether they have worked for EBRD previously. Potentially re-hired staff profiles are checked against existing HR records to identify potential issues, alongside criminal record checks and a conflict of interest check. When former staff are re-hired as consultants or suppliers, the procurement team consults with the Human Resources team to identify instances where a termination would prevent re-engagement. Guidance is available to facilitate these pre-contract background checks on potential suppliers. However, this information is not shared with other organisations.

Element 4.7.8

The MO promotes a survivor-centred approach to SEA in operations, with operations having a survivor support function in place (stand-alone or part of existing structures) in line with its exposure/risk of SEA.

EBRD promotes a survivor-centred approach in addressing incidents of SEA, including through client grievance mechanisms required by its performance standards.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Per the procedures for GBVH risk screening, assessment, and monitoring, adopting a survivor-centred approach is one of the overarching principles that all ESD advisors and E&S consultants are asked to follow. The survivor-centred approach is not identified in the Environmental and Social Policy, but it defined in its EBRD's Good Practice note as "treating survivors with dignity and respect and in a non-judgemental way, making sure they are safe and enabling them to make informed decisions. Maintaining confidentiality is an essential element in this regard." In this regard, the good practice note identifies the importance of having the rights of GBVH survivors consistently used as a starting point for all decisions to assess, prevent, monitor and respond to GBVH, including applying the Convention on the Rights of Child such that "the best interests of the child" should be the primary consideration in taking decisions or providing support as relevant [EBRD Good Practice Note].

Procedures state that the rights, needs and wished of survivors must always be prioritised and that survivors must be provided with access to available GBVH support services by the client. Furthermore, information that could identify a survivor must only be shared with the consent of the survivor. This is translated into the screening process, which includes questions related to the ease of access to support services.

Reporting Protocols include ethical guidelines for recipients of GBVH incident or allegation reports. This includes adopting a survivor-centred approach, providing care for GBVH survivors, and confidentiality in the processing of information. As part of its internal Guidance on ESP Performance Requirement 2, EBRD specifies that "clients must implement these provisions in relation to their own workforce and ensure that non-employee workers also have access to an effective grievance mechanism." Furthermore, the guidance specifies that complainants should have "more than one point of contact available to file a grievance, including a female contact point, as well as the option to file a grievance without being physically present." All contact points must receive appropriate training in survivor-centred approaches, confidentiality, safeguarding survivors and witnesses from retaliation. Furthermore, referral pathways need to be in place for complainants to access appropriate medical, psycho-social or legal support services. As part of the Performance Requirements, client companies are required to establish a grievance mechanism capable of receiving GBVH complaints and providing access to required services. Typically, these structures form part of ESAPs whose implementation is monitored on an annual basis. These requirements are flexible, with additional conditions imposed by GBVH specialists in the case of high-risk projects, as indicated in element 4.7.5. Implementation of the victim-centred approach in this context is evidenced in country-level guidance designed to help companies design and implement organisational policy statements against GBVH, such as a dedicated note for clients in Türkiye.

Under Performance Requirement 4, clients are meant to provide confidential channels for reporting incidents as well as support services for victims. As noted above, EBRD's GBV focal points within the Environmental and Social Department receive specialised training and handle all potential incident reports. In high-risk cases, ESD staff are advised to ensure clients work with GBV specialists, local NGOs and government to support prevention and support services, particularly for high-risk groups. A key consideration in establishment ESAPs is identifying means to strengthen GBVH support services and build the capacity of service providers.

EBRD is planning to review implementation of the ESP. This will be an important step in assessing implementation and compliance with relevant provisions of the ESP and identifying lessons. In particular, a digitalisation initiative will enable EBRD to provide more detailed information on compliance with internal requirements and actions taken across the portfolio to ensure survivor-centred approaches are implemented.

MI 4.8: The MO prevents and responds to sexual harassment (SH)

- Element 4.8.1: Organisation-specific dedicated policy statements and/or codes of conduct that address SH available, aligned to international standards and applicable to all categories of personnel.
- Element 4.8.2: The MO has mechanisms in place to regularly track the status of implementation of the policy on SH at HQ and at field levels.
- Element 4.8.3: The MO has clearly identifiable roles, structures and resources in place for implementing its policy/guidelines on SH at HQ and in the field, including support channel for survivors, a body coordinating the response, and clear responsibilities for following up with survivors.
- Element 4.8.4: All managers have undergone training on preventing and responding to SH, and all staff have been trained to set behavioural expectations across the organisation (including with respect to SH).
- Element 4.8.5: The MO makes multiple mechanisms available to seek advice, pursue informal resolution or formally report SH allegations.
- Element 4.8.6: The MO ensures that it acts in a timely manner on formal complaints of SH allegations.
- Element 4.8.7: The MO transparently reports the number and nature of actions taken in response to SH in annual reporting and shares information among peer organisations as appropriate.

Table 78. KPI 4 – MI 8 ratings

MI / Element	Rating	Score	Confidence level
MI 4.8	Satisfactory	**3.00**	Medium
4.8.1	Satisfactory	3	High
4.8.2	Satisfactory	3	Medium
4.8.3	Satisfactory	3	Medium
4.8.4	Satisfactory	3	Medium
4.8.5	Satisfactory	3	Medium
4.8.6	Satisfactory	3	Medium
4.8.7	Satisfactory	3	High

MI 4.8 Evidence documents

- EBRD (2013), *Access to Services Support Programme Gender Advisory Services*, EBRD, London, www.ebrd.com/documents/gender/access-to-services-support-programme.pdf.
- EBRD (2016), *Guidance Note for Bank Personnel: Code of Conduct Rule 2,* EBRD, London.
- EBRD (2016), *Strategy for the Promotion of Gender Equality 2016-2020*, EBRD, London, www.ebrd.com/documents/gender/ebrd-strategy-for-the-promotion-of-gender-equality.pdf.
- EBRD (2019), *Financial Report 2018*, EBRD, London, www.ebrd.com/documents/comms-and-bis/financial-report-2018.pdf.
- EBRD (2019), *Environmental and Social Policy*, EBRD, London, www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html.
- EBRD (2019), *Procedure: Harassment-free and Respectful Workplace*, EBRD, London,

www.ebrd.com/documents/corporate-strategy/harrassment-free-and-respectful-workplace-procedures.pdf.

- EBRD (2021), *Code of Conduct for Board Officials*, EBRD, London, www.ebrd.com/code-of-conduct-board.pdf.
- EBRD (2021), *Code of Conduct for EBRD Personnel*, EBRD, London www.ebrd.com/code-of-conduct-personnel.pdf.
- EBRD (2021), *Directive Conduct and Disciplinary Rules and Procedures*, EBRD, London, www.ebrd.com/ebrd-conduct-disciplinary-rules-procedures.pdf.
- EBRD (2021), *EBRD Whistleblowing Policy*, EBRD, London, www.ebrd.com/integrity-and-compliance/ebrd-whistleblower-policy.pdf
- EBRD (2021), *Guidance Note on Ethics and Integrity Training*, EBRD, London.
- EBRD (2022), *Guidance Note for Bank Personnel – Rule 2*, EBRD, London.
- EBRD (2022), *OCCO Q4 2021 Update*, EBRD, London.
- EBRD (2024), "Living Your Ethical Values" Presentation, EBRD, London.
- OCCO (2021), *Integrity and Anti-Corruption Report 2020*, EBRD, London, www.ebrd.com/integrity-and-anti-corruption-report-2020.pdf.
- OCCO (2023), I*ntegrity and Anti-Corruption Report 2022*, EBRD, London, www.ebrd.com/integrity-and-anticorruption-report-2022.pdf.

MI 4.8 Analysis

Element 4.8.1

Organisation-specific dedicated policy statements and/or codes of conduct that address SH available, aligned to international standards and applicable to all categories of personnel.

EBRD has a clear set of dedicated policy statements, guidance documents and procedures to address SH aligned to the MDB Joint Statement.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

As noted in 4.7.1, above, the EBRD is a participant in the Joint Statement on Continuous Advancement of Standards to Prevent Sexual Harassment, Abuse and Exploitation, including principles around prevention and response to Sexual Harassment.

EBRD has no specific standalone action plan or policy addressing SH. However, SH has been integrated into organisational-wide policies that address staff misconduct, including measures for reporting and redress linked to the Office of the Chief Compliance Officer. Implementation of these measures is demonstrated in the annual reports of the Office of the Chief Compliance Officer.

As per the first principle of the Statement, the EBRD's Code of Conduct for all staff and stated in 4.7.1, above, Codes of Conduct for Board Officials and EBRD Personnel address improper interpersonal behaviour defined to include bullying, harassment, including sexual harassment and abuse of authority. These documents are supported by the Conduct and Disciplinary Rules and Procedures (CDRPs) and the Harassment-free and Respectful Workplace Procedure (RWPs).

While these policy instruments (Codes, RWPs and CDRPs) do not apply to consultants and other temporary personnel (such as interns or consultants) recruited by EBRD, the foregoing categories of personnel are subject to robust contractual obligations prohibiting harassment, including sexual harassment, against any individual. A breach of these obligations would entitle the Bank to terminate the individual's contract.

Rule 2(d) of the Code of Conduct States: "In their dealings with colleagues and Bank staff, Bank Personnel must show respect and tolerance for varied cultures, beliefs and backgrounds. They must avoid behaviour that constitutes harassment, sexual harassment, bullying or abuse of authority, or that could be perceived by others as such."

The guidance note for Rule 2 provides a clear definition of sexual harassment:

"Sexual Harassment is any unwelcome sexual advance, request for sexual favour, verbal or physical conduct of a sexual nature, or any other behaviour of a sexual nature by Bank Personnel that causes, has caused, or that might reasonably be expected or be perceived to cause offence or humiliation to other Bank Personnel or CTCs or create an intimidating, hostile or offensive work environment. Sexual Harassment may occur between persons of the opposite or same sex. Sexual Harassment may take the form of, words, gesture, display of pornography, or other actions of an expressed or implied sexual nature, including any situations where employment decisions are made contingent upon the provision of sexual favours."

Additionally, as noted in MI 4.7 above, EBRD's Environmental and Social Policy requires that Bank clients must prevent and address any form of violence, harassment including SH, exploitation and abuse. The Guidance Note for Bank Personnel on Rule 2 of the Code of Conduct clearly defines what constitutes sexual harassment. The Code of Conduct is supported by the Enforcement Policy and Procedures as well as in guidance for how these apply to the private sector. Bank Personnel, Board Officials, and Service Providers.

The EBRD's Directive on Conduct and Disciplinary Rules and Procedure lays out a clear process with respect to investigating suspected staff misconduct and imposing disciplinary measures. Implementation of the Code of Conduct is demonstrated in quarterly and annual reporting by the Office of the Chief Compliance Officer to the EBRD's Board of Directors. This reporting identifies reported cases, investigations and disciplinary actions taken.

Element 4.8.2

The MO has mechanisms in place to regularly track the status of implementation of the policy on SH at HQ and at field levels.

EBRD has a clear process in place to raise and address alleged SH as well as annual reporting that presents the number and status of complaints.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The EBRD's Harassment-free and Respectful Workplace Procedures set out the processes for dealing with improper interpersonal behaviour, including sexual harassment.

Allegations of improper behaviour are reportable in writing to the Managing Director of Human Resources and Development, who may initiate an assessment where there is sufficient cause for concern that improper behaviour has arisen. Upon receipt of allegations, the MDHR is expected to take action within 15 days.

The quarterly and annual reporting of the OCCO to the Board of Directors tracks the status of complaints of suspected sexual harassment by EBRD staff within the category of harassment and bullying. Its publicly available annual reports identify the number of harassment and bullying complaints investigated each year from headquarters and country offices. However, it does not report the timeline on which cases were resolved.

This is reported for complaints at headquarters and resident offices. The OCCO also reports on RWP referrals from the MD HROD. In 2022, there were 7 RWP referrals from the MD HROD. In 2022, there were four complaints investigated relating to harassment and bullying, two at headquarters and two in resident offices.

With a view toward reviewing and enhancing its approach to addressing sexual harassment and other misconduct issues, EBRD has undergone a benchmarking exercise with other IFIs which will inform the revision of the Conduct and Disciplinary Rules and Procedures (CDRPs) and the Harassment-Free and Respectful Workplace Procedures, completed in 2023. This exercise found EBRD's approach to addressing sexual harassment and other misconduct issues to be in line with good practice across comparator IFIs.

Stakeholders confirm that a process is in place that is accessible to all staff, including staff in Regional Offices. However, promoting reporting among country offices, where the greatest risk lies, is a challenge. Stakeholders note that reporting is equal to that of Headquarters despite increased risk, suggesting some degree of under-reporting.

Element 4.8.3

The MO has clearly identifiable roles, structures and resources in place for implementing its policy/guidelines on SH at HQ and in the field, including support channel for survivors, a body coordinating the response, and clear responsibilities for following up with survivors.

Roles and responsibilities for intake, investigation and resolution of complaints are clearly divided between the Managing Director Human Resources and Organisational Development (MD HROD) and the OCCO, with outreach conducted to country offices to enhance reporting.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The MD HROD deals with allegations of improper interpersonal behaviour, including SH, with the support of the OCCO to carry out any required investigations through the CDRP. Through the CDRP, OCCO carries out independent investigations of incidences of improper interpersonal behaviour through a standard process that identifies clear, processes, standards, timelines, case load tracking and includes clear protocol for protecting survivors while ensuring the rights of accused are upheld. As noted in MI 4.7 and the elements above, OCCO is an independent oversight function funded through EBRD's administrative budget.

Complaints about instances of SH are to be made to the Employee Relations team in Human Resources, as outlined in the Guidance Note on Rule 2. Allegations of staff misconduct can also be reported to the CCO or the MD HROD. There is a clear division of responsibility between the CCO as factfinder with regard to complaints of misconduct and the MD HROD as decision-maker on any disciplinary action.

These recourse channels are equally available to staff in Regional Offices and staff at Headquarters. OCCO communicates regularly with complainants on the status of complaints, investigations and disciplinary actions taken.

Information on responsibilities, reporting channels and processes are communicated to staff through various mandatory trainings and communications by the OCCO on EBRD's Code of Conduct, including "Integrity Matters!" (a mandatory course for all staff) and "Living Your Ethical Values," a voluntary training course for country office staff launched in 2022 which helps communicate available channels for recourse to country office staff and help establish connections between country offices and the ethics team. This training was rolled out to 15 of 40 country offices in 2022. Anecdotally, stakeholders reported an increase in reports following the roll-out of training. The program is expanded to also include HQ Teams. Although efforts are made to promote awareness and access to recourse mechanisms across Regional Offices, there is no consistent practice of identifying focal points across the Regional Offices.

Element 4.8.4

All managers have undergone training on preventing and responding to SH, and all staff have been trained to set behavioural expectations across the organisation (including with respect to SH).

Mandatory training is delivered addressing prevention and response to SH.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The OCCO conducts mandatory training on EBRD's ethical principles including addressing misconduct in its "Integrity Matters!" course. In 2022, thirteen "Integrity Matters!" courses were held for staff with a total of 305 attendees. EBRD also has a dedicated "Integrity Matters!" training for Board Officials, following an Ethics Committee decision. In 2022 and 2023, two such courses were held with a total of 32 attendees. From 2023, the course will be held in-person during the Board induction program.

Mandatory Code of Conduct training must be completed within 6 months or the department a relevant staff member is from may be subject to a financial penalty, a potential good practice to promote compliance. This training must also be refreshed every 3 years. Mandatory Board training on the Code of Conduct was initiated in 2022, following an Ethics Committee decision. Additional mandatory training is provided on the Whistleblowing Policy.

The introduction of a mandatory course alongside follow-up through financial penalties has enable EBRD to achieve a high level of compliance. Stakeholders note that this approach has been effective in promoting compliance, with fewer than 5% of staff having this training outstanding.

OCCO further holds a bespoke training for resident offices called "Living Our Ethical Values", for which there were 6 courses held in 2022 with a total of 110 attendees, up from 44 attendees in 2021. "Living your Ethical Values" was trialled on a pilot basis in 2021 and expanded throughout 2022 and 2023 as a means to raise awareness of the Ethics Function, deliver tailored and data-driven workshops across EBRD's RO and to raise awareness and develop skills on the ethical 'hot topics' relevant to the staff working in the ROs.

Stakeholders report that training is interactive and scenario-based to promote engagement. Content is refreshed periodically to reflect emerging cases.

The Bank has reported that it plans to develop a strategy for staff training to raise awareness of gender-related issues, according to its document Access to Services Support Programme Gender Advisory Services. Stakeholders note that managers are regularly trained by OCCO in how to facilitate reports of sexual harassment.

Element 4.8.5

The MO makes multiple mechanisms available to seek advice, pursue informal resolution or formally report SH allegations.

EBRD employees can report SH through multiple channels with means to ensure confidentiality in place.

This element is rated as satisfactory, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

EBRD's Whistleblower Policy identifies multiple channels through which staff can make allegations of misconduct, including SH, including anonymously. Reporting channels include: (i) an email sent to a dedicated address accessible only by the Chief Compliance Officer and the Director of Investigations. Links are available to make an online report to these focal points, including anonymously. Complaints may also be sent by post to the OCCO. If complainants do not wish to use these mechanisms, complaints may also be raised to the Head of Internal Audit, the MD HROD, the President or any member of the Executive

Committee. Staff are made aware of these reporting channels through mandatory training on the Code of Conduct, mentioned above.

Employees can report also report instances of bullying, harassment and/or abuse of authority to the Managing Director, Human Resources and Organisational Development or to the alternative channels outlined in the Whistleblowing Policy, with stakeholders reporting that 70% of reporting occurs via these channels. All Bank Personnel are regularly trained by OCCO in how to facilitate reports of sexual harassment (for example, acting as a support person). The Bank recently published a dedicated ‘Reporting Hub’ on the intranet with all resources in one centralised location. For example, Employee Relations, Ombudsperson, OCCO, etc., OCCO’s Whistleblowing hotline is managed by trained investigators with consideration given to assessing each complaint with sensitivity to cultural norms and discrimination.

The EBRD’s Harassment-Free and Respectful Workplace Procedure allows for both informal resolution and formal reporting of SH allegations. These also include reporting “in writing to the Managing Director, Human Resources & Organisational Development” if initial resolution attempts “are not appropriate or have been unsuccessful”.

There are a range of services available to whistleblowers who allege misconduct. These include: (i) the Employee Assistance Programme, an independent, confidential mechanism which provides counselling services over the phone or through an entitlement to 6 in-person sessions; (ii) a Staff Legal Advisor, which provides confidential advice to staff on legal matters related to their employment as well as other options to resolve grievances; (iii) the Bank Ombuds, which provides confidential advice; and (iv) the Inside-Out application, through which staff can access mental health and wellbeing support, including access to therapists. Staff are made aware of these services through mandatory training on the Code of Conduct and Whistleblowing policy.

The EBRD’s Personnel and Board Codes of Conduct and Whistleblowing policy prohibits retaliation against a whistleblower that makes a report of alleged misconduct as well as witnesses. The staff survey and staff council survey do not reflect upon staff confidence or willingness to use the available reporting channels. Unlike some comparator organisations, no surveys are implemented to examine the experience of employees who report sexual harassment.

Element 4.8.6

The MO ensures that it acts in a timely manner on formal complaints of SH allegations.

Clear timelines are in place to respond to instances of SH and timelines for resolution are monitored.

This element is rated as **satisfactory**, reflecting the alignment of EBRD’s practices with good practice implemented by other MDBs.

There are clear timelines in place for following up on complaints raised through reporting channels. Several channels submit complaints directly to the Chief Compliance Officer and the Director of Investigations, who serve as focal points for addressing SH allegations. If allegations are raised via alternative channels, the recipients must submit these to the Chief Compliance Officer within one day.

The Directive on the Conduct and Disciplinary Rules and Procedures and the Harassment-free and Respectful Workplace Procedure specify that allegations of misconduct including SH are dealt with in a timely manner but sets a precise timeline only for the Managing Director Human Resources and Organisational Development to take an initial action upon reception of an allegation (15 days) and response time of a EBRD staff member to an accusation of misconduct (15 days).

Between 2016 and Q3 2023, the investigations team within the Office of the Chief Compliance Officer investigated 9 cases of sexual harassment. Internal stakeholders confirm that SEAH cases are prioritized and managed in the most expeditious way possible. All of the aforementioned cases were handled within 4-6 months.

There is no evidence that OCCO or HROD implement a systematic feedback mechanism for complainants to solicit their feedback and understand how they can improve their performance and the support offered. However, OCCO engages frequently with complainants to provide an update on ongoing investigations and disciplinary actions.

Element 4.8.7

The MO transparently reports the number and nature of actions taken in response to SH in annual reporting and shares information among peer organisations as appropriate.

Internal and external reporting is implemented for instances of SH.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The quarterly and annual reporting of the Office of the Chief Compliance Officer (OCCO) to the Board of Directors tracks the status of complaints of suspected sexual harassment by EBRD staff within the category of harassment and bullying. The OCCO Annual Report is available publicly while quarterly reporting to the Board of Directors remains internal. This information is perceived by staff and stakeholders in management and the Board.

Confidence and trust in reporting systems and protection from retaliation is not addressed directly through the staff survey. These surveys instead ask staff to identify their willingness to report incidences as part of overall risk management – with generally positive results. Staff council surveys do report on the proportion of staff who have experienced sexual harassment. Although this percentage remains small, it indicates a level of underreporting. There are opportunities to strengthen feedback mechanisms with staff and victims to reinforce trust in existing reporting and recourse mechanisms.

As noted in the sections above, the quarterly and annual reporting of the OCCO to the Board of Directors tracks the status of complaints of suspected sexual harassment by EBRD staff within the category of harassment and bullying. Its publicly available annual reports identify the number of harassment and bullying complaints investigated each year from headquarters and country offices. Public reporting identifies the number of allegations raised as well as the number progressing to investigations, the outcome of investigations, cases referred to the MD HROD for disciplinary action and cases that remain open.

EBRD is not yet a member of platforms such as Clear Check. However, stakeholders note that potential staff hires and consultants undergo a rigorous screening process. Potential hires are required to identify whether they have worked for EBRD previously. Potentially re-hired staff profiles are checked against existing HR records to identify potential issues, alongside criminal record checks and a conflict of interest check. When former staff are re-hired as consultants or suppliers, the procurement team consults with the Human Resources team to identify instances where a termination would prevent re-engagement. Guidance is available to facilitate these pre-contract background checks on potential suppliers. However, this information is not shared with other organisations.

RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, leverage effective solutions and maximise results.

KPI 5: The MO’s partnerships with clients and host governments support the alignment of operations to the strategic vision, including impact goals, financial sustainability and risk management.

Table 79. KPI 5 ratings

KPI / MI	Rating	Score
KPI 5	Satisfactory	**3.19**
MI 5.1	Satisfactory	3.50
MI 5.2	Satisfactory	3.33
MI 5.3	Satisfactory	3.00
MI 5.4	Highly Satisfactory	3.57
MI 5.5	Satisfactory	3.00
MI 5.6	Satisfactory	3.25
MI 5.7	Satisfactory	2.67

MI 5.1: The MO’s strategies align with regional/country development priorities and intended national/regional results, taking into account market conditions and financial sustainability goals.

- Element 5.1.1: The MO’s country or regional strategies refer to national/regional body strategies or objectives.
- Element 5.1.2: The MO identifies opportunities to achieve market impacts and promote a business enabling environment through both investment and non-investment activities.
- Element 5.1.3: The MO’s country strategies or regional strategies relate to national or regional goals where alignment is appropriate in the context of the strategic vision.
- Element 5.1.4: The MO has processes and structures in place for specialised staff, including country, sectoral and other relevant experts, that allow them to invest time and effort in alignment process and to give guidance to the operational departments and teams for investments and other operations.

Table 80. KPI 5 – MI 1ratings

MI / Element	Rating	Score	Confidence Level
MI 5.1	Satisfactory	3.50	Medium
Element 5.1.1	Satisfactory	3	Medium
Element 5.1.2	Highly Satisfactory	4	Medium
Element 5.1.3	Highly Satisfactory	4	Medium
Element 5.1.4	Satisfactory	3	Medium

MI 5.1 Evidence Documents

- IEvD (2016), *Evaluation Review: Country strategies - an initial review*, EBRD, London, www.ebrd.com/documents/evaluation/evaluation-review-country-strategies-an-initial-review.pdf?blobnocache=true.
- IEvD (2019), *Special Study: EBRD Country Strategies*, EBRD, London.
- EBRD (2017), *Guidance Note: Country Strategies: A Simpler Process with a Better Outcome*, EBRD, London.
- EBRD (2018), *Poland Country Strategy 2018-2023*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395271553698&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2018), *Serbia Country Strategy 2018-2023*, EBRD, London.
- EBRD (2018), *Ukraine Country Strategy 2018-2023*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395238439329&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2019), *Turkey Country Strategy 2019-2024*, EBRD, London, www.ebrd.com/documents/strategy-and-policy-coordination/strategy-for-turkey.pdf.
- EBRD (2020), *Albania Country Strategy 2020-2025*, EBRD, London, www.ebrd.com/strategy-and-policy-coordination/strategy-for-albania.pdf.
- EBRD (2021), *Country Strategy Delivery Reviews 2021*, EBRD, London.
- EBRD (2021), *Georgia Country Strategy 2021-2026*, EBRD, London, www.ebrd.com/georgia-strategy.pdf.
- EBRD (2021), *Lithuania Country Strategy 2021-2026*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395238319795&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2022), *Egypt Country Strategy 2022-2027,* EBRD, London, www.ebrd.com/what-we-do/strategies-and-policies/egypt-strategy.pdf.
- EBRD (2022), *Kazakhstan Country Strategy 2022-2027*, EBRD, London, www.ebrd.com/kazakhstan-strategy.pdf.
- EBRD (2022), *Mongolia Country Strategy 2022-2027*, EBRD, London, www.ebrd.com/strategy-and-policy-coordination/strategy-for-mongolia.pdf.
- EBRD (2023), *Serbia Country Strategy 2023-2028*, EBRD London, www.ebrd.com/sites/Satellite?c=Content&cid=1395238326770&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2024), *Guidelines for the Country Strategies of the European Bank for Reconstruction and Development,* EBRD, London.

MI 5.1 Analysis

Element 5.1.1

The MO's country or regional strategies refer to national/regional body strategies or objectives.

Guidance articulates that EBRD country strategies should refer to national priorities. There is clear evidence of implementation of this guidance across country strategies reviewed.

This element is rated as **satisfactory**, reflecting the alignment of EBRD’s practices with good practice implemented by other MDBs.

Country strategies are a key tool for EBRD to identify transition needs and goals at the country level. In 2016, the approach to country strategies shifted from a narrative-driven to a more visual, data-supported layout, as well as increased prominence given to the country diagnostics in the preparation of country strategies.

EBRD’s approach to country strategies has evolved over time. A 2016 review by the Evaluation Department of EBRD country strategies concluded that the relevance of EBRD country strategies to the objectives and priorities of the country's government and key stakeholders required improvement. Specifically, there was a degree of inconsistency in the level of detail and clarity given to the discussion of government and stakeholder objectives and/or plans across strategy documents. It also noted that the ‘political context’ section could provide a list of key objectives and initiatives to serve as a guide to the Bank’s alignment and complementarity with them, making clear which areas present opportunities but are outside EBRD’s expertise or where there is overlap with other IFIs and donors.

EBRD introduced an updated guidance for country strategies in 2017, which addressed many of these issues. Guidance for the formulation of country strategies notes that as part of strategic priority formulation should include due consideration of factors that determine the EBRD’s focus areas in each country, including the Government’s agenda. EBRD has recently released updated guidance in 2024 that further expanded upon and clarified the 2017 guidance.

Among the EBRD’s country strategies reviewed (Egypt, Poland, Turkey, Serbia, Kazakhstan, Mongolia, Ukraine, Georgia, Albania, and Moldova) all have clear sections on national priorities and how EBRD's reform areas broadly agreed with authorities. This includes a section on Government reform priorities for the country, discussion of the reform areas for which there is broad agreement between EBRD and the authorities, and key messages from civil society. It is clear that this is a requirement with a high level of compliance and that there are specifications for how this is presented in the strategy. (Figure 36)

Figure 36. Example of Discussion of Government Priorities from Poland Country Strategy 2018-2023

3. Government Priorities and Stakeholder Engagement

European Bank
for Reconstruction and Development

3.1. Government Reform Priorities

The Government's **Strategy for Responsible Development** outlines the following priorities until 2020:

- **Reindustrialisation:** Increased productivity in strategic sectors; focus on "intelligent" specialisations, clusters and industrial valleys; and FDI to create quality jobs and supply chains with local companies.
- **Support for innovative companies:** Less cumbersome regulation (New "Business Constitution"); incentives for start-ups (New Innovation Act); commercialisation of innovative solutions ("Start in Poland"); action plan for SMEs; and enhanced cooperation between research institutes and businesses.
- **Efficient use of available capital:** Increased savings through revamped pension programmes and employee stock ownership plans; bond market development; effective utilisation of EU Funds; and investments by SOEs.
- **Foreign expansion of Polish companies:** Export support through the Polish Development Fund; enhancement of the Polish brand; and expanded business diplomacy.
- **Social and regional development:** Comprehensive demographic programme, including improved education, health and labour markets; and effective regional policy, including enhanced use of renewable energy.
- **Efficient state:** e-Administration and nationwide payment system; intelligent public procurement; solid public finances; more efficient collaboration between ministries; and enhanced energy security (including energy efficiency and renewable energy).

3.2. EBRD Reform Areas Broadly Agreed with Authorities

- Need for further **capital market development**, including through new instruments
- Improvement of **stock exchange infrastructure** to facilitate SME access to equity and private debt
- Help for the **banking sector** in adjusting to a changing regulatory environment, including via new and/or MREL-eligible instruments (and potentially Fintech).
- Desirability of developing additional mechanisms for **energy efficiency finance**, which is currently dependent on the Government's donor contributions.

3.3. Key Messages from Civil Society to EBRD

- The shrinking labour force is a major impediment to greater productivity in Poland.
- Equity instruments, including private equity and venture capital, are key vectors for increasing innovation and competitiveness; complementing substantial public funds in this area will be important to develop the market properly.
- Support for SMEs and start-ups should play an important role in private sector development.
- EBRD's intermediated energy efficiency lines are appreciated by small businesses for their simplicity.
- Energy efficiency in buildings and other "green" investments to decrease air pollution have the potential to substantially improve public health.

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Source: EBRD Poland Country Strategy 2018-2023.

A 2019 IEvD special study on EBRD Country Strategies confirmed that EBRD now implements a three-pronged approach to identifying strategic priorities in its country strategies that seeks to answer what needs to change based on the country diagnostics. This new approach seeks to further sharpen the focus on strategic priorities, integrate various modalities of engagement, improve discussion with partners, and improve the readability and logic of the format. Taking into account government priorities and agreements with the authorities, country strategies identify reform areas which are feasible based on the local context and the political economy. Finally, they identify what the Bank can support based on its institutional competencies, lessons learned, and complementarity.

In 2024, EBRD developed new Country Strategy Guidelines that build upon the 2017 guidance. This document is in the early stages of implementation and provides more granular guidance on country strategy development and updating reflecting good practices across MDBs. In particular, the new guidelines lay out a more in-depth process for consulting clients, potential clients and government and partners in Country Strategy design, complemented by public consultations. This document also identifies clear options for adjusting Country Strategies in light of important shifts in context, including development of operational approaches and revised Country Strategies.

Element 5.1.2

The MO identifies opportunities to achieve market impacts and promote a business enabling environment through both investment and non-investment activities.

EBRD country diagnostics identify the main obstacles to private sector development and inform country strategies. With a primary purpose of supporting the transition to a sustainable, open market-oriented economy, country strategy formulation centres on addressing transition gaps. Country strategies reviewed confirm that EBRD identifies opportunities to achieve market impacts and promote business enabling environments.

This element is rated as **highly satisfactory,** reflecting the rigour of EBRD's analytics to identify barriers to investment in CoOs and the use of this analysis to inform country strategy objectives.

EBRD's purpose is to support the transition to a sustainable open market-oriented economies. EBRD uses a variety of instruments including lending and non-lending activities (such as policy dialogue and Technical Assistance to support counties make the transition. This also includes engaging with authorities to promote dialogue between public and private sector to identify policy and institutional transition challenges to support sustainable and inclusive growth.

Policy and investment objectives are formulated through EBRD's country diagnostics that identify the main obstacles to private sector development. It consists of the assessment of transition qualities at the country level together with deeper analytical work on existing constraints and opportunities. The diagnostic highlights the key challenges facing private companies and shows where each economy stands relative to its peers on the Bank's six transition qualities. These findings then feed into the formulation of country strategies.

Guidelines for country strategy formulation indicates that strategic priority formulation includes a discussion of potential strategic priorities that address transition gaps identified in the country diagnostic, with due considerations for other factors including the overall reform momentum. Interview evidence confirmed that diagnostics were a key source of information to determine priority areas within the country.

All sample country strategies outline various opportunities to achieve markets impacts and promote a business enabling environment through both investment and non-investment activities. EBRD's comparative advantage lies in its unique focus on supporting transition through private sector development which requires a dual focus on the public and private sectors and the interaction between the two sectors. The Bank's distinct contribution is grounded in its focus on private sector development combining investment, policy and technical assistance in a single management and incentive structure, with the ability to make selective interventions in the public sector. Investment encompasses both EBRD's own resources and those that it mobilises. While there are commonalities (business environment reform and financial sector deepening), strategies are customized based on country needs and priorities. For instance, in Poland there is a focus on PE/VC, in Turkey on renewable energy and for Albania on greater formalization.

Element 5.1.3

The MO's country strategies or regional strategies relate to national or regional goals where alignment is appropriate in the context of the strategic vision.

EBRD country strategies demonstrate that alignment to national goals and priorities.

This element is rated as **highly satisfactory**, reflecting EBRD's efforts to align to government priorities while ensuring sufficient flexibility to respond to bankable opportunities. EBRD has made an ongoing effort to strengthen guidelines for the development of country strategies over time.

Over the assessment period, EBRD's approach to the development of country strategies has evolved. The 2016 review by the Evaluation Department of EBRD country strategies concluded that there was an inconsistency between country strategies concerning the level of detail and clarity about government and stakeholder objectives and plans.

Addressing these issues, EBRD released new country strategy guidelines in 2017 that subsequently required that formulation of strategic priorities should follow a three-pronged approach (i.e., what needs to change based on the country diagnostics, what can be changed drawing on the local context, government priorities, and political economy, and what can the Bank do based on its institutional competencies, lessons learned, and complementarity). This approach has a clear sequential structure and traceable links to the selection of priorities. According to a 2019 IEvD thematic study on country strategies, this is a positive development by banking and non-banking teams as well as with stakeholders. Within the EBRD country strategies reviewed (Egypt, Poland, Turkey, Serbia, Kazakhstan, Mongolia, Ukraine, Georgia, Albania, and Moldova), there was consistent alignment with national priorities.

While there is a system in place that explicitly accounts for an investment's strategic alignment with country objectives, the IEvD special study also found that current mechanisms do not strongly incentivise project alignment with country strategy objectives. Specifically, when a project is scored for its alignment with ATQ, its score improves only modestly from alignment with country strategy objectives. Although a technical adjustment mechanism was introduced to increase ETI by 2% for alignment with a country strategy objective and by 5% for strong alignment, these adjustments are small and less significant when compared to other ATQ adjustments. It further finds that "there is also no disincentive for non-alignment (i.e. the project TI score is not negatively affected for not being in line with the strategy objective". [IEvD, Special Study: EBRD Country Strategies (2019)]

In response to this study, Management stressed that country strategies influence the selectivity of investments through their assessment of transition impact at the time of origination via TOMS. Specifically, the ETI score for each investment explicitly accounts for alignment with country strategy objectives. Average ETI is part of both the Institutional scorecards and team scorecards. Management further stated that "While the systematic application of such a system is only recent, it is expected that TOMS system will improve consistent recording of the explicit links between country strategies and operational selectivity in the future". [IEvD, Special Study: EBRD Country Strategies (2019)]

Overall, interviews indicated that priorities – both in terms of the Government's national plans and EBRD's Country Strategies – were framed broadly enough that alignment was not a major issue. Interviews confirmed that the development of country strategies relies on feedback from stakeholders and on government priorities. They further articulated that alignment with government priorities, and therefore country buy-in, is a key element to what can be achieved in the country. Interviews indicated that sometimes corporate strategic priorities were not necessarily in alignment with the priorities of the country, which presented a challenge in balancing potentially divergent priorities. However, interviews indicated that they were still able to work in these areas, if on the margin.

In 2024, EBRD again updated its guidelines for the development of country strategies. This update reinforced and documented processes for engaging with stakeholders, including governments and other development partners. It also provides more robust guidelines on the use of analysis and integration of policy dialogue and objectives, including policy compacts. Application of these new guidelines, however, could not be assessed because of their recent introduction.

Element 5.1.4

The MO has processes and structures in place for specialised staff, including country, sectoral and other relevant experts, that allow them to invest time and effort in the alignment process and to give guidance to the operational departments and teams for investments and other operations.

Specialised staff from sector teams and from other specialised departments are involved in the formulation of country strategies.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Country Strategy team (formerly Country Strategy and Results Management) leads the country strategy formulation process. The core team preparing the document consist of the Country Head, the Country Strategy Counsellor, Political Counsellor, and Country Economist. The new process in place since 2017 for the development of EBRD Country Strategies includes a consultative process with other staff including from the Policy and Strategy Delivery, Environment and Sustainability Department, and Donor Partnerships, in addition to the Banking Sector Teams, and the Civil Society Engagement Unit. Interviews confirmed that the drafting of country strategies is an iterative and collaborative process with 15 weeks devoted to drafting with inputs from Country Management, Political Counsellor, Country Economist, Donor Partnerships, ESD and relevant delivery teams.

MI 5.2: The MO applies contextual/ situational analysis (shared where possible) to shape the designs and implementation of investments and other operations.

- Element 5.2.1: Designs and proposals for investments and other operations prepared by project teams contain a clear statement that positions the operation within the external operating ("transition") context.
- Element 5.2.2: The MO reviews investments and other operations with partners to take note of any significant changes in context.
- Element 5.2.3: The MO has financing mechanisms, including restructurings, and targeted programs available, when appropriate, to mitigate the impact of external shocks and crises that harm existing investments.

Table 81. KPI 5 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 5.2	Satisfactory	3.33	Medium
Element 5.2.1	Satisfactory	3	Medium
Element 5.2.2	Satisfactory	3	Medium
Element 5.2.3	Highly Satisfactory	4	Medium

MI 5.2 Evidence Documents

- EBRD (2017), *Guidance Note: Country Strategies: A Simpler Process with a Better Outcome*, EBRD, London.
- EBRD (2017), *Kazakhstan diagnostic paper: Assessing progress and challenges in developing sustainable market economy*, EBRD, London, www.ebrd.com/publications/country-diagnostics/kazakhstan.
- EBRD (2018), *Poland diagnostic paper: Assessing progress and challenges in developing a sustainable market economy*, EBRD, London, www.ebrd.com/publications/country-diagnostics/poland.
- EBRD (2018), *Serbia Diagnostic: Assessing Progress and Challenges in Developing a Sustainable Market Economy*, EBRD, London.
- EBRD (2018), *Ukraine Diagnostic*, EBRD London, www.ebrd.com/sites/Satellite?c=Content&cid=1395280009849&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2018), *Uzbekistan: Approach to Activities,* EBRD, London.
- EBRD (2019), *Albania Diagnostic,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395290089737&d=&pagename=EBRD%2FContent%2FDownloadDocument.
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www.ebrd.com/sites/Satellite?c=Content&cid=1395283089861&d=&pagename=EBRD%2FContent%2FDownloadDocument.
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- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *Egypt Country Diagnostic: Private investment challenges and opportunities*, EBRD, London, www.ebrd.com/documents/egypt-country-diagnostic.pdf.
- EBRD (2021), *Georgia Diagnostic*, ERBD, London, www.ebrd.com/georgia-country-diagnostic.pdf.
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- EBRD (2022), "EBRD unveils €2 billion resilience package in response to the war on Ukraine", EBRD, London, www.ebrd.com/news/2022/ebrd-unveils-2-billion-resilience-package-in-response-to-the-war-on-ukraine-.html (accessed 5 January 2024).
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2023), *Annual Review 2022*, EBRD, London, www.ebrd.com/annual-review-2022.
- EBRD (2023), *Global Reporting Initiative (GRI) disclosure report 2022*, EBRD, London, www.ebrd.com/documents/environment/gri-report-2022-sustainability-disclosures.pdf?blobnocache=true.
- EBRD (2023), *Information Update: Armenia: The EBRD Refugee Response Plan*, EBRD, London.
- EBRD (2023), *Serbia country diagnostic*, EBRD, London, www.ebrd.com/publications/country-diagnostics/serbia.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2023), *Türkiye Earthquake Update and EBRD Response presentation*, EBRD, London.
- EBRD (2024), *Operations Manual,* EBRD, London.
- EBRD (2024), The EBRD's coronavirus Solidarity Package, www.ebrd.com/what-we-do/coronavirus-solidarity (accessed 5 January 2024).
- EBRD (n.d.), *Final Review Template for OpsCom, SBIC, and Delegated Authority*, EBRD, London.
- IEvD (2021), *Knowledge Product: Rapid Assessment of the Solidarity Package*, EBRD, London, www.ebrd.com/what-we-do/evaluation-latest-reports.html.

MI 5.2 Analysis

Element 5.2.1

Designs and proposals for investments and other operations prepared by project teams contain a clear statement that positions the operation within the external operating ("transition") context.

Country strategies discuss the external operating context, outline the Bank's priorities within a country and shape project selection. Investment Proposals are required to demonstrate alignment to country and sector strategies.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Country strategies, which guide operations within a country, are informed by the country diagnostic, which assesses national progress and challenges in developing a sustainable market economy, highlighting key challenges facing private companies and highlighting the main deficiencies and gaps in each of the Bank's six transition qualities. The Country Strategies themselves include discussion of the state of the private sector, the overall reform momentum and the Government's agenda. The country strategies then inform the investments and policy reform engagements based on this analysis.

The template for Final and Structure Review the Board Decision Sheet includes an explicit requirement for explanation for how the project fits with Country and Sector strategies as well as with any other strategic initiatives and priorities. Further, the Investment Proposal Summary includes a discussion of the strategic context, including how the project fits with the country strategy and relates to the main transition gaps as identified by the Bank. It further includes a discussion of the key risks, including external risks related to the operating environment. The Proposal Summary also requires a discussion of the market context.

Element 5.2.2

The MO reviews investments and other operations with partners to take note of any significant changes in context.

Projects are monitored by the Operation Leader (OL) and are reviewed annually. This monitoring includes consideration of changes in context, including any political and/or regulatory risks.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

EBRD has clear mechanisms for soliciting feedback from stakeholders to inform design and changes in implementation of projects. As highlighted in the GRI Report, "consistent with [EBRD's] commitment to enhancing transparency and accountability, improving discourse with affected stakeholders and fostering good governance, [there are a] range of mechanisms by which Bank stakeholders can be consulted on environmental, social and economic matters".[GRI Report 2022 – Sustainability Disclosures] Consultation is mostly delegated to Bank Management and staff, with embedded consultation processes in the Bank's standard procedures. This feedback is considered in the design of projects.

The OL is responsible for managing projects after signing. This includes active management of the Bank's relationship with the client, regular review and reporting on the operation's progress and credit quality and undertaking all necessary actions to protect the Bank's interests. OLs consider political and regulatory risks as part of project design and monitoring as well as in the context of credit analysis. Mitigants to identified risks are often incorporated into legal requirements and are monitored on that basis.

Regular monitoring and evaluation of compliance with covenants is a key element of implementing the 'sound banking'. Monitoring involves the collection and analysis of information related to the client's credit stranding and to the transition and environmental objectives of the operations. The OL is responsible for collecting and monitoring information. An annual review of progress against transition results target set at approval takes place at the project level, which allows for remedial action and a new assessment of the transition impact, if necessary.

Country visits by the EBRD in preparation of Country Strategies provide for engagement with the authorities, private sector, civil society and IFI representatives. The Country Strategy Delivery Review (CSDR) cover performance on a yearly basis and includes a discussion of the regional context and engagement over the year. It additionally covers the country context, with specific discussions of the political context, the macroeconomic context, and the structural reform context.

Although evidence from IEvD reviews and interviews highlight that CSDRs do not constitute a formal Mid-Term Review which documents the mid-course adjustments to the Country Strategy, CSDRs do describe short-term adjustments and shorter-term focus of the implementation of the country strategy in a forward-looking section. In case of crises or when significant changes in country strategy are required, changes are first reflected in the operational approach document for endorsement by the Board of Directors until a new country strategy is prepared. These documents consider the change in context, clients' needs, EBRD’s comparative advantage to engage, risks and short and medium-term opportunities for engagement.

In the context of recent crises (i.e., both COVID and Ukraine), EBRD has produced strategies to address each crisis. However, the adoption of these institutional strategies at the country level has only been documented as new Country Strategies have been prepared.

Operational approaches for EBRD’s response to the Armenia Refugee crisis, the Türkiye earthquake, and the approach to Uzbekistan following the re-emergence as an EBRD recipient country all show clear considerations for what other DFIs and IFIs were doing in these contexts.

Interviews with EBRD partners confirmed that EBRD reviews investments and accommodates changes to improve the success of investments, especially in the context of a volatile market.

Element 5.2.3

The MO has financing mechanisms, including restructurings, and targeted programs available, when appropriate, to mitigate the impact of external shocks and crises that harm existing investments.

EBRD has been highly responsive in rapidly providing financial mechanisms and targeted programs to help mitigate the impact of external shocks and crises for its clients, with evidence of such support being made available during COVID-19 and the War on Ukraine.

This element is rated as **highly satisfactory**, reflecting EBRD’s agility in responding to crises within its countries of operations through robust operational approaches that build upon and adjust country strategies.

The EBRD operation manual allows for restructuring of non-performing loans, managed by Corporate Recovery (CR). There are varying processes depending on the degree of change laid out in the Operations Manual. Restructuring of Category 1 and 2 CR Operations, which are operations in default that have been transferred to the oversight of CR, may be approved by a CR approver for any decision to vary credit exposure of the bank in amount, time, or in reduced priority, including a reduction of principal amounts owed to the Bank in excess of EUR 5 million, reduction or waiver of interest or other amounts owed to the bank in excess of EUR 5 million, extension of the original average maturity beyond 24 months, conversion of more than EUR 5 million of original debt exposure to equity or subordinated debt, or loan or equity sales where the original cost of the investment was in excess of EUR 5 million.

Restructuring of Category 1 and 2 Corporate Recovery Operations is to be approved by the Director CR for any variance in exposure that involves a reduction of principal amounts owed to the bank up to EUR 5 million, reduction or waiver of interest or other amounts owed up to EUR 5 million, extension of the original average maturity up to 24 months, conversion of EUR 5 million or less of debt exposure to equity or subordinated debt, or loan or equity sales equivalent to EUR 5 million or less. All other amendments, waivers or consents are approved by the Director CR and, where it is of a legal nature, the Office of the General Council CR Lawyer. The bank may also provide refinancing under certain conditions that allow the Bank to maintain its operating principle of additionality.

The EBRD makes financial mechanisms available to mitigate the impact of external shocks and crises. For example, in response to the COVID-19 pandemic, EBRD was the first IFI to release a response package. The EBRD established a EUR 1 billion resilience framework for existing clients. The Solidarity Package streamlined the process for providing finance to meet short-term liquidity and working capital of existing clients. It also provided fast track restructuring for distressed clients. Under the package, EBRD expanded the Trade Facilitation Programme to keep trade open and offered the Vital Infrastructure Support Programme to meet essential infrastructure requirements.

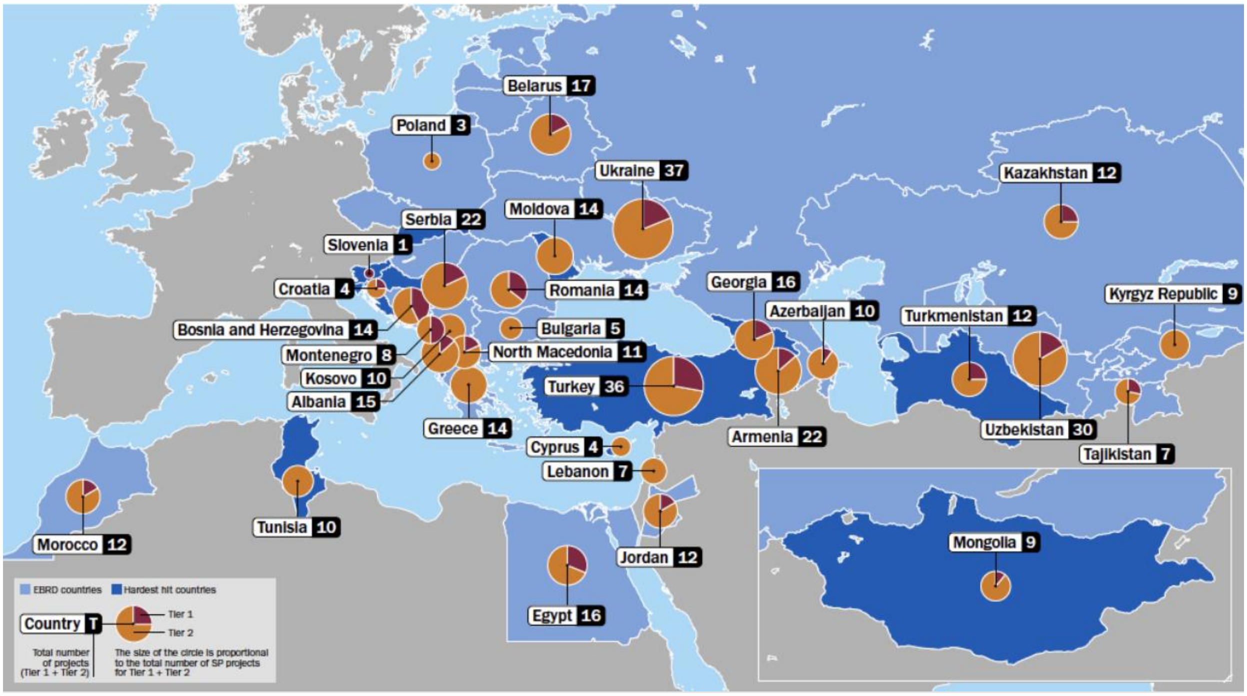
The Solidarity Package constituted a very rapid response, with EBRD addressing effectively the short-term liquidity needs of existing clients. Table 82 and Figure 37 show the distribution of business volume across Solidary Package components and across regions. An IEvD rapid assessment of the Solidarity Package found that about 40% of Solidarity Package projects targeted the hardest hit counties, while only 15% targeted the hardest hit sectors. The package did result in significant reduction in time to disbursement (Figure 38).

Table 82. Distribution of business volume across key Solidarity Package components

	No. of Projects	Committed financing of ABI (€ million)	ABI Planning Rate (€ million)	ABI at June 2021 (€ million)	Share of utilised funding (€ million)
Tier 1 – Resilience Framework	75	4,000	1,829	1,758	44%
Tier 2 – Vital Infrastructure Support Programme, Trade Facilitation programme, Financial Intermediaries Framework, Direct Financing Framework	203	-	4,300	4,172	-
Tier 3 – 'On-going' business	213	21,000	6,441	6,357	59%

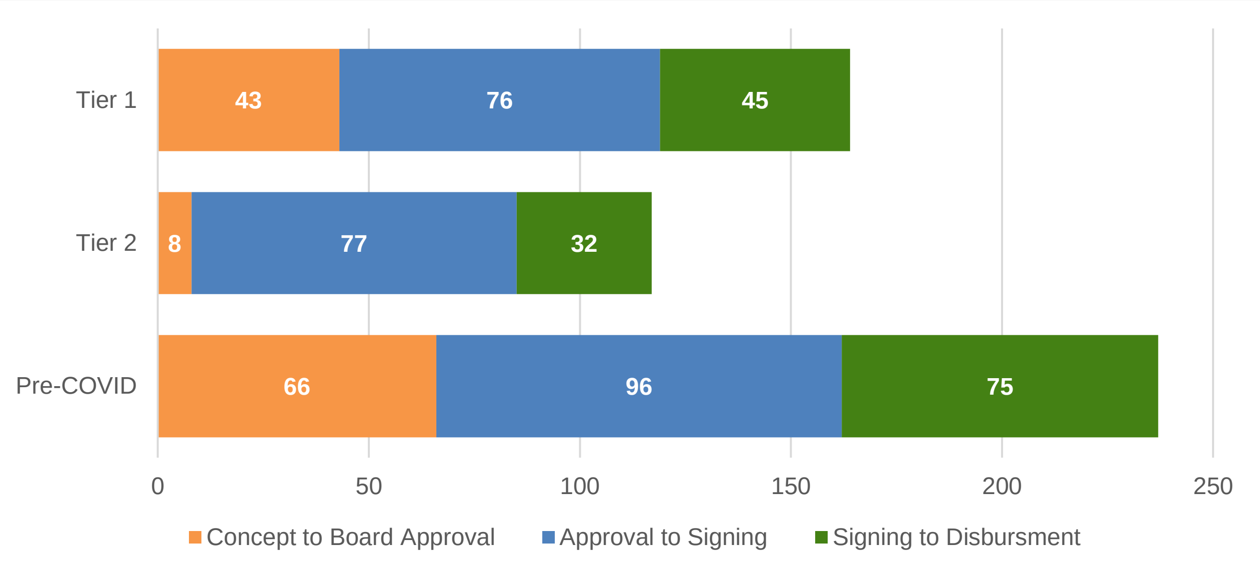
Source: IEvD Rapid Assessment of the Solidarity Package, 2021.

Figure 37. Solidarity Package project regional distribution (as of October 2021)



Source: IEvD Rapid Assessment of the Solidarity Package, 2021.

Figure 38. Average processing for Solidarity Package compared to pre-COVID (days)



Source: IEvD Rapid Assessment of the Solidarity Package, 2021.

Likewise, the EBRD has extended support for clients affected by the War on Ukraine. Initially, the EBRD pledged more than EUR 1 billion in investment for Ukraine following the Russian Invasion. In 2022, a resilience package was announced for EUR 2 billion in support of resilience and livelihoods in Ukraine and affected countries. The EBRD now has a financing target of EUR 3 billion by 2023, which was achieved as of October 2023. The Bank also applied a "constructive approach to forbearance, deferrals and restructuring" in response to the ongoing war. The Resilience and Livelihoods Framework focuses on (i) payment deferrals, debt forbearance and restructuring; (ii) trade finance; (iii) emergency liquidity finance; and (iv) emergency reform support.

COVID, and perhaps more significantly the War on Ukraine, had a severe impact on supply chains across the EBRD regions. Already a priority in many of its regions, addressing food security was a key element of EBRD's Ukraine crisis response. The Bank responded to this crisis through a programme of finance and technical support, with investments across the entire food value chain. In its Ukraine response, EBRD supported the European Union's Solidarity Lanes action plan that facilitated the export and import of Ukrainian grains and other goods, with a pledge to invest €300 million in the programme to support both the Ukrainian economy and access to food for those countries that rely on Ukrainian exports. The TFP supported more than 400 transactions of foreign trade in the agribusiness and food sectors across all regions in 2022. The bank further launched AgriAcademy, a free online learning platform for more than 10,000 employees in Ukrainian agricultural and food companies.

The Bank furthermore developed effective strategies and plans to mobilise significant donor support for the above-mentioned crises, further demonstrating its ability to be flexible and agile.

MI 5.3: The MO assesses the management and implementation capacity of clients for investments and other operations and strategies are implemented to address any weakness found.

- Element 5.3.1: Designs for investments and other operations include an assessment of the management/implementation capacity of investee clients (e.g., Integrity Due Diligence, corporate governance, risk management, E&S standards).

- Element 5.3.2: Where appropriate, weaknesses in management/ implementation capacity are mitigated through use of advisory services/technical assistance and/or reflected among conditions of disbursement.

Table 83. KPI 5 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 5.3	Satisfactory	3.00	Medium
Element 5.3.1	Satisfactory	3	Medium
Element 5.3.2	Satisfactory	3	Medium

MI 5.3 Evidence Documents

- EBRD (2015), Strategic and Capital Framework 2016-2020, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2015), "Technical Cooperation at EBRD" Presentation, EBRD, London, www.ebrd.com/documents/admin/trade-and-investment-morocco-technical-cooperation.pdf.
- EBRD (2016), *The Bank's Integrity Risks Policy and Terms of Reference for the Office of the Chief Compliance Officer,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395253716947&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2018), *A Guide to EBRD Financing*, EBRD, London, www.ebrd.com/news/publications/guides/a-guide-to-ebrd-financing.html.
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- EBRD (2021), *Grant Review Guidelines – How to seek approval for TC activities,* EBRD, London.
- EBRD (2021), *The EBRD & Donors: Partnering to Deliver Impact – 2020 Highlights Report*, EBRD, London, www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2022), *The EBRD & Donors: 2021 Report*, EBRD, London, www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2023), Client Due Diligence website, www.ebrd.com/what-we-do/client-due-diligence.html (accessed 11 December 2023).
- EBRD (2023), *The EBRD & Donors: 2022 Report – Highlights*, EBRD, London, https://www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2024), *Operations Manual,* EBRD, London.
- IEvD (2022), Special Study: Evaluation of the Shareholder Special Fund (2016-2020), EBRD, London, www.ebrd.com/documents/comms-and-bis/-evaluation-of-the-shareholder-special-fund-201620.pdf?blobnocache=true.
- OCCO (2023), I*ntegrity and Anti-Corruption Report 2022*, EBRD, London, www.ebrd.com/integrity-and-anticorruption-report-2022.pdf.

MI 5.3 Analysis

Element 5.3.1

Designs for investments and other operations include an assessment of the management/implementation capacity of investee clients (e.g., Integrity Due Diligence, corporate governance, risk management, E&S standards).

As part of the Concept Review, all potential investments and other operations systematically include an assessment of the client's integrity, due diligence, corporate governance, risk management, environmental and social standards. These are incorporated into project design and considered as part of a project's final or structure review.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

EBRD carries out due diligence assessments of new operations. The degree and level of assessment is determined on a case-by-case basis by banking in consultation with risk, legal, OCCO, ESD and procurement. These assessments include but not limited to: (i) integrity due diligence; (ii) financial due diligence; (iii) management due diligence; (iv) technical/operational due diligence; (v) legal due diligence; (vi) environmental and social due diligence; and (vii) procurement due diligence.

The Operations Team has the primary responsibility for integrity due diligence and the assessment of integrity risks, working with OCCO where needed. Integrity due diligence is conducted on all relevant individuals and entities and includes all matters that may be relevant to integrity or reputational analysis. Integrity due diligence includes a thorough study of the ownership structure of relevant entities, origins of the company and the source of wealth, business practices and associations, potential presence of politically exposed persons, quality of AML and CFT controls, government-issued licences and permits, the use of offshore jurisdictions, and potential links to other countries or individuals subject to sanctions. Management due diligence involves the assessment of key and senior management capabilities.

The Operations Team works closely with the Risk Management Department during the entire project cycle including on risk identification and due diligence requirements. Risk Management reviews the information provided by Banking together with internal and external due diligence reports, terms sheets, financial models, and financial statements and their accompanying notes. It provides an independent assessment of the creditworthiness of the Banking Counterparty.

The Environment and Sustainability Department manages the environmental and social appraisals of projects, supporting the Banking teams during project development to ensure projects are structured in compliance with the Performance Requirements. At the Concept Review stage, ESD provides a briefing paragraph for Small Business Investment Committee (SBIC) projects and completes the environmental and social section for projects going to OpsCom. These include the categorisation of the project, the degree and extent of the required due diligence and stakeholder engagement, whether the project is likely to result in disproportionate gender impacts or if there are opportunities to mainstream gender considerations into the design, whether there is likely to be GET opportunities, and (as of January 2023) whether the projects are Paris Aligned. Environmental and social due diligence (ESDD) is conducted by independent consultants and results in an environmental and social action plan (ESAP). The ESAP addresses the identified environmental and social risks and the impact on the project. It further determines any performance improvement measure required. The ESAP is the key tool to structure projects to meet the PRs and include measure for the client to improve their practices. It is expected that the ESDD be completed and an ESAP agreed before Final Review. Additionally, the 2024 Operations Manual now articulates that a Green Project Monitoring Plan (GPMP) is prepared as part of the Green Assessments, where relevant and is included in the Structure review or Final Review.

For projects involving public procurement, EBRD has developed a risk-based method to assess Client procurement capacity. The capacity assessment involves the evaluation of the capabilities of the client and the adequacy of procurement systems to administer procurement, the assessment of the competitiveness of the client's sector operations environments, and the assessment of risks that may negatively affect the client's ability to carry out the procurement process. Based on this assessment, an action plan is developed to address any deficiencies detected.

EBRD also provides advisory services to its clients. Through its Small Business Initiative, EBRD offers support to small enterprises through advice on how to innovate and grow as well as working with policymakers on creating an environment where SMEs can succeed.

EBRD offers Technical Cooperation (TC) to its clients to assist where there is lack of know-how, technical skills or expertise, to facilitate capacity and institution building, and to deliver policy, legal, or structural reform. EBRD provides both transactional and non-transactional TC. Transactional TC support project preparation and implementation, while non-transactional TC supports institutional and policy reform, environmental and social studies and considerations, and standards setting. EBRD provides TC though consultancies, either where EBRD is the contractor or where the client is the contractor.

Element 5.3.2

Where appropriate, weaknesses in management/ implementation capacity are mitigated through use of advisory services/technical assistance and/or reflected among conditions of disbursement.

Where weaknesses are detected, EBRD provides support through technical assistance and through conditions as determined by due diligence action plans.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

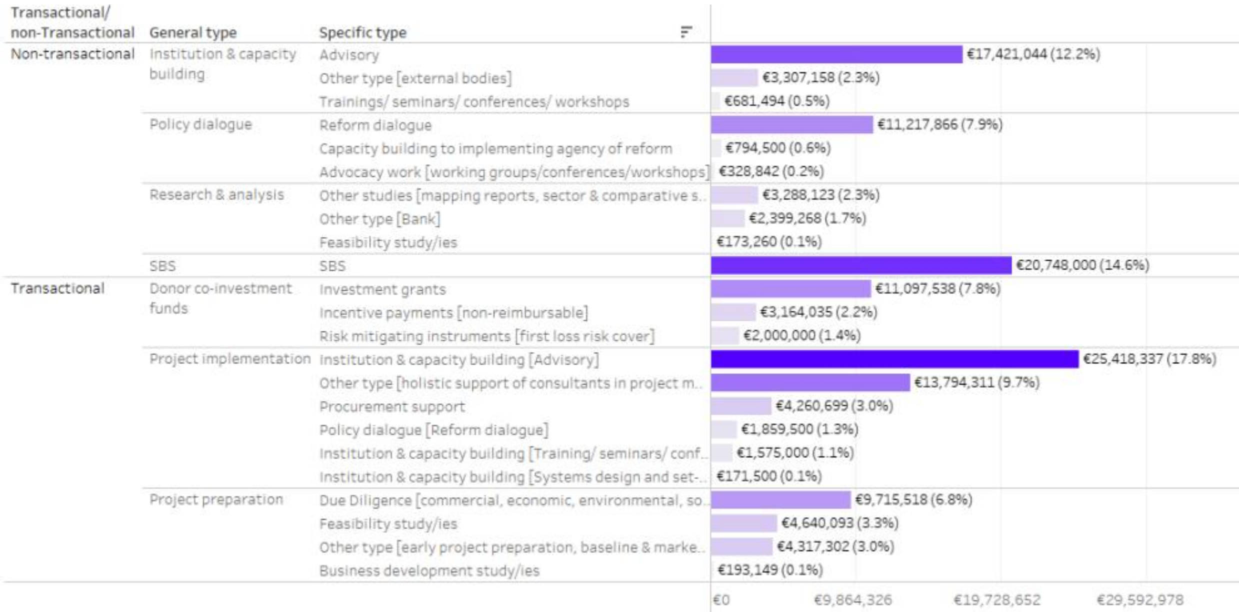
The EBRD has an "Integrated Approach" that supports the Bank's investments with technical assistance and policy dialogue. The bank also supports capacity building through various initiatives including its Small Business Support Programme. Operations undergo a client capacity assessment, which feeds into determination of risk mitigation measures and the level of consultancy support a client may need.

Where deficiencies are detected in due diligence of environmental and social and procurement aspects, an Environmental and Social Action Plan (ESAP) is developed to manage these deficiencies. The ESAP is the key tool to structure projects to meet the PRs and include measure for the client to improve their practices. It includes a series of measures to achieve compliance with the Performance Requirements under the Environmental and Social Policy (ESP) as well as specific mitigation measures to undertake to manage environmental and social risks and impacts. The ESAP forms part of the financing agreement, and implementation of and compliance with the ESAP is monitored through annual reviews. Likewise, during the procurement due diligence, an action plan is developed to address any deficiencies detected.

The Operations Team conducts a client capacity assessment for potential investments between concept and final review. In the event the client's capacity is lacking, transactional technical cooperation (TC) support may be used to bridge any gaps and contribute to enhanced capacity of the client. Transactional TC is directly linked to support an EBRD investment, framework or programme. Transactional TC must be approved prior to seeking final approval of the related investments. TC is approved by the MD, Impact and Partnerships as part of the Grant Review process. A team in Donor Partnerships houses the Grant Review process, which prepares all TCs for scrutiny and approval. An IEvD Special Study on the Shareholder Special Fund (SSF) indicates that the SSF is a significant source of funding TC, contributing to more than three-fourths of all transactional and non-transactional TC between 2016 and 2020.

Transactional TC can take many forms. Figure 39 shows the range of TC activities funded by the SSF under its 2019-2020 Work Plan. Around 19% of this Work Plan went to supporting capacity building during project implementation. The study further found strong evidence that SSF TC financing was directed at clients that need support, such as those with suboptimal capacity in ETCs. Findings from the evaluations indicate that advisory related SSF-funded transactional TC most commonly contributed to infrastructure projects in the sustainable infrastructure sector. This type of TC likewise supported local banks in scaling up SME or green lending and to help build capacity linked to the trade facilitation programme. The second largest type of SSF-funded transactional TC for project implementation went to support the financing of project implementation units where the client lacked sufficient capacity to supervise or execute a project.

Figure 39. SSF Funding by type of Assignment, 2019-2020 Work Plan



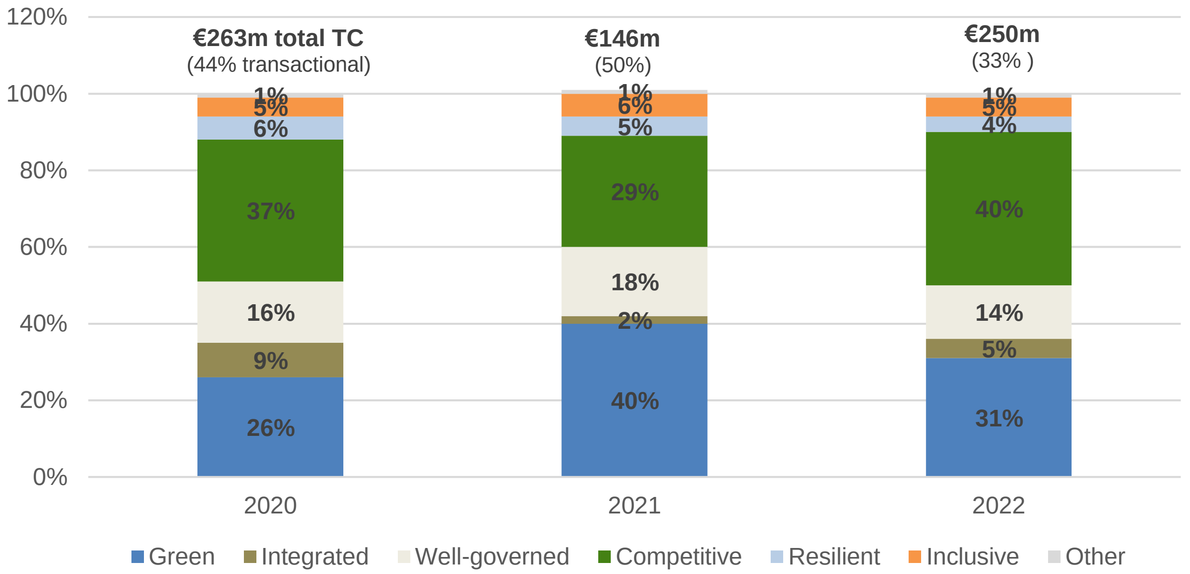
Source: TCRS data reviewed and mapped subsequently by EvD, with typology under Figure A6 presented in Annex 6 used as guideline for mapping.
Notes: Chart is based on the final sample of 500 assignments.

Source: IEvD Special Study: Evaluation of the Shareholder Special Fund (2016-2020).

TC by the associated transition quality shows that TC related to Green, Competitive, and Well-governed have had the highest share over the past three years (Figure 40). Likewise, TC has been utilized across EBRD's regions of operations, with SEMED having the largest share (Figure 41). Some key examples of how transactional TC was used to support investments include:

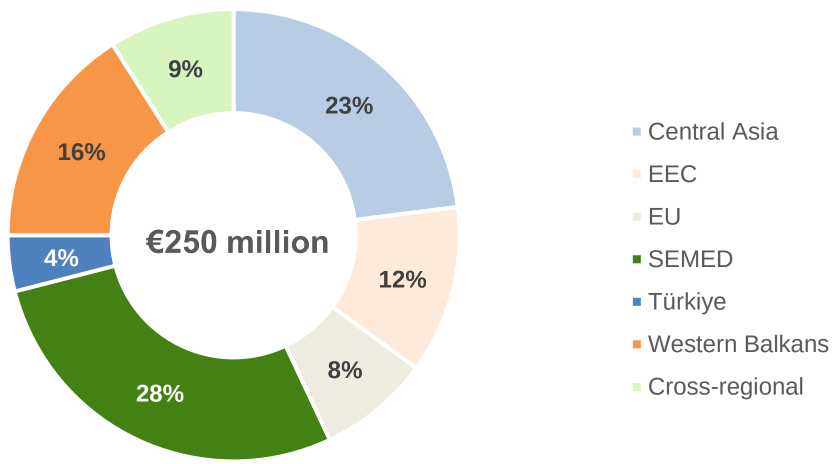
- The Ouarzazate Project, which sought to improve drinking water in cities and rural communities in four regions of Morocco, benefited from a technical assistance program to support better corporate governance and project implementation. [The EBRD and Donors – 2020 Report, 2021]
- Kremenchuk Trolleybus project in Ukraine was complemented by technical assistance to support the development of a corporate development programme focusing on operational and financial improvements and introduction of the Public Service Contract. [The EBRD and Donors – 2021 Report, 2022]
- EBRD supported more than 400 women in eight countries to make their businesses greener and their homes more energy efficient through intermediated green finance accompanied by bespoke technical assistance. [The EBRD and Donors – 2021 Report, 2022]

Figure 40. Share of overall TC by transition quality



Source: The EBRD & Donors – 2020, 2021 and 2022 Reports.

Figure 41. 2022 Technical Cooperation, by region



Source: The EBRD & Donors – 2022 Report

MI 5.4: Detailed risk (strategic, political, reputational, operational) management strategies ensure the identification, mitigation, monitoring and reporting of risks.

- Element 5.4.1: The MO has identified a clear framework for assessing different types of risk during the preparation of investments and other operations and determining which are most prominent.
- Element 5.4.2: The MO's investment assessment and structuring include a detailed analysis of commercial viability and means of mitigating financial performance risk and market risk including identification of whether there is a need for blended concessional finance.
- Element 5.4.3: The MO has a system is in place to monitor the financial performance of the investee and address risks to financial sustainability throughout the investment cycle.

- Element 5.4.4: The MO's process for assessment and structuring of investments and other operations includes a detailed analysis of political and reputational risk.
- Element 5.4.5: The MO has systems in place to assess and mitigate environmental and social risks and any risks to achieving impact in the context of the investment's sustainability throughout the lifecycle of the investment.
- Element 5.4.6: The MO has processes in place to assess client capacity and risks with respect to SEAH during the design and implementation of investments and other operations, with action taken on any deficiencies to mitigate against reputational risks.
- Element 5.4.7: If blended concessional finance is used as a de-risking instrument, the MO has processes in place to ensure adherence to the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations.

Table 84. KPI 5 – MI 4 ratings

MI / Element	Rating	Score	Confidence Level
MI 5.4	Highly Satisfactory	3.57	Medium
Element 5.4.1	Highly Satisfactory	4	Medium
Element 5.4.2	Satisfactory	3	Medium
Element 5.4.3	Highly Satisfactory	4	Medium
Element 5.4.4	Satisfactory	3	Medium
Element 5.4.5	Satisfactory	3	Medium
Element 5.4.6	Highly Satisfactory	4	Medium
Element 5.4.7	Highly Satisfactory	4	Medium

MI 5.4 Evidence Documents

- DFI Working Group on Blended Concessional Finance for Private Sector Projects (2021), *DFI Working Group on Blended Concessional Finance for Private Sector Projects- Joint Report December 2021 Update*, IFC, Washington, DC, www.ifc.org/content/dam/ifc/doc/mgrt/202112-dfi-bcf-joint-report.pdf.
- EBRD (2013), *A Guide to EBRD Financing,* EBRD, London, www.ebrd.com/downloads/research/factsheets/guidetofinancing.pdf.
- EBRD (2013), *Agreement Establishing the Bank*, EBRD, London, www.ebrd.com/news/publications/institutional-documents/basic-documents-of-the-ebrd.html.
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- EBRD (2017), *Procedure: Identification and Management of Non-performing Loans: Key Principles*, EBRD, London.
- EBRD (2018), *A Guide to EBRD Financing*, EBRD, London, www.ebrd.com/news/publications/guides/a-guide-to-ebrd-financing.html.
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- EBRD (2021), *Banking Credit Process Policy*, EBRD, London.
- EBRD (2021), *Guidance Note on Integrity Monitoring*, EBRD, London.
- EBRD (2021), *Risk Appetite Statement*, EBRD, London.
- EBRD (2021), *Operating Principles from Impact Management: EBRD Disclosure Statement*, EBRD, London.
- EBRD (2021), *Sustainability Report 2020*, EBRD, London, www.ebrd.com/news/publications/sustainability-report/ebrd-sustainability-report-2020.html.

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- EBRD (2022), *Staff Guidelines for the Use of Blended Concessional Finance – 2022 Update*, EBRD, London.
- EBRD (2023), *Financial Report 2022*, EBRD, London, www.ebrd.com/financial-report-2022.
- EBRD (2023), *Global Reporting Initiative (GRI) disclosure report 2022*, EBRD, London, www.ebrd.com/documents/environment/gri-report-2022-sustainability-disclosures.pdf?blobnocache=true.
- EBRD (2023), *Procedures – Sovereign Risk Ratings: Mandatory Process*, EBRD, London.
- EBRD (2023), *Procedure: Stress Testing Principles & Procedures*, EBRD, London.
- EBRD (2024), *2024 Environmental and Social Policy (ESP) Review Consultation Overview*, EBRD, London, www.ebrd.com/esp-2024-changes.pdf.
- EBRD (2024), Anti-Money Laundering and Countering the Financing of Terrorism statement, https://www.ebrd.com/what-we-do/strategies-and-policies/statement.html (accessed on 17 May 2024).
- EBRD (2024), *Operating Principles for Impact Management: EBRD Disclosure Statement*, EBRD, London, www.ebrd.com/operating-principles.pdf.
- EBRD (2024), *Operations Manual,* EBRD, London.
- EBRD (2024), *Sustainability Report and GRI Disclosures 2023*, EBRD, London.
- IEvD (2020), *Special Study: EBRD Mobilisation of Private Finance*, EBRD, London, www.ebrd.com/documents/evaluation/2020-ebrd-mobilisation-of-private-finance.pdf.
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- IAD (2022), *IAR 21/10 and 21/03: Operational Risk Framework (ORF): business implementation and compliance and Risk culture and risk appetite*, EBRD, London.
- IAD (2023), *IAR 23/06: Robustness of Environmental and Social External Reports*, EBRD, London.
- IAD (2023), *IAR 23/08: Embedding risk culture through the Operational Risk Framework (ORF) – follow-up review*, EBRD, London.

MI 5.4 Analysis

Element 5.4.1

The MO has identified a clear framework for assessing different types of risk during the preparation of investments and other operations and determining which are most prominent.

Projects are assessed for risk during preparation, including for environmental and social risk, legal risk, financial risk, and market risk.

This element is rated as **highly satisfactory**, reflecting the strength of EBRD's Operational Risk Management Policy and Framework and efforts undertaken to enhance processes and compliance over the assessment period.

It is outlined in the Agreement Establishing the EBRD that the Bank shall apply sound banking principles to all its operations. This operating principle applies to all of the Bank's activities, including its financial policies.

The Banking Credit Process Policy reiterates that the bank shall apply sound banking principles to its operations as well as articulates the key principles which ensure sound banking is applied to individual transactions. It outlines the three lines of defence: first, Banking has the primary responsibility for identifying, analysing, and managing risks related to operations; second, Risk Management has the primary responsibility for setting risk assessment standards, challenging and validating Banking proposals related to new transactions and managing of the existing Banking portfolio risk; third, Internal Audit is responsible for independently assessing the effectiveness of the processes within the first and second lines of defence.

The EBRD has a risk appetite statement that provides a comprehensive summary of the risk appetite parameters that guide EBRD operations. The key principles of the statement are that EBRD achieves its strategic objectives through assuming risk and thus, without appropriate limitation of these risks, they could threaten EBRD's key resources and undermine the trust and confidence of its stakeholders. Thus, the Board adopts a set of Risk Appetite parameters to guide strategic planning and day-to-day decisions to avoid excessive risk taking.

The Operational Risk Management Policy defines key indicators, policies and risk limits, as well as the Bank's procedures and controls, which guide its day-to-day operations. Roles and responsibilities for risk management are established with the Risk Management Department providing an independent assessment of risks associated with individual investments. The Credit and Equity Risk teams are responsible for the assessment of project credit risks of EBRD projects in the Banking book throughout the entire project life cycle. This includes the Country and FI Credit (CFI) team, responsible for the credit risk around EBRD financial Institutions debt transactions and is additionally charged with the assessment of country and sovereign risk, the Corporate & Project Finance (CPF) team, responsible for credit risk in EBRD corporate debt transactions, and the Equity Risk (ER) team responsible for the EBRD equity and quasi-equity transactions (mezzanine as well as hybrid loans with variable return component).

Risk Management reviews the information provided at each stage of the project appraisal process from concept review to project approval. Risk Management analyses the material collected in the concept review state to give their views on further due diligence necessary, to suggest parameters for the projects, and set out legal terms and conditions they would like to be achieved. Between concept review and final review, if there are areas of disagreement, these will be discussed at OpsCom.

During project preparation, investments undergo an assessment of risks related to the client and project, including client capacity, client creditworthiness, integrity, and environmental and social risks. Investments also undergo assessments of external factors including legal due diligence and market risk. During project preparation, potential environmental and social risks and impacts associated with the projects are appraised and addressed in Environmental and Social Action Plans (ESAPs) that are covenanted in legal agreements.

Procurement risks are identified during project preparation. The Procurement Policy and Advisory Department (PPAD) ensures compliance with the Bank's Procurement Policies and Rules. It further reviews the information provided stemming from due diligence and client capacity assessments and advises on mitigation measures related to the client's procurement capacity.

The EBRD has developed an anti-money laundering and counter financing of terrorism (AML/CFT) programme that governs its projects, including the identification of potential ML/TF risks in each project, screeding clients and counterparties for relevant sanctions. As part of its integrity review and required for final review of an investment proposal, OLs must conduct an AML checklist.

If there remains any disagreement between Risk Management and the Operations Team on any issues related to risk, these will be discussed and debated at OpsCom prior to project approval, with OpsCom making the ultimate decision.

The Guide to EBRD financing highlights key information needed for financing. This includes:

- Project Information: a brief description of the project, detailing how the Bank's financing will be used; background information on the sponsor, including operating experience, financial status and how the company will support the project in terms of equity, management, operations, production and marketing; details of the product or service that will be developed and how it will be produced; a review of the market, including target customers, competition, market share and sales volume, pricing strategy and distribution.
- Financial Information: an accurate breakdown of the project costs and how the funds will be used; a summary of the implementation requirements, including the appointment of contractors, and an

overview of the procurement process; identification of additional sources of funding; an overview of the project's anticipated financial performance.

- Environmental and regulatory information: a summary of any environmental issues and copies, where possible, of environmental audits or impact assessments; details of government licences or permits required, subsidies available, import/export restrictions, border tariffs or quotas and currency restrictions.
- IAD reporting confirms that compliance with the risk framework has improved over the period.

Element 5.4.2

The MO's investment assessment and structuring include a detailed analysis of commercial viability and means of mitigating financial performance risk and market risk including identification of whether there is a need for blended concessional finance.

Investments undergo detailed analysis of commercial viability and of potential financial performance risk or market risk. If a project requires concessionality to achieve marketability, an additional assessment is conducted to ensure blended concessional finance is justified.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The investment assessment includes an analysis of the commercial viability of the project. This is done during market due diligence that covers the commercial viability of the project, the competitive position of the client and other factors that may affect supply and demand.

The Risk Management department is responsible for assessing the creditworthiness of a project's key counterparties based on analysis and recommendations of the Banking Department. Risk also analyses the material collected in the concept review state to give their views on further due diligence necessary, to suggest parameters for the projects, and set out legal terms and conditions they would like to be achieved. Between concept review and final review, if there are areas of disagreement, these will be discussed at OpsCom.

Projects undergo careful consideration of country and market implications. In cooperation with the Bank's internal economist and treasury departments, projections are used to mimic the effects of currency and interest rate fluctuations. Transfer, convertibility and market access–impacting refinancing are also modelled and stressed. Sector considerations – in particular market share positioning and performance vis-a-vis peers – are also analysed and benchmarked as relevant.

Blended concessional financing is an option of support. Blended concessional finance is justified in the presence of significant externalities, institutional and market failures, or affordability constraints on environmental infrastructure. Blended concessional finance projects undergo a standard assessment that looks at whether it has a clear rationale for the use of concessional resources, uses only the minimum amount of concessionality required to make a project viable, supports clear paths towards long-term commercial sustainability, and don't distort markets and ultimately seek to support market development. The Impact team reviews completed Blended Concessional Finance Checklists and assigns a rating of "aligned", "partially aligned", or "not aligned"[3] for each BCF principle (Additionality, Minimum concessionally and crowding-in, commercial sustainability, and reinforcing markets) alongside a written opinion, both of which are shared with the relevant approval committee.

[3] Aligned requires that all the DFI Enhanced Principles are satisfies, partially aligned is given is both additional and reinforcing markets principles are satisfies but others remain unmet.

Element 5.4.3

The MO has a system is in place to monitor the financial performance of the investee and address risks to financial sustainability throughout the investment cycle.

EBRD reviews all operations in the Banking Portfolio at least annually. If these reviews uncover issues in financial performance, Risk Management has systems in place to enhance monitoring of these operations and address the risks identified.

This element is rated as **highly satisfactory**, reflecting the strength of EBRD's processes to address it watch-list projects and non-performing loans and robust efforts undertaken to enhance their effectiveness over time.

The EBRD monitors financial performance of its investments. The OL has primary responsibility for identifying problems within operations. All clients in the Banking Portfolio must be reviewed by the Banking and Risk Management departments at least annually. Interviews confirmed that there is a mandatory review of each project annually, including of financials, covenant compliance, and cash flow forecasts. This is a point where a project can be checked for whether something has changed in terms of exposure – either probability of default or of loss given default. If this review reveals that there is deterioration, Risk can determine that another review is needed before the scheduled annual review. Otherwise, Risk Management can determine that the operations should be placed on a watch list.

The Risk Management department maintains a watch-list of at-risk transactions that require close monitoring. Investments are put on the watchlist if Risk Management determines that above-average risks or adverse tends may result in an operating becoming non-performing (Category 4 and 3). If an investment becomes non-performing, it is then upgraded to a Category 1 or 2 as determined by the Director, Corporate Recovery. Monitoring intensity is determined by the severity of the deterioration, with severity increasing from Category 4 to Category 1: Category 4 for projects that need quarterly reporting and Category 3 for those needing monthly reporting. Being placed on the watchlist also triggers Stage 2 provisioning as per the International Financial Reporting Standards (IFRS).

A project is designated as a non-performing loan (NPL) if it becomes 90 days past due or if long-term prospects are in doubt. These include Category 2, where the OL maintains responsibility of the project under the direction of a case handler in corporate recovery and Category 1, where responsibility is transferred directly to the corporate recovery case handler. Interviews indicated that Risk Management meets monthly to review all movements and payments for all NPL and Watchlist cases. This Problem Asset Review Forum is attended by the Banking Portfolio team and Risk Management. The minutes of these meetings are reviewed by the external Auditors.

The EBRD also carries out annual bank-wide and targeted regional, portfolio or sub-portfolio (e.g. sector) Stress Testing to assess the impact of identified threats on the Bank's capital and liquidity.

Internal Audit has found some challenges in the monitoring of operational risks, including those across the project lifetime. In 2022, it noted areas for further improvements including: accessibility of operational risk documentation and systems, clarity and granularity of the risk appetite policy, support to Business Risk Champions and monitoring training particularly among newly recruited staff. The issues identified by Internal Audit were subsequently closed, and a follow-up audit in 2023 found clear improvements.

Element 5.4.4

The MO's process for assessment and structuring of investments and other operations includes a detailed analysis of political and reputational risk.

The design, assessment and approval process of investments includes a risk review process which takes into account risk factors and opportunities for addressing them. It is not clear, however, that political risk is an explicit part of this.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

EBRD considers reputational risk insofar as it notes that failure to conduct certain risk assessments can have a negative impact on the Bank's reputation. For example, the Banks' Integrity Risk Policy notes that failure to recognise and address integrity risks can result in reputation risk that damages the Bank's name and standing.

In its financial statement in the discussion of key operational risks, EBRD acknowledges that reputational risk can arise from any of the key risks (fraud and conduct risk, human resources and skills risk, process risk, change management risk, project risk, information security and cyber risk, business resilience risk, technology risk, third-party service risk, legal risk). Reputational risk relates to the Bank's brand, ethics, trust, relationships with clients and stakeholders, conduct, and the overall culture and values of the Bank. It can further arise from taking on inappropriate client relationships. As such, EBRD considers key reputational risks and has put in place a number of controls and frameworks to address other risks that could affect its reputation.

Political and institutional risks are reflected in the EBRD internal sovereign ratings, which are assigned by the designated Country Risk Manager and approved by the Director of Country and Financial Institution Risk. Sovereign Probability of Default Ratings – which assess the probability of failure by a sovereign counterparty to meet its financial obligations when due – are assigned to all sovereign and sovereign guaranteed transaction undertaken by the Bank. These are developed based on external benchmarks, such as S&P Global Ratings, Moody's, Fitch, and S&P Global Market Intelligence. Sovereign Loss Given Default Ratings – which assess the likely proportion of the exposure at default that the Bank is likely to lose due to sovereign default – inform the calculation of the General Provision and Loan Loss Reserve. These take into account the ability of the state to apply preferred creditor status and the associated political risk associated with this. Political Counsellors are consulted in the event of changes to internal sovereign ratings.

According to an IEvD special study on mobilisation, EBRD does not offer political or partial credit guarantees and lacks capacity to offer these instruments, which could mitigate political risk.

Operations Leaders assess political and regulatory risks during project design with mitigants often being reflected in legal covenants. These are monitored continuously throughout implementation to ensure compliance. Legal and regulatory risks are also considered routinely as part of credit analysis. These activities have been particularly relevant in the context of EBRD's activities involving PPPs, Power Purchase Agreements and municipal / city guarantees.

Element 5.4.5

The MO has systems in place to assess and mitigate environmental and social risks and any risks to achieving impact in the context of the investment's sustainability throughout the lifecycle of the investment.

Assessment and management of environmental and social risks are managed in accordance with EBRD's Environmental and Social Policy. All projects are assessed for these risks. The identified risks are addressed in Environmental and Social Action Plans which are included in legal agreements for the project. Over the life of the project, EBRD monitors the implementation of Environmental and Social Action Plans for each project through annual environmental and social reports and through site visits, where deemed necessary.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Environmental and Social Policy requires that all projects are assessed on their environmental and social risks. This Environmental and social appraisal helps EBRD decide if the project should be financed and how environmental and social risks and impacts should be addressed in planning, implementing and operating a project. The scope of environmental and social appraisal is determined on a case-by-case basis but is intended to be appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. The appraisal will assess the environmental and social risks and impacts of the project and the capacity and commitment of the client to implement the project in accordance with the relevant Performance Requirements (PRs).

EBRD's Environmental and Social Policy outline 10 PRs: (1) Assessment and Management of Environmental and Social Risks and Impacts, (2) Labour and Working Conditions, (3) Resource Efficiency and Pollution Prevention and Control, (4) Health, Safety and Security, (5) Land Acquisition, Restrictions on Land Use and Involuntary Resettlement, (6) Biodiversity Conservation and Sustainable Management of Living Natural Resources, (7) Indigenous Peoples, (8) Cultural Heritage, (9) Financial Intermediaries, (10) Information Disclosure and Stakeholder Engagement.

This appraisal is considered when determining whether EBRD should approve a project. It furthermore may contribute to decisions to requiring certain conditions before signing. Legal agreements will reflect these and specific provisions related to environmental and social risk and reporting. Upon completion of Environmental and Social Due Diligence, an Environmental and Social Action Plan will be developed to address identified environmental and social risks and impacts of the project and any measures needed by the client to improve their practices. The ESAP is to be agreed with the client before Final Review.

The EBRD also proactively engages with and supports clients where risks are considerable and/or there are gaps in their capacity. Taking into account the findings of the environmental and social assessment and the outcomes of stakeholder engagement, the client will develop and implement a programme to address identified environmental and social risks and other improvement measures to meet the PRs.

EBRD monitors and evaluates projects against the objectives in its Environmental and Social Policy. The extent of monitoring is determined by the level of risk associated with the projects. ERBD reviews annual environmental and social reports on the environmental and social performance of the project, implementation of the ESAP and compliance with the environmental and social covenants in the financing agreements. As these reports come from the clients, performance may be periodically verified by environmental and social specialists within ESD and/or independent experts. Additionally, site visits are undertaken by ESD specialists or external consultants appointed in the case of certain higher risk projects.

EBRD reports on sustainability disclosures through its GRI Sustainability Disclosure report, which provides stakeholders with a one-stop overview of the EBRD's approach to ESG issues. This is reported in accordance with the GRI Standards. Information disclosed in the report includes topics deemed material to relevant stakeholders, including anti-corruption, energy, biodiversity, emissions, environmental compliance, occupational health and safety, diversity and equal opportunity, non-discrimination, child labour, forced or compulsory labour, rights of indigenous peoples, human rights assessment, and local communities. These were determined by Management with consultation and feedback from staff and external stakeholders.

IAD reporting confirms that EBRD 's Environmental and Social reporting is good in terms of the content and compared with peers. However, it notes some potential challenges regarding controls around data collection and quality. EBRD has initiated an environmental and social data digitalisation project, which aims to strengthen the data collection and quality. The project is targeted to be completed in 2025.

In 2024, EBRD conducted a review of its ESP. Some key changes were as follows:

- PRs were renamed as Environmental and Social Requirements;
- The new ESP presented a clearer distinction between EBRD roles, responsibilities, and commitments and those of clients/projects;

- Introduction of risk determination for transparency to justify different approaches to projects with varying risk profiles and to provide more flexibility/streamline the due diligence process;
- Broader scope to cover significant risks in core project supply chains;
- Clarification on good practice implementation of GBVH requirements;
- Requirement for clients to provide information related to pollution risks, liabilities, provisions, or costs related to meeting the requirements of EU substantive environmental standards;
- Annual reporting to EBRD from clients when biodiversity offsets are required.
- Introduction of a Bank mechanism to systematically identify and manage project related grievances.

EBRD is now in the process of updating its ESP, which has undergone public consultations. In particular, the new ESP will be accompanied by a digitalisation initiative which will further enable EBRD to analyse and report on its activities to implement to ESP and address compliance issues, better leveraging its monitoring data across projects.

Element 5.4.6

The MO has processes in place to assess client capacity and risks with respect to SEAH during the design and implementation of investments and other operations, with action taken on any deficiencies to mitigate against reputational risks.

EBRD screens and monitors projects for GBVH risk, including an assessment of the client's capacity to manage project related GBVH risk.

This element is rated as **highly satisfactory**, reflecting the application of clear, risk-based procedures and support identified during project design to address any deficiencies noted. (further information is available in 4.7).

The Environmental and Social Policy requires that all clients assess project-related gender-based violence risks of sexual harassment, sexual exploitation and abuse to project-affected persons and communities and adopt specific measures where appropriate. The gender issues mitigation process also requires projects to pay attention to women-specific risks such as gender-based violence.

Under PR 10, all projects are to carry out stakeholder identification and develop and implement a grievance mechanism. Stakeholder engagement under this PR includes stakeholder identification and analysis, stakeholder engagement planning, disclosure of information, meaningful consultation, implementation of a grievance mechanism, and ongoing reporting to relevant stakeholders.

EBRD has established procedures for project risk screening, assessment, and monitoring related to GBVH risk. These include GBVH Risk Screening and an assessment of the client's capacity to manage project related GBVH risks. These are supported by reporting protocols for project-related allegations and incidents of GBVH and a legal requirement to report any GBVH incidents or allegations in projects. Designated GBVH focal points support the safe and ethical handling of reports.

Element 5.4.7

If blended concessional finance is used as a de-risking instrument, the MO has processes in place to ensure adherence to the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations.

Clear guidance ensures assessments for the use of Blended Concessional Finance adhere to the enhanced principles. The Impact team is responsible for reviewing the rationale for blended finance and assigning ratings for each blended finance principle on the level of alignment. This opinion is then transmitted to the relevant approval committee.

This element is rated as **highly satisfactory**, reflecting robust processes in place to ensure use of blended finance in line with good practice and EBRD's mandate.

The EBRD adheres to the DFI Principles for Blended Concessional Finance in Private Sector Operations and has in place internal guidelines and governance measures for this purpose. Guidance for the use of blended concessional finance notes that it is based on the DFI Enhanced Principles and extends the use of the principles as a framework for all uses of blended concessional finance, both private and public sector operations. Review of staff guidance confirms that the Principles of Additionality, Minimum Concessionality, Commercial Sustainability, and Reinforcing Markets serve as the basis for the assessment for blended concessional finance projects, accompanied by a checklist required for the justification of the use of blended concessional finance. Guidance notes that EBRD applies the fifth principle "Promoting High Standards" to all of its core operations through its existing policies; hence, this is not present in the assessment/checklist.

MI 5.5: Intervention designs include the analysis of cross-cutting issues (as defined in KPI 2)

- Element 5.5.1: Approval procedures require an assessment of the extent to which cross-cutting issues have been integrated in the design.
- Element 5.5.2: Plans for intervention monitoring and evaluation include attention to cross-cutting issues.

Table 85. KPI 5 – MI 5 ratings

MI / Element	Rating	Score	Confidence Level
MI 5.5	Satisfactory	3.00	Medium
Element 5.5.1	Satisfactory	3	Medium
Element 5.5.2	Satisfactory	3	Medium

MI 5.5 Evidence Documents

- EBRD (2015), *Procedures for Environmental and Social Appraisal and Monitoring of Investment Projects*, EBRD, London, www.ebrd.com/what-we-do/strategies-and-policies/environmental-procedures.pdf.
- EBRD (2020), *Green Economy Transition Approach 2021-2025*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395293641654&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2021), *Design and Implementation of Post-signing GET Monitoring, Reporting and Verification*, EBRD, London.
- EBRD (2021), *The Equality of Opportunity Strategy (EOS) 2021-2025*, EBRD, London, www.ebrd.com/equality-of-opportunity-strategy-2021-25.pdf.
- EBRD (2023), *Implementing the Green Economy Transition - Technical Guide*, EBRD, London, www.ebrd.com/get-technical.pdf.
- EBRD (2024), *Operations Manual,* EBRD, London.
- EBRD (n.d.), *Final Review Template for OpsCom, SBIC, and Delegated Authority*, EBRD, London.
- IEvD (2021), *EvD Work Programme & Budget 2022*, EBRD, London.

MI 5.5 Analysis

Element 5.5.1

Approval procedures require an assessment of the extent to which cross-cutting issues have been integrated in the design.

Inclusion of cross-cutting issues is considered in the approval process. Green and gender components are considered during Environmental and Social Due Diligence. There are specific assessments to determine if a project has a green or gender component. Inclusion of inclusive and digital components are considered through their contribution to a project's transition impact score.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

All projects being considered for EBRD financing undergo an environmental and social appraisal based on the Bank's Environmental and Social Policy, which includes an assessment of the cross-cutting issues of environmental sustainability and gender equality. Specifically, during the concept review stage, ESD indicates whether the project is likely to result in disproportionate gender impacts and/or there are opportunities to mainstream gender considerations into the design of a project and whether there is likely to be GET opportunities.

The project approval process of the EBRD's Operations Committee (OpsCom) includes a specific Green Assessment (alignment with the Paris Agreement, environmental and social due diligence, and climate-related financial risk) for all projects, and additionally, for certain projects, assessment on GET finance attribution, green transition impact, and an assessment of the Gender SMART Tag, the result of a gender diagnostic of the project.

At project concept submission, projects undergo the GET qualification process. At concept review, a project is checked for GET eligibility, a preliminary estimate of GET finance attribution and environmental benefits is made, and a preliminary transition impact rating is provided. During due diligence, the GET rationale is substantiated. During final review, GET eligibility is verified and the transition impact rating is confirmed.

The Gender SMART diagnostic is a standardised project-level gender analysis drawing on existing data about gender challenges at country, sector, and sub-sector levels. This information is requested of Banking OLs prior to the submission of the Concept Review Memorandum. The tool presents actionable recommendations to address gender challenges. If an operation includes a clearly defined action directly related to reducing or addressing gender gaps, it will be classified as Gender Smart. The Gender SMART Tag identifies if a project has Gender Transitional Impact (where gender is one of the two main objectives of a project), Gender Additional (where gender is a deliberate goal but not the primary objective), Gender Aware (where the project has been assessed and is conscious of relevant Gender angles but does not include explicit gender activities), or Not Assessed (where the project has not undergone the Gender SMART diagnostic).

The assessment of a standalone project in TOMS is based on a set of multiple-choice questions that include a Transition Quality Checklist which ensures that every project meets transition quality standards across all qualities and Gender SMART and GET checks. EBRD has introduced a streamlined and updated Inclusive transition impact (TI) assessment to reflect updated EoO approach.

Likewise, interviews indicated that a digital questionnaire has been introduced in Monarch allowing for a standardised approach to how digital components can be surfaced and contribute to the project's TI. To this effect, new digital specific questions have been added to the TI assessment questionnaire, to help better identify and communicate digital-related TI angles. When a Project includes a digital angle as part of its TI narrative, details on this should be included in the TI objectives section of project documents and should be accompanied by related TI monitoring indicator(s). The digital hub also reviews project submissions (NTNs, CRMs and FRMs) for digital components, advises on the digital TI narrative and monitoring indicators if/when relevant, and also keeps track of projects with a digital TI angle through the "digital tag" of projects.

Inclusion of green, inclusive, and digital components improves the expected transition impact (ETI) score, which is considered during approval.

Element 5.5.2

Plans for intervention monitoring and evaluation include attention to cross-cutting issues.

Projects that have been identified as Gender SMART or having a GET component include specific monitoring plans that assess performance.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Monitoring plans of EBRD projects include environmental and social aspects, that integrate cross-cutting issues of environmental sustainability and gender equality.

GET impact indicators, which reflect the key inputs and outcomes of GET projects, are included in EBRD's compendium of indicators and are assessed and tracked at a project level. Projects with GET eligible components include a green project monitoring plan that considers the future monitoring of the foreseen GET eligible components and the expected GET impacts. The green project monitoring plan is included in the Green Assessments Annex of the Final Review Memorandum and is reviewed and approved during project approval process. Client reporting is reviewed and verified by the EBRD or consultants to confirm actual results from the implementation of GET investments. These results will be duly recorded for use in project evaluation, reporting and benchmarking. In 2021, a new green monitoring, reporting, and verification approach was introduced that will help EBRD track and verify actual impacts as projects are implemented; however, these data are not yet available. Interviews indicated, however, that a missed opportunity remains that GET scores assigned at appraisal are not revised during implementation.

To be considered Gender SMART, a project must either have gender as one of the two main objectives of the project (Gender TI) or have gender as an important and deliberate additionality objective with at least one relevant monitoring indicator from the Bank's standardised Compendium of Indicators within the Additional indicators section (Gender Additional). Projects that receive a Gender SMART tag are re-assessed on an annual basis based on performance against the identified indicators. EBRD has sought to remove the gender tag for operations if during project monitoring and review it is visible that there is no progress towards implementation of identified gender-activities; however, implementing this approach has been challenging and this practice is not yet being applied.

As noted above, the assessment of digital project components is integrated into the TI assessment as part of the TOMS questionnaire in Monarch, with digital-specific questions having been added to the process to assist in identifying relevant components. These details are then included into the analysis of TI objective in project documents and related indicators are identified. These indicators are then monitored as part of the regular project TI monitoring process. (e.g. yearly TIMS reviews of the project, and/or framework for sub-operations under frameworks).

The Evaluation Department's 2023 and 2024 Work Programmes include evaluations of the Bank's support for gender and climate resilience. The planned updating of the Evaluation Policy will include an integration of the Bank's Transition Qualities that include "Green", "Inclusive" and "Resilient" among the six qualities.

MI 5.6: Investment appraisal and monitoring identifies relevant country-level considerations, including promoting principles of sound banking and creating an enabling environment for investment.

- Element 5.6.1: Investments include a detailed analysis of implications for exposure risks associated with the institution's portfolio in different countries and regions.
- Element 5.6.2: The MO's investment appraisal processes identify key elements of the enabling policy, the regulatory situation, such as the legal environment to promote ongoing viability of the investment.
- Element 5.6.3: Where shifts in policy and legislation are needed to promote the sustainability of future investments, opportunities are identified to address these needs through upstream activities, policy dialogue, technical assistance and/or advisory services.
- Element 5.6.4: Changes in the policy and regulatory environment are monitored throughout the lifecycle of the investment and implications for continued viability are identified.

Table 86. KPI 5 – MI 6 ratings

MI / Element	Rating	Score	Confidence Level
MI 5.6	Satisfactory	3.25	Medium
Element 5.6.1	Satisfactory	3	Medium
Element 5.6.2	Highly Satisfactory	4	Medium
Element 5.6.3	Satisfactory	3	Medium
Element 5.6.4	Satisfactory	3	Medium

MI 5.6 Evidence Documents

- EBRD (2015), Strategic and Capital Framework 2016-2020, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2015), "Technical Cooperation at EBRD" Presentation, EBRD, London, www.ebrd.com/documents/admin/trade-and-investment-morocco-technical-cooperation.pdf.
- EBRD (2019), *Strategy Implementation Plan 2019-2021*, ERBD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2021), *Procedure: Banking Credit Concentration Limit Framework*, EBRD, London.
- EBRD (2021), *Operating Principles from Impact Management: EBRD Disclosure Statement*, EBRD, London.
- EBRD (2021), *Risk Appetite Statement*, EBRD, London.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2023), *2023 Capital Adequacy Policy Review*, EBRD, London.
- EBRD (2023), Why policy reform? website, www.ebrd.com/what-we-do/policy-reform/why-policy-reform.html (accessed 12 December 2023).
- EBRD (2024), *Operating Principles for Impact Management: EBRD Disclosure Statement*, EBRD, London, www.ebrd.com/operating-principles.pdf.
- EBRD (2024), *Operations Manual,* EBRD, London.
- EBRD (n.d.), *Credit Analysis Template*, EBRD, London.
- IEvD (2020), *Special Study: EBRD Policy Work in SEMED*, EBRD, London, www.ebrd.com/documents/evaluation/2020-ebrd-policy-work-in-semed.pdf.

MI 5.6 Analysis

Element 5.6.1

Investments include a detailed analysis of implications for exposure risks associated with the institution's portfolio in different countries and regions.

Exposure risk is considered as part of an investment's risk assessment. The EBRD manages exposure risks through country and single obligor limits.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The design, assessment and approval process of investments includes a risk review process. Banking is responsible for gathering information on the key risks and vulnerabilities as well as identifying any risk mitigating measures, including for exposure. Prior to submission for Board Approval, the investment proposal must be reviewed by a Management Committee, which includes representatives from Banking, Risk Management, the office of General Counsel, and Vice Presidency for Policy & Partnerships.

The Risk Appetite Statement outlines that the Bank manages credit risk by adopting portfolio limits, including country limits. These prudential limits are articulated by the Capital Adequacy Policy covering both country and single obligor exposure. These are supplemented by Management level operational limits to manage concentration of risk at the country and single obligator level.

EBRD has a Banking Credit Concentration Limit framework that is overseen by VP CRO. It consists of single-obligor limits (both sovereign and non-sovereign), country limits, and other identified concentration limits. These limits are broadly set at specific percentages of available capital with the ability to set individual limits for specific obligors based on risk and/or strategic considerations. Adjustments can be made during the regular review of the framework, in response to material change in capital, or in response to credit/risk conditions. Primary responsibility for ensuring compliance with these limits rests with Banking, with risk officers acting as a second line of defence by flagging issues not highlighted by Banking. Head of DMR is responsible for compliance checks on all limits on a monthly basis. Results, highlighting any exceptions, are communicated with Director CPF, Director CFI, Director ER, MD Risk Management, and VP CRO and selected Banking staff.

Element 5.6.2

The MO's investment appraisal processes identify key elements of the enabling policy, the regulatory situation, such as the legal environment to promote ongoing viability of the investment.

The appraisal process provides multiple opportunities for the identification of key elements of the enabling environment.

This element is rated as **highly satisfactory**, reflecting EBRD's ongoing efforts to strengthen how it has sought to reinforce integration of policy dialogue and engagement in CoOs over the course of the assessment period.

Country strategies, which guide the investment programme in a country, have an analysis of the regulatory environment. This analysis feeds into decisions around policy dialogue and engagement within the country.

Although the Bank has always been engaged in policy dialogue and engagement, policy support was previously conducted in an ad hoc manner. Initially, under the Bank established Priority Policy Objectives (PPOs), introduced in 2016. PPOs allowed for the annual prioritisation of 3-4 priority policy activities for each CoO, justified by linkages to the medium term-priorities of the country strategy, government buy in, and cooperation with other IFIs.

Interviews indicated that PPOs have been discontinued and has evolved into overarching Policy Compacts at the country level, which allow policy work to be conducted more systematically. These Policy Compacts are live documents that communicate to the broader Bank about the policy reform initiatives happening within a country. They serve to better prioritise and coordinate policy work across the Bank and enhance related results frameworks for it.

The Vice Presidency for Policy and Partnerships contributes an assessment of sector specific risks for individual projects, particularly for those with material regulatory components such as regulated utilities and financial institutions.

As part of approval, investments undergo legal due diligence, which includes a review of the necessary legal and regulatory requirements.

Risk Management provides an independent risk assessment of projects to Banking and to EBRD's Management. This risk review includes a review of regulatory environment for FI debt proposals. As part of the risk review, Risk Management assigns or confirms risk-related information, including for secured/unsecured structure and on the Country of Risk.

EBRD has recently implemented a new TC Prioritisation Process to help align the selection of non-transactional TC (which often supports policy dialogue and advisory services supporting pipeline development) to the objectives in country strategies and policy compacts. This will help enhance the selectivity of support through TC and ensure stronger alignment with country needs and objectives, supporting the creation of an enabling environment.

Element 5.6.3

Where shifts in policy and legislation are needed to promote the sustainability of future investments, opportunities are identified to address these needs through upstream activities, policy dialogue, technical assistance and/or advisory services.

The EBRD engages in policy reform both at the country level and to support specific projects.

This element is rated as **satisfactory**, reflecting the alignment of EBRD’s practices with good practice implemented by other MDBs.

The EBRD engages with country authorities in the countries in which it invests and promotes dialogue between public and private sectors. EBRD brings together the relevant entities, based on the type of policy/reform. This can include government entities – including regulatory boards, ministries, etc. – as well as business councils and specific private sector actors.

EBRD formulates policy and investment objectives through its country diagnostics, which identify the main obstacles to entrepreneurship and private sector development. The country diagnostics are developed using a range of methodologies, including in house expertise and private surveys such as the Business Environment and Enterprise Performance Survey (BEEPS) and the Life in Transition Survey (LiTS), as well as other cross-country surveys and reports from institutions such as the World Bank, World Economic Forum and Organisation for Economic Co-operation and Development (OECD). For some larger countries, the diagnostics also draw on specially commissioned studies of selected issues that are critical to private-sector development in that country. The reports highlight the key challenges facing private companies in the country and showing where the economy stands relative to its peers on the six transition qualities – competitive, well governed, green, inclusive, resilient, and integrated – giving a broad picture of the policy and regulatory environment within the country. These diagnostics serve as the basis to inform EBRD’s policy engagement in the country.

Country strategies are then devised to identify priorities for each country, which are then translated into objectives for our investments and policy reforms. The EBRD then delivers these policy reform activities through its advisory, capacity building and technical assistance projects. For example, interviews indicated that EBRD supported renewable energy auctions in several countries, which opened up possibilities for downstream lending operations.

The sustainability of investments is supported by EBRD’s “Integrated Approach” that complements the Bank’s investments with technical assistance and policy dialogue. This integrated approach is intended to more effectively leverage policy and institutional reforms through tackling deep-seated institutional and other barriers to reform in a sector rather than through stand-alone operations. However, it is unclear the extent to which realises the aspired necessary policy and legislation shifts.

EBRD delivers transactional and non-transactional Technical Cooperation (TC) to promote policy, legal, and structural reform. This includes consultancy services that contribute to institutional reform and policy dialogue, standards setting, social and inclusion considerations, anti-corruption initiatives, public sector reform, legal advice on investments to EBRD's Office of the General Counsel, Legal Transition Programme, Institution building, economic and policy analysis, and environmental and social assessments and studies.

Interviews noted that newly introduced Policy Compacts as a way to consolidate country-level reform support. These Policy Compacts are live documents that communicate to the broader Bank about the policy reform initiatives happening within a country. They are country specific operationalisation of the policy work based on the country strategy objectives. It serves as an internal management tool to help prioritise the policy agenda in a given country, track progress regarding policy implementation, and help guide the allocation of internal / donor resources to priority areas of policy work. The policy activities could be delivered through a combination of transactional and non-transactional technical cooperation activities, enabling, reinforcing or enhancing EBRD's investment operations.

Interviews further indicated that, in the context of Ukraine, EBRD has had a long-standing and substantial TA presence in many ministries.

The operations manual also notes that frameworks are effective avenues to provide greater leverage for deepening policy dialogue and pursuing necessary regulatory or legal reforms.

Element 5.6.4

Changes in the policy and regulatory environment are monitored throughout the lifecycle of the investment and implications for continued viability are identified.

The EBRD monitors changes in the policy and regulatory environment for all projects and necessary adjustments are taken.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The policy and regulatory environment within a country is reviewed annually through the Country Strategy Delivery Reviews (CSDRs). CSDRs describe short-term adjustments and shorter-term focus of the implementation of the country strategy in a forward-looking section.

During the annual review of each project, changes in the policy and regulatory environment are noted. This review allows for operation teams to determine if any adjustments are necessary.

The OL is responsible for active management and monitoring of an investment over its lifecycle. If an operational risk issue is identified, specific procedural steps are outlined that need to be taken, as administer by ORM. Material operational risk issues are summarised in the QPR.

OLs consider political and regulatory risks as part of the regular monitoring of projects and discusses them in the Project Monitoring Report, when they are relevant for the project, as part of the credit analysis. Such risk as identified at assessment, as well as their corresponding agreed mitigation measures, are monitored as part of the overall monitoring of compliance with the relevant legal package.

MI 5.7: Institutional procedures (including systems for hiring staff, procuring project inputs, disbursing payment, logistical arrangements etc.) positively support speed of implementation and adaptability in line with local contexts and needs.

- Element 5.7.1: The MO has clear internal procedures for approving investments and other operations and managing commitments and disbursements (as per conditions of disbursement), which are communicated to clients.
- Element 5.7.2: The MO implements client feedback mechanisms to assess and improve its client service performance where possible.
- Element 5.7.3: The MO tracks client service performance, including against any agreed benchmarks.

Table 87. KPI 5 – MI 7 ratings

MI / Element	Rating	Score	Confidence Level
MI 5.7	Satisfactory	2.67	Medium
Element 5.7.1	Satisfactory	3	Medium
Element 5.7.2	Unsatisfactory	2	Medium
Element 5.7.3	Satisfactory	3	Medium

MI 5.7 Evidence Documents

- EBRD (2013), *A Guide to EBRD Financing,* EBRD, London, www.ebrd.com/downloads/research/factsheets/guidetofinancing.pdf.
- EBRD (2015), "EBRD client survey reveals high levels of satisfaction", EBRD, London, www.ebrd.com/news/2015/ebrd-client-survey-reveals-high-levels-of-satisfaction.html.
- EBRD (2018), *A Guide to EBRD Financing*, EBRD, London, www.ebrd.com/news/publications/guides/a-guide-to-ebrd-financing.html.
- EBRD (2019), *Strategy Implementation Plan 2019-2021*, ERBD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2021), *OSM Process Maps – Disbursements*, EBRD, London.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2023), *Banking Services Procedures Manual*, EBRD, London.
- EBRD (2024), *Operations Manual,* EBRD, London.
- EBRD (n.d.), *OL Disbursement Guide - Sovereign Sector*, EBRD, London.
- EBRD (n.d.), *Operations and Service Management Tableau Dashboard*, EBRD, London.
- EBRD (n.d.), *Terms of Reference: EBRD 2022 Client and Potential Client Survey*, EBRD, London.

MI 5.7 Analysis

Element *5.7.*1

The MO has clear internal procedures for approving investments and other operations and managing commitments and disbursements (as per conditions of disbursement), which are communicated to clients.

There are clear processes for approval of investments ranging from concept review to final review and approval. These are clearly communicated to clients through EBRD's guide to financing. Conditions are agreed to with clients and clearly communicated in the term sheet.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The EBRD has internal procedures and guidelines in place for the approval and management of disbursements. Internal Process Maps dictate the roles and responsibilities of different units/team members for the processing/release of disbursements for different instruments, including loans, equity, and grants. This includes various clearances needed to process disbursements.

Most operations undergo a Concept Review (CR), which allows the Bank to ensure that the operation fits with Bank policies and is consistent with country priorities and operational strategies. CR additionally allows the Operation Team to outline the general structure and to receive comments and guidance for the due diligence and structuring phase from non-Banking departments as well as Management. Eligible projects then get submitted for final or structure review, where the proposed business deal and structure is reviewed, compliance with Bank policies and strategies is confirmed, agreement on how to approach remaining issues is made, and agreement to proceed with negotiation based on an agreed in principle Term Sheet is made. Final Review approval gives assurance that specific issues previously identified have been adequately addressed and confirms the fulfilment of the negotiating mandate provided by Management and authorises submission for Board approval or (where final approval authority has been delegated to Management) authorises execution of the financing documents.

As part of the loan agreement, terms for disbursement procedure and conditions to be satisfied prior to the disbursement of funds is outlined. The Operations Leader is responsible for monitoring precedent conditions to drawdown/disbursement. Banking Services manages post signing processes for the Bank's projects covering multiple products across EBRD's countries of operations, identifying potential risks and problems, alerting relevant stakeholders both internal and external and providing timely and effective solutions to immediate and complex challenges in multi-departmental processes. Products include but are not limited to: Bilateral, Syndicated and Parallel Lending Non-Sovereign Loans; Sovereign/Sovereign Guaranteed Loans; Direct Equity / Equity Funds; Donor funded Grants; Bonds Guarantees; and TFP products. Banking Services coordinates the processing of each drawdown application by checking whether all applicable conditions have been met, confirming that the signatures and, where appropriate, payee bank account details are consistent with the Certificate of Incumbency and Authority, obtaining all required internal approvals and ultimately, by instructing Operations Banking to proceed with the drawdown.

Element 5.7.2

The MO implements client feedback mechanisms to assess and improve its client service performance where possible.

Although EBRD has implemented client feedback in the past, a client survey has not been conducted within the assessment period. A client survey didn't take place in 2020-2022 due to the COVID-19 pandemic. A planned survey in 2022 was put on hold partly due to the war in Ukraine. EBRD also monitors the share of repeat clients as part of its private sector ABI.

This element is rated as **unsatisfactory** on the basis that EBRD does not have systematic processes for collecting and using client feedback to assess its performance and opportunities to improve.

In 2014, the EBRD surveyed clients to assess their satisfaction and perceptions of the Bank's work. This included perceptions related to:

- the overall service they receive from EBRD,
- client likelihood to recommend the EBRD to a peer or colleague,
- the Bank's technical, sector, local and country expertise,
- the range of financial products and services offered by EBRD, and
- support provided by EBRD's local office

When the results of this survey were presented in 2015, it was recommended that a full client survey be implemented every 3-4 years. An additional survey was not planned until 2022. The TOR for that survey indicated that the survey was intended to be used to get a clear picture on:

- Tends in reasons clients want to work with EBRD,
- Perceptions on impact, pricing and offerings of EBRD investments,
- Feedback on the customer experience, how to improve Bank products and service, processes and efficiency, the business delivery model, and the usefulness of local presence, and
- Feedback from the Solidarity Packages during COVID-19.

This survey was subsequently put on hold due to the war in Ukraine.

Beyond the client survey, EBRD applies a "revealed preference approach", whereby strong client satisfaction is strongly correlated with a strong pipeline of repeat clients. On this basis, EBRD tracks the share of existing clients in EBRD's private sector ABI.

Element 5.7.3

The MO tracks client service performance, including against any agreed benchmarks.

Performance of the Client Service Group is tracked as part of the departmental scorecards.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Banking Services Procedures Manual specifies service standards and deadlines for key loan procedures. For example, it outlines specific timelines for entering pending Disbursements into the system following the receipt of a Disbursement Application and further articulates an established Disbursement deadline, which Banking Services should not exceed without a valid external reason. Adherence to these procedures is overseen by the Banking Services Department.

Client Services Performance is tracked via departmental scorecards for each business unit in the Client Services Group, which includes categories such as "Disbursements - Planning Rate inc. non-TFP guarantees". As mentioned in element 5.7.2, EBRD does not track client service performance at the corporate level via its Corporate Scorecard.

Prior to the update of EBRD's approach to self-evaluation, Operations Performance Assessments (OPAs) included ratings covering Bank handling and execution, reflecting the quality of the dialogue and relationship with the client, ongoing monitoring and responsiveness to emerging challenges. The assessment of Bank handling and execution quality has been retained in the new self-evaluation format, the Summary Project Assessment (SPAs). In accordance with OECD guidance, it now forms a part of the broader efficiency criterion assessment, which rates and discusses elements of timeliness, financial performance, and the Bank's handling of the project.

KPI 6: Working in coherent partnerships directed at leveraging and catalysing the use of resources.

Table 88. KPI 6 ratings

KPI / MI	Rating	Score
KPI 6	Satisfactory	**3.10**
MI 6.1	Satisfactory	3.50
MI 6.2	Satisfactory	3.00
MI 6.3	Satisfactory	2.75
MI 6.4	Highly Satisfactory	3.75
MI 6.5	Satisfactory	3.33
MI 6.6	Satisfactory	3.00
MI 6.7	Satisfactory	3.00
MI 6.8	Not Applicable	N/A
MI 6.9	Unsatisfactory	2.5

MI 6.1: The MO works with national partners/stakeholders to identify policy and development activities that create an enabling environment for investment.

- Element 6.1.1: The MO has processes in place to engage with relevant stakeholders, including host governments, in identifying policy changes, reforms and development activities to strengthen the investment climate.
- Element 6.1.2: The MO's ongoing consultation and institutional mechanisms permit changes in strategic priorities when the local context changes.

Table 89. KPI 6 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.1	Satisfactory	**3.50**	Medium
Element 6.1.1	Satisfactory	**3**	Medium
Element 6.1.2	Highly Satisfactory	**4**	Medium

MI 6.1 Evidence documents

- EBRD (2016), *The EBRD's Engagement with Civil Society: Roadmap (2017-20)*, EBRD, London, www.ebrd.com/ebrd-civil-society-engagement.pdf.
- EBRD (2017), *Economic Inclusion Strategy (EIS) 2017-2021*, EBRD, London, www.ebrd.com/ebrd-economic-inclusion-strategy.pdf.
- EBRD (2017), *Guidance Note: Country Strategies: A Simpler Process with a Better Outcome*, EBRD, London.
- EBRD (2018), *Uzbekistan: Approach to Activities,* EBRD, London.
- EBRD (2019), *Access to Information Directive*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395282205969&d=&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2019), *Access to Information Policy*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395282205899&d=&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2019), *Agribusiness Sector Strategy 2019-2023*, EBRD, London, https://www.ebrd.com/documents/agribusiness/agribusiness-strategy.pdf.
- EBRD (2019), *Environmental and Social Policy*, EBRD, London, www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html.
- EBRD (2019), *Project Accountability Policy*, EBRD, London,

www.ebrd.com/documents/occo/ipam-policy.pdf
- EBRD (2019), *Transport Sector Strategy (2019-2024)*, EBRD, London, www.ebrd.com/documents/transport/strategy-for-transport.pdf.
- EBRD (2020), *Country Strategy Delivery Review 2020*, EBRD, London.
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- EBRD (2021), *Quarterly Performance Report Q3 2021*, EBRD, London.
- EBRD (2021), *Report by the Chairs of the Budget and Administrative Affairs Committee and the Audit Committee on the Quarterly Performance Report Q3 2021*, EBRD, London.
- EBRD (2022), *Country Strategy Delivery Review 2022*, EBRD, London.
- EBRD (2022), *Quarterly Performance Report Q1 2022*, EBRD, London.
- EBRD (2022), *Quarterly Performance Report Q2 2022*, EBRD, London.
- EBRD (2022), *Quarterly Performance Report Q3 2022*, EBRD, London.
- EBRD (2023), *Country Strategy Delivery Review 2023,* EBRD, London.
- EBRD (2023), *Global Reporting Initiative (GRI) disclosure report 2022*, EBRD, London, www.ebrd.com/documents/environment/gri-report-2022-sustainability-disclosures.pdf?blobnocache=true.
- EBRD (2023), *Quarterly Performance Report Q1 2023*, EBRD, London.
- EBRD (2023), *Quarterly Performance Report Q2 2023*, EBRD, London.
- EBRD (2023), *Quarterly Performance Report Q4 2022*, EBRD, London.
- EBRD (2023), *Information Update: Armenia: The EBRD Refugee Response Plan*, EBRD, London.
- EBRD (2023), *Türkiye Earthquake Update and EBRD Response presentation*, EBRD, London.
- IEvD (2019), *Special Study: EBRD Country Strategies*, EBRD, London.

MI 6.1 Analysis

Element 6.1.1

The MO has processes in place to engage with relevant stakeholders, including host governments, in identifying policy changes, reforms and development activities to strengthen the investment climate.

EBRD has policies in place that require engagement with relevant stakeholders, including through its Environmental and Social Policy, its Access to Information Policy and Directive, and the Project Accountability Policy. Guidance for the development of country strategies requires consultation with country authorities, representatives of the private sector, CSOs, and other IFIs. Country strategies also undergo a web-based consultation process.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The EBRD has clear processes in place to engage with relevant stakeholders to create an enabling environment for investment. The Bank's Environmental and Social Policy has a Performance Requirement on Stakeholder Engagement (no. 10) that requires stakeholder engagement to begin as early as possible in project development, including establishing stakeholder engagement plans, when warranted. Stakeholder engagement is supported by the Access to Information Policy and Directive and the Project Accountability Policy, which EBRD consulted with stakeholder and demonstrated how their feedback was incorporated. The Bank’s Roadmap for Engagement with Civil Society (2017-20) prioritises engagement with civil society in support of enhanced policy dialogue.

Guidance on developing EBRD country strategies emphasises the importance of engaging with stakeholders in the development of country strategies. Guidance identifies multiple avenues for consultation, including (i) a country visit where a draft Country Strategy is discussed with country authorities, private sector, CSO, and IFI representatives, (ii) discussion based on written comments from government authorities to introduce changes to the Country Strategy, and (iii) public web-based consultations where the revised Country Strategy is posted online for comment for 45 calendar days. At the end of the web-based consultation period, the Civil Society Engagement Unit prepares a Report on Public Consultation, including feedback from CSOs received in written form and during the country visit. The report provides a detailed point-by-point response to how it is addressing (or not) the received comments. This is presented when the strategy goes to the Board for approval and is posted online with the final approved strategy.

The Bank's sectorial strategies also emphasise stakeholder engagement. According to Directive on Access to Information, sectoral strategies are subject to public consultation process, including web-based consultation period of 45 calendar days. When appropriate, EBRD also organises consultation workshops and meetings with relevant stakeholders during the consultation period. After the consultation period, a summary of public comments is made available to the Board of Directors before the final approval. Cross-cutting strategies have varying degrees of emphasis on stakeholder engagement. SPGE 2021-2025 notes stakeholder engagement only in the context of the Environmental and Social Policy. EOS identifies inclusive stakeholder engagement as a priority for its inclusive infrastructure solutions pillar and cites Inclusive regional and national stakeholder engagements as a new priority area for a just transition. GET 2.1 policy approach builds on GET 1.0 seeking to integrate a long-term perspective formulated through broad stakeholder engagement with a clear definition of objectives and intermediate milestones.

Interviews with external partners, indicate that EBRD does engage others, particularly other IFIs, on strengthening investment climate by working together where possible. External partners also note that EBRD’s work, and conditions associated with its lending typically help partners adapt to these requirements and often play a role in accelerating their adoption by other significant players in the domestic market.

Element 6.1.2

The MO’s ongoing consultation and institutional mechanisms permit changes in strategic priorities when the local context changes.

EBRD has shown flexibility to adapt strategic priorities to context changes. The Country Strategy Delivery Review process allows for consideration of changes to the local context.

This element is rated as **highly satisfactory**, reflecting how EBRD has used the new CSRDR process to incorporate make the management of country strategies more flexible and adaptive over time.

The EBRD's Strategic and Capital Framework emphasise and showcase the Bank's flexibility to adapt strategic priorities in response to context changes. For instance, almost immediately following the start of the last SCF period (2016-2020), the Bank had to pivot to develop its programme of support for refugee-hosting communities in 2016.

The Environmental and Social Policy anticipates that projects engage with stakeholders when there are significant changes to the environmental or social risks and impacts of projects.

The Bank's COVID-19 Solidarity Package illustrated how the Bank tackled the challenges of the pandemic in a flexible and comprehensive way, according to an internal review. Likewise, the response to the War on Ukraine through the Resilience and Livelihoods Framework has shown flexibility and consultation in the face of changing local context. Interviews confirmed that following the invasion, Bankers began to call their clients to see what they needed which served as the basis for the formulation of the strategy around 5 pillars: energy, infrastructure, resilience, trade finance and food security.

Country Strategy Delivery Reviews allow for annual consideration of local context, a review of the delivery of the country strategy priorities, key challenges and enablers over the year, and a consideration of lessons learned and how they may be applied going forward. This was confirmed by interviews with country teams. In event of crises or when significant changes in country strategy are required, changes are first reflected in the operational approach document for endorsement by the Board of Directors until a new strategy is prepared, which assess the shift in context, identify client need and EBRD's potential value addition, risks and short and medium-term opportunities for engagement.

This flexibility is also evidenced in the Bank's engagement with donors where active outreach has resulted in strong donor support and close cooperation with donors for various crisis packages launched in recent times related to the COVID pandemic, the war in Ukraine, the earthquake in Morocco and Türkiye, and the crisis in Armenia.

MI 6.2: The MO's coordination and partnerships with other development actors are based on comparative advantage to promote synergies and maximise finance for development.

- Element 6.2.1: The MO's country, regional and/or sector strategies identify its comparative advantage and potential synergies with other development partners.
- Element 6.2.2: The MO undertakes joint planning and consultation with development partners as needed to prioritise private sector solutions and optimise use of resources, guided by specific circumstances (e.g., sector, crises responses).
- Element 6.2.3: Resources/competencies needed for investments and other operations are aligned to the perceived comparative or collaborative advantage.
- Element 6.2.4: The MO's partnerships pursued with development partners promote blended concessional finance (in accordance with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations) and foster solutions that help de-risk investments and promote cross-cutting themes.

Table 90. KPI 6 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.2	Satisfactory	3.00	Medium
Element 6.2.1	Satisfactory	3	Medium
Element 6.2.2	Satisfactory	3	Medium
Element 6.2.3	Satisfactory	3	Medium
Element 6.2.4	Satisfactory	3	Medium

MI 6.2 Evidence documents

- DFI Working Group on Blended Concessional Finance for Private Sector Projects (2023), *DFI Working Group on Blended Concessional Finance for Private Sector Projects Joint Report, March 2023 Update*, ADB, Manila, www.adb.org/sites/default/files/institutional-document/876671/dfi-bcf-joint-report-2023-update.pdf.
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- EBRD (2022), *Staff Guidelines for the Use of Blended Concessional Finance – 2022 Update*, EBRD, London.
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- EBRD (2023), *The EBRD & Donors: 2022 Report – Highlights*, EBRD, London, https://www.ebrd.com/who-we-are/our-donors/donor-impact.html.
- EBRD (2024), Egypt's NWFE energy pillar gathers international support, www.ebrd.com/news/2022/egypts-nwfe-energy-pillar-gathers-international-support.html (accessed 23 January 2024).
- EBRD (2024), Our IFI and multilateral partnerships website, www.ebrd.com/who-we-are/ifi-multilateral.html (accessed 22 May 2024).
- IEvD (2018), *Special Study: Transport Sector Strategy Review*, EBRD, London, www.ebrd.com/documents/evaluation/evd-transport-sector-strategy-review.pdf.

MI 6.2 Analysis

Element 6.2.1

The MO's country, regional and/or sector strategies identify its comparative advantage and potential synergies with other development partners.

Country strategies systematically map the complementarity of the EBRD with international partners and include considerations of comparative advantage for relevant sectors. Sector strategies at a higher level also show consideration for cooperation with development partners, albeit to a varied degree.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Country-level mapping helps to identify areas of advantage. The country strategies reviewed (Egypt, Poland, Turkey, Serbia, Kazakhstan, Mongolia, Ukraine, Georgia, Albania, and Lithuania) systematically map the complementarity of the EBRD with international partners and identify potential areas of cooperation. These can help to inform where joint participation may be needed at the level of operations, especially given single obligor limits (and country limits). Further beyond individual country strategies, EBRD's recent "Report of the Board of Directors: The EBRD's Possible Limited and Incremental Expansion to Sub-Saharan Africa and Iraq," sets out a value proposition for its expansion and complementarity to other development actors.

Sector strategies, by design, focus on ways in which the Bank will achieve transition impact, and define instruments and products without delving into granular details. Consequently, issues of comparative advantage are covered in broader language with specific sectoral comparative advantage identified at the country level. The sector strategies for transport, financial and agribusiness prioritise cooperation with development partners.

For example, the Transport sector strategy outlines that future cooperation with development partners will focus on coordination of policy dialogue and sector reform, co-financing to address connectivity gaps, joint collaboration on global initiatives including the promotion of sustainable transport, and collaboration with new market players. The Financial sector strategy outlines that advancement of EBRD technical assistance and policy dialogue activities would not have been possible without active development of donor relationships and IFI cooperation. It indicates that further improvement would be required to better utilise and share institutional competencies and complementarity at the operational level. The Agribusiness Strategy highlights that EBRD will proactively engage with partners and other IFIs though engaging in evidence based policy dialogue activities, leveraging partners' comparative advantage in different areas of work, sharing lessons, engaging in awareness activities to ensure global coordination to improve efficiency and effectiveness, and aligning priorities with country needs.

Element 6.2.2

The MO undertakes joint planning and consultation with development partners as needed to prioritise private sector solutions and optimise use of resources, guided by specific circumstances (e.g., sector, crises responses).

EBRD engages with other development partners in a multitude of ways. EBRD engages with other institutions to agree on shared goals and priorities with respect to countries, regions, or sector, including implementation arrangements.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

EBRD presents its overall approach to coordination with development partners in its SCF and SIPs. SCF 2021-2025 outlines that EBRD will sustain focused coordination with other actors though the SCF period to deliver TI and support it countries of operations. At the project level collaboration includes co-financing and parallel financing and joint deal structuring on deals that are too complex for one institution. At the country and regional level, EBRD engages with institution to agree on shared goals and priorities, including implementation arrangements. At the policy level, EBRD collaborates with other institutions to agree on common priorities and key messages with respect to policy outcomes.

EBRD was involved with the establishment of the IFI country diagnostics working group in 2017, the setting up of the IFI country diagnostic website in 2019 and it continues to play a leading role in maintaining this website. The EBRD continues to demonstrate its engagement within country platforms with national authorities and other IFIs as well as donors, including exchanging diagnostic work and lessons learned, such as through the Western Balkans Investment Framework with the EIB and the EBRD and through the Ukraine Reforms Architecture programme (a technical assistance programme in partnership with the EU and funded through Ukraine Stabilisation and Sustainable Growth Multi-Donor Account). In the SCF 2021-2025 period, EBRD plans to step up coordinated policy work with a range of partners, including the WBG, IMF, Regional Development Banks, the European Commission and bilateral agencies, noting development of common country platforms as a promising avenue.

As part of its COVID-19 Response, EBRD quickly engaged under the Vienna Initiative with the IMF, World Bank, EIB, European Commission, ECB/Single Supervisory Mechanism, representatives of cross-border banks and central banks from member and observer countries, which focused on tailoring the IFIs' Covid-19 response products to match better the needs of commercial banks.

EBRD has collaborated actively with fellow MDBs and climate funds on the green climate agenda through coordination and knowledge sharing, which has better aligned MDBs including on a joint climate finance methodology. Between MDBs; for example, there is continuing joint work on operational approaches to alignment with the Paris Agreement goals.

One example of collaboration between a wide range of development partners is the Energy Pillar of Egypt's Country Platform for the Nexus of Water, Food, and Energy (NWFE). The NWFE is instrumental to the fulfilment of Egypt's international commitments under the UNFCCC and the Paris Agreement and is instrumental for the implementation of Egypt's National Climate Strategy and Nationally Determined Contributions. EBRD is the lead partner on the NWFE energy pillar, which is expected to unlock at least

USD 10 billion in private investment for solar and wind energy as well as the retirement of inefficient fossil-fuel capacity though the mobilisation of support from donors such as the European Commission, the US, Germany, France, the Netherlands, Denmark, and the UK. Other DFIs working in the country are also involved in the initiative [EBRD, 2023].

EBRD engages in several working groups with MDBs and other development partners, including on mobilisation of private investment in development projects, climate finance, DFI Working Group on Blended Concessional Finance for Private Sector Projects, MDB's role in financing the SDGs, and the development of a Harmonised Framework for Additionality. EBRD also initiated the Regional Development Bank (RDB) Collaboration Initiative in 2016, an avenue through which the RDB heads meet and collaborate. The EBRD chaired the group last in 2023. EBRD are also currently in the Secretariat of DFI group for Harmonised Indicators for Private Sector Operations (HIPSO) and an active member of MDBs' Managing for Development Results (MfDR) Working Group.

At the country level, interviews pointed to good coordination with other IFIs in the country. However, many did note that actual collaboration on the ground is dependent on personalities. Evidence of engagement ranges from regular meetings with development partners to coordinate activities focused on specific policy topics and challenges faces by the sectors in the country to bilateral coordination and collaboration.

EBRD also engages actively with its donor community through regular annual donor-wide meetings and regular donor assemblies for all its multi-donor funds. This serves as an opportunity to take stock of the cooperation and strategies and plan for the future.

Element 6.2.3

Resources/competencies needed for investments and other operations are aligned to the perceived comparative or collaborative advantage.

EBRD outlines its perceived comparative advantage in its SCF. Its comparative advantage and positioning in the MDB landscape are considered in country strategies which serve the basis for its operations within its countries of operations.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Strategic and Capital Framework (2021-2025) positions the EBRD as complementing the work of other development partners with its distinctive business model. It identifies its comparative advantage as its central focus on supporting the private sector, selective engagement with the public level and a unique approach to enabling private sector development at the sub-sovereign level, commercial focus that supports the development of sustainable markets, deep sectoral knowledge combined with local presence, strong financial standing, its ability to finance a range of project sizes, strong green credentials, track record of providing local currency financing and supporting capital market development, deep experience supporting SMEs, and a demonstrated ability and agility to expand into new geographies.

The country strategies reviewed (Egypt, Poland, Turkey, Serbia, Kazakhstan, Mongolia, Ukraine, Georgia, Albania, and Lithuania) systematically map the complementarity of the EBRD with international partners and identify potential areas of cooperation. These serve as the basis for investment in the country. For instance, the Egypt Country Strategy 2022-2027, mapped out six different partners in Egypt, including bilateral, UN agencies, and MDBs, based on their sectors of engagement, type of engagement (investment or policy engagement), and focus on public or private sector.

While some sector strategies are placed in the context of comparative advantage with other development partners, IEvD's review of the Transport Sector Strategy (2018) found that an area of improvement needed was in its complementarity and added value in the sector vis-à-vis other IFIs. The current strategy (2019-

2024) acknowledges IEvD's recommendations and lessons and details how EBRD is different from other IFIs.

Element 6.2.4

The MO's partnerships pursued with development partners promote blended concessional finance (in accordance with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations) and foster solutions that help de-risk investments and promote cross-cutting themes.

EBRD has demonstrated an ability to mobilise grants and concessional finance, including for priority themes. EBRD emphasises pursuing partnerships for blending financing solutions.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The SCF notes the EBRD's commercial focus supports the development of sustainable markets by complementing, not supplanting, private finance, which in turn facilitates the mobilisation of external financing and is supported by the disciplined use of concessional resources, including blended finance, to make investments in challenging environments and to reduce risk. In blended finance transactions, the Bank uses donor funds to mitigate risk, address market failures and affordability constraints, increasing the number of bankable transition business opportunities. The Bank's Annual Donor Report and Annual SSF Report highlight how donor funds support the Bank's cross-cutting themes.

The EBRD participates actively in joint work between MDB's and donors on cross-cutting development themes. For example, in the area of climate, the MDBs and the CIF work together to develop and operationalise new blended concessional finance programmes on wide themes such as industrial decarbonisation, renewable energy integration, and climate resilience. The EBRD also participates in strategic EU working groups, along with other IFIs and DFIs that lead to the development of optimised concessional finance programmes on topics that include Just Transition, energy efficiency, and low carbon fuels.

The EBRD has a demonstrated a robust track record of mobilising blended concessional finance. (Table 91) In 2022, donor inflows were driven by support for Ukraine alongside traditional sources such as bilateral and climate funds. In particular, the EBRD was able to mobilise € 835 million in unfunded guarantees from donors out of total € 2.1 billion.

The DFI Working Group on Blended Concessional Finance Joint Report highlights the SME Local Currency Special Fund of the EBRD as a development partner that contributes concessional finance. It also notes evidence of the EBRD using programmatic approaches with blended concessional finance to scale up activities through standardized products and processes and delegated approvals, including the Green Economy Financing Facilities, Women in Business program, the Recovery and Resilience Facility, and the Direct Financing Framework. It further highlights that EBRD has been developing a dedicated Blended Finance Hub that pools relevant expertise across the institution housed in the Donor Partnerships team and the Impact team. The Hub manages blended concessional finance data systems and knowledge sharing, independent from the banking operations. As well, Impact manages a Blended Finance Knowledge Hub on the Intranet and provides training and support on the Blended Concessional Finance Guidelines.

Table 91. Blended Concessional Finance (€ million)

	2014-16	2017	2018	2019	2020	2021	2022
Total	202.6	175.8	104.5	163.0	97.8	136.3	252.8
Sector Breakdown							
Infrastructure	35.5	77.3	54.8	50.2	28.1	27.6	10.2
Finance/Banking	150.4	82.3	41.4	87.4	64.0	97.8	196.5
Other	3.3	16.3	8.3	25.4	5.8	10.9	46.1
Themes							
Climate finance	131.8	123.0	85.3	142	78.2	130.6	150.8
Agribusiness/ Food Security	*	22.1	4.4	17	2.7	3.1	31.7
SME	88.1	54.7	35.6	79	56.5	63.2	94.3
Fragile and Conflict-Affected Situations	*	*	*	*	*	2.8	16.9
Geographical Breakdown							
East Asia & Pacific	*	0.0	0.0	0.8	0.4	0.3	15.6
Europe & Central Asia	*	112.8	87.1	111.1	74.4	64.4	177.3
Middle East	*	0.7	10.6	6.4	1.7	4.5	15.7
North Africa	*	62.3	6.8	44.7	21.3	67.1	44.1

Source: EBRD. * Data not available.

MI 6.3 The MO uses financing and non-financing instruments to promote transition and good practices.

- Element 6.3.1: The MO's corporate policies and strategies demonstrate a clear commitment to enhancing engagement in challenging contexts, as established in the strategic vision.
- Element 6.3.2: The MO deploys a range of financial and non-financial interventions to support engagement and enhance markets in challenging contexts in line with the 2030 Agenda, with the choice and application of instruments justified based on alignment to priorities, risk and economic analysis.
- Element 6.3.3: The MO's country strategies identify plans, targets and indicators to guide decision-making and deepen engagement in challenging contexts over time as market conditions change.
- Element 6.3.4: The MO has a policy and strategy in place to govern exit from equity investments based on its role, development considerations and financial performance of the institution.

Table 92. KPI 6 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.3	Satisfactory	**2.75**	Medium
Element 6.3.1	Satisfactory	**3**	Medium
Element 6.3.2	Satisfactory	**3**	Medium
Element 6.3.3	Unsatisfactory	**2**	Medium
Element 6.3.4	Satisfactory	**3**	Medium

MI 6.3 Evidence documents

- EBRD (2015), Strategic and Capital Framework 2016-2020, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2018), *Poland Country Strategy 2018-2023*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395271553698&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2018), *Serbia Country Strategy 2018-2023*, ERBD, London.
- EBRD (2020), *Albania Country Strategy 2020-2025*, EBRD, London, www.ebrd.com/strategy-and-policy-coordination/strategy-for-albania.pdf.

- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *Georgia Country Strategy 2021-2026*, EBRD, London, www.ebrd.com/georgia-strategy.pdf.
- EBRD (2021), *Lithuania Country Strategy 2021-2026*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395238319795&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2022), *Egypt Country Strategy 2022-2027,* EBRD, London, www.ebrd.com/what-we-do/strategies-and-policies/egypt-strategy.pdf.
- EBRD (2022), *Kazakhstan Country Strategy 2022-2027*, EBRD, London, www.ebrd.com/kazakhstan-strategy.pdf.
- EBRD (2022), *Mongolia Country Strategy 2022-2027*, EBRD, London, www.ebrd.com/strategy-and-policy-coordination/strategy-for-mongolia.pdf.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2022), *Strategy Implementation Plan 2022-2024,* EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2023), *Annual Review 2022*, EBRD, London, www.ebrd.com/annual-review-2022.
- EBRD (2023), *Quarterly Performance Report Q4 2022*, EBRD, London.
- EBRD (2023), *Serbia Country Strategy 2023-2028*, EBRD London, www.ebrd.com/sites/Satellite?c=Content&cid=1395238326770&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2024), *Operations Manual,* EBRD, London.
- IEvD (2017), *Special Study: Equity Operations*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395272063475&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2022), *Special Study: Evaluation of the Shareholder Special Fund (2016-2020)*, EBRD, London, www.ebrd.com/documents/comms-and-bis/-evaluation-of-the-shareholder-special-fund-201620.pdf?blobnocache=true.
- IEvD (2023), *Accelerating the transition journey: Evaluation of the EBRD's approach to Early Transition Countries (2017-2022)*, EBRD, London, www.ebrd.com/etc-evaluation-early-transition-countries.pdf.

MI 6.3 Analysis

Element 6.3.1

The MO's corporate policies and strategies demonstrate a clear commitment to enhancing engagement in challenging contexts, as established in the strategic vision.

EBRD has demonstrated its commitment to engage in challenging contexts.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Strategic and Capital Framework (SCF) (2021-2025) prioritises the EBRD's commitment to engage in challenging contexts. The previous SCF also prioritised EBRD engagement in challenging contexts. In particular, SCF 2021-2025 sets the goal of moving Bank operations progressively towards countries and regions within countries that are less advanced in transition, with a focus on Early Transition Countries (ETCs), the Western Balkans, and the SEMED region, though both investment and policy activity.

It outlines that there is an increase in the "proportion of its investment and policy activities in countries that are less advanced in transition, recognising that investment levels depend on the overall reform environment. Regionally, this will see a continued strengthening of the Bank's engagement in the Early Transition Countries, SEMED and the Western Balkans. This focus also means that the Bank will pay particular attention to seizing transition business opportunities in small countries." EBRD's engagement in the three regions has increased over time and between 2016-2019, they accounted for 44 percent of ABI and 57 percent of all projects. Importantly, the SCF notes that increased regional focus will take the form of increased investment and policy engagement.

EBRD's ongoing and deepened engagement with Ukraine after the Russian invasion demonstrates its commitment to engage in challenging contexts. At EBRD's 2023 Annual Meeting, governors' approved limited and incremental expansion of its operations to sub-Saharan Africa and Iraq. Since 2023, EBRD has approved Benin's, Ivory Coast's, Ghana's and Senegal's membership. The inclusion of these additional geographies into EBRD's countries of operation further demonstrates EBRD's commitment both currently and in the long-run to enhancing engagement in challenging contexts.

Element 6.3.2

The MO deploys a range of financial and non-financial interventions to support engagement and enhance markets in challenging contexts in line with the 2030 Agenda, with the choice and application of instruments justified based on alignment to priorities, risk and economic analysis.

Market creation is at the core of EBRD's mandate, seeking to foster the transition to an open market-oriented economy and to promote entrepreneurship in the economies where it invests. EBRD provides a range of interventions to support engagement in ETCs, including through its ETC Initiative. EBRD has seen an increase in interventions in countries that are less advanced in transition.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

Early Transition Countries are those that still face the most significant transition challenges and where a large proportion of the population still live below the poverty line. These include Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan. SEMED countries include Egypt, Jordan, Lebanon, Morocco, and Tunisia. The following countries are classified as the Western Balkans: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Established in 2004, EBRD helps to stimulate market activity in ETCs through its ETC initiative by employing streamlined approach to financing more and smaller projects, mobilising more investment and encouraging economic reform. For 2017-2019, the ETC Initiative had three priorities: enhance the private sector development through improved competitiveness, deepen access to finance through sustainable financial sector and develop local currency markets; promote sustainable infrastructure development including renewable energy generation; and improve inter-regional connectivity and international integration.

The current SIP sets a scorecard target of 48 per cent of ABI going to Early Transition Countries, SEMED and the Western Balkans. Since the introduction of the target, Activity in Early Transition Countries, SEMED and the Western Balkans stood at 38% of ABI in 2021 and 42% in 2022. In addition, the SIP outlines broad trends and needs of less advanced transition countries but notes that focus on sectors is guided by country strategies. Regarding policy activities, the SIP notes that "significant policy engagement will continue to be focused on these countries, helping to drive policy reforms and open up investment opportunities, thereby increasing the Bank's systemic impact."

Table 93. ABI in priority areas (€ million)

	2016	2017	2018	2019	2020	2021	2022
Early Transition Countries	901	1422	1611	1620	1868	1369	1966
SEMED	1366	2187	2181	1637	2131	1719	2209
Western Balkans	753	694	1121	1296	1317	1046	1288
Total	**3020**	**4303**	**4913**	**4553**	**5316**	**4134**	**5463**
% ABI	*32%*	*44%*	*51%*	*45%*	*48%*	*40%*	*42%*

Source: EBRD Annual Review

EBRD employs a mix of policy dialogue and investments in its work in ETCs. Evidence shows that EBRD prioritised energy (25% of objectives in ETCs from 2017-21) and banking (16% of objectives from 2017-21) sector reforms most in ETCs through policy work. Likewise, EBRD priorities the 'well-governed' (31% of objectives) and 'competitive' (20% of objectives) TQs in its policy objectives as well.

Some examples of how EBRD has used a range of instruments to support engagement in challenging contexts follow below.

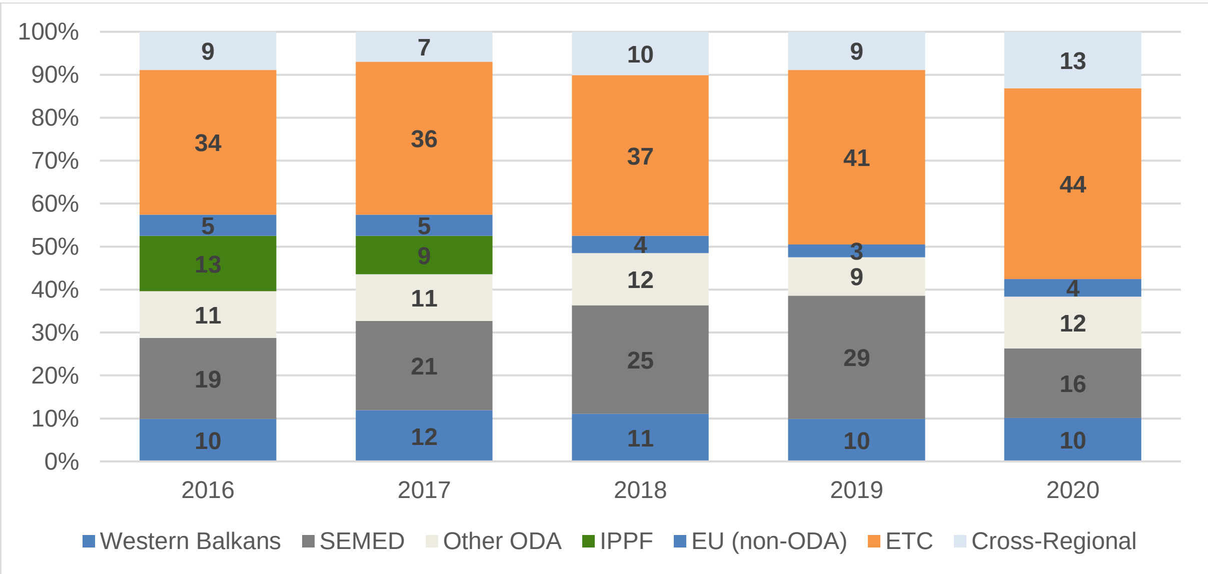
In Albania, which is part of the Western Balkans, under previous country strategy, EBRD "completed advisory projects with 222 MSMEs across a broad spectrum of sectors, with 147 clients reporting productivity increases (median of 46%)." In addition, EBRD also supported strengthening and changing Albanian regulatory framework.

In the SEMED, under the previous Egypt country strategy (2017-2021) EBRD provided "technical support to implement Egypt's new Gas Market Law, which liberalises the country's downstream gas market and allows private sector participation."

Under previous Mongolian Country Strategy (2017-21) EBRD "continued policy dialogue with the Government and Oyu Tolgoi to increase FDI attractiveness for the mining sector, including signing of MoU setting the grounds for TC projects aimed at improving the investment climate in the country." In addition, the previous strategy noted EBRD "provided TA to the develop National Geoscience Database to improve further transparency in the mining sector and attract investments.

EBRD relies on donor resources to work in ETCs, mainly sources from the SSF and the EU alongside bilateral support and mainly channelled through broader thematic funds. EBRD's Special Shareholder Fund (SSF) complements existing donor funding operations with technical cooperation, investment grants, incentive payments, and equity participation, strengthening EBRD's ability to support transition and covering a range of countries such as ETCs and the Western Balkans. The prioritisation of ETCs is operationalised through the introduction of an ODA/non-ODA ratio, originally 80:20 in 2008 and increased to 90:10 for the 2016 to 2019/20 work programmes and to 95:5 under the 2021/22 work programme Figure 6.1 presents SSF funding by region between 2016 and 2020 whereas Table 94 provides the most recently available figures from the SSF Annual Report. Both reflect high levels of allocation to SEMED and Central Asia, reflecting ETCs.

Figure 42. SSF Funding by region as a percentage of all SSF approved funding



Source: IEvD, Special Study, Evaluation of the Shareholder Special Fund

Table 94. SSF Work Plan 2023-2024

	EUR Allocation	% Allocation
Central Asia	30.6	27.3%
Eastern Europe and the Caucasus	5.8	5.2%
Western Balkans	5.9	5.3%
SEMED	32.1	28.6%
Non-ODA	4.1	3.6%
Türkiye	2.6	2.3%
Ukraine Resilience line	20.0	17.9%
Cross-Regional	6.0	5.4%
Contingency	5.0	4.4%
Total Work Plan	112.0	100.0%

Source: SSF Annual Report 2023.

An IEvD study found that the ETC approach could benefit from updating the classification of ETC to include all countries in Early transition. ETC classification lacks clear criteria and is not included in the new transition methodology. Operationally, in principle, EBRD's approach to countries with the largest transition gaps include staff allocation, donor funding resources and risk mitigation measures. There are mixed views on the part of staff regarding the relevance of the ETC classification. The IEvD as part of its study on ETC "heard two main views on the relevance of the classification: some believe it is an outdated legacy that no longer informs operational decision-making, others say that it reflects some awareness of the substantial challenges facing ETCs and the high dependency on donor funds to work in them." As a result, IEvD recommended management "review the ETCs classification and its use, in time for the next SCF in 2025 in order to better redirect support to countries with the biggest transition gaps." In response, management agreed that there is an opportunity at the next SCF with shareholders to change the definition in line with today's context.

Element 6.3.3

The MO's country strategies identify plans, targets and indicators to guide decision-making and deepen engagement in challenging contexts over time as market conditions change.

EBRD Country strategies identify plans, objectives, activities, and tracking indicators regarding engagement in its countries of operations. However, many Country Strategy outcome/output indicators are difficult to contextualize in the absence of baselines and/or targets.

This element is rated as unsatisfactory, reflecting challenges EBRD faces in demonstrating contribution to transition impact at country-level due to the absence of baselines and targets and inadequate outcome orientation of indicators.

The EBRD country strategies reviewed (Egypt, Poland, Turkey, Serbia, Kazakhstan, Mongolia, Ukraine, Georgia, Albania, and Lithuania), set out priorities, targets and indicators for engagement as markets change. For example, in Albania, which is part of the Western Balkans, under its previous country strategy EBRD supported strengthening and changing Albanian regulatory framework. In the SEMED, under the previous Egypt country strategy (2017-2021) EBRD provided "technical support to implement Egypt's new Gas Market Law, which liberalises the country's downstream gas market and allows private sector participation." Under previous Mongolian Country Strategy (2017-21) EBRD "continued policy dialogue with the Government and Oyu Tolgoi to increase FDI attractiveness for the mining sector, including signing of MoU setting the grounds for TC projects aimed at improving the investment climate in the country." In addition, the previous strategy noted EBRD "provided TA to the develop National Geoscience Database to improve further transparency in the mining sector and attract investments."

A majority of country strategies reviewed did not include baselines or targets in their results frameworks, with only a few (Albania, Poland, and Ukraine) including baseline date for their impact indicators. However, EBRD indicates that while providing targets is challenging given the private sector focus of the institution and the demand driven nature of its activities, the annual reporting of data through its Country Strategy Delivery Reviews (CSDRs) allows the institution to analyse relative performance. This analysis is presented in Table 95.

Table 95. Inclusion of Baselines and Targets in CS Results Frameworks

Country	CS Year	Tracking Indicators		Impact Indicators	
		Baselines	Targets	Baselines	Targets
Albania	2020-2025	No	No	Yes	No
Egypt	2022-2027	No	No	No	No
Georgia	2021-2026	No	No	No	No
Kazakhstan	2022-2027	No	No	No	No
Lithuania	2021-2026	No	No	No	No
Mongolia	2022-2027	No	No	No	No
Poland	2018-2023	No	No	Yes	No
Serbia	2023-2028	No	No	No	No
Türkiye	2019-2024	No	No	No	No
Ukraine	2018-2023	No	No	Yes	No

Source: EBRD Country Strategies.

CSDRs provide an annual touchpoint to discuss with the Board an assessment of progress, key enablers, challenges, lessons learned, and the resulting way forward within countries. Interviews noted that CSDRs are an important point where country teams look at how they are implementing strategy in the country with the projects and key deliverables of that year. It also includes key policy deliverables and key project deliverables. Interviews further indicated that it is useful in guiding what is done and is a relevant, though restricted internal document for interactions with the Board. Interviews also indicated that although CSDRs are a document prepared for the Board, it is also a useful reference point for Country units. However, the extent to which CSDRs are used by country units to engage in an annual review of their programs varies.

Element 6.3.4

The MO has a policy and strategy in place to govern exit from equity investments based on its role, development considerations and financial performance of the institution.

The EBRD considers its exit strategy starting from the appraisal of an equity transaction and further develops its exit strategy over the life of the investment. However, there is no evidence of a defined policy or strategy around exits.

This element is rated as **satisfactory**, reflecting the alignment of EBRD’s practices with good practice implemented by other MDBs.

After Evaluation Department Special Study on Equity Operations (2017) found that there was a lack of defined exit strategies for equity investments, management announced two plans to improve its equity business – the Enhanced Equity Approach I and II, which provide phased steps to be taken to improve the development of the Bank’s direct equity business. These include setting clear objectives for equity investments and exits.

Exit strategies for banks revolve around three main considerations: assessing if the bank's initial goals have been met or are no longer attainable; evaluating if a fair price can be obtained considering the future prospects of the invested company; and determining if the bank's exit can contribute to capital market growth, expanding the shareholder base, or attracting strategic partners.

The EBRD operations manual states that considerations about equity exit start during the evaluation of an equity transaction, which is when an exit strategy is being developed. Considerations about the exit strategy develop over the course of the investment. The manual further notes that considerations for the exit strategy will be subject to the type of equity investment. Operation leaders are instructed to explore all feasible exit options to maximise the value of the investment, unless there's a contractual obligation to sell to a predetermined buyer. If the exit price isn't predetermined, the leader presents a proposed exit price to the Equity Committee, reflecting an independent and fair value of the investment based on the company's current condition and prospects. The manual does note that most equity investments have infrequent liquidity events at attractive valuations and therefore are deliberated with Equity Portfolio Managers and, if necessary, Equity Committee.

Equity made up 6.3% of ABI in 2022, 5.7% in 2021 and 4.2% in 2020. In 2022, equity made up 12% of EBRD's portfolio.

MI 6.4: The MO engages with the private sector and financial institutions to mobilise financial resources or promote investment in underserved sectors and expand access to finance.

- Element 6.4.1: The MO has policies, strategies and/or guidelines in place to promote engagement with the private sector, crowd-in finance and expand investment.
- Element 6.4.2: The MO has standards in place to manage its share of funding for investments and other operations and promote mobilisation of private investment.
- Element 6.4.3: The MO has processes in place to develop new and innovative financing structures and promote mobilisation.
- Element 6.4.4: The MO uses co-financing arrangements and lines of credit to promote high standards and access to finance in retail/SME contexts among underserved markets and populations.

Table 96. KPI 6 – MI 4 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.4	Highly Satisfactory	3.75	Medium
Element 6.4.1	Highly Satisfactory	4	Medium
Element 6.4.2	Satisfactory	3	Medium
Element 6.4.3	Highly Satisfactory	4	Medium
Element 6.4.4	Highly Satisfactory	4	Medium

MI 6.4 Evidence documents

- EBRD (2015), *Strategic and Capital Framework 2016-2020*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2018), *A Guide to EBRD Financing*, EBRD, London, www.ebrd.com/news/publications/guides/a-guide-to-ebrd-financing.html.
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- EBRD (2023), *Debt Mobilisation Annual Report to the Board,* EBRD, London.
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- EBRD (2024), Debt Mobilisation website, www.ebrd.com/work-with-us/debt-mobilisation.html (accessed 17 May 2024).
- EBRD (2024), EBRD achieves record mobilisation and pioneers new metric, www.ebrd.com/news/2024/ebrd-achieves-record-mobilisation-and-pioneers-new-metric.html (accessed 22 May 2024).
- IEvD (2020), *Special Study: EBRD Mobilisation of Private Finance*, EBRD, London, www.ebrd.com/documents/evaluation/2020-ebrd-mobilisation-of-private-finance.pdf.

MI 6.4 Analysis

Element 6.4.1

The MO has policies, strategies and/or guidelines in place to promote engagement with the private sector, crowd-in finance and expand investment.

EBRD has a mobilisation approach to guide and fulfil its commitment to increase private sector mobilisation.

This element is rated as **highly satisfactory**, reflecting the fitness for purpose and success of EBRD's Mobilisation Approach.

The agreement establishing the EBRD emphasises the mobilisation of financing from the private sector. A 2020 IEvD Special Study on EBRD Mobilisation of Private Finance had previously found that it had not been a strategic priority for the EBRD, stating that "existing approaches will almost certainly not deliver the Bank's ambitious commitments to mobilise private investment for global priorities". The study highlighted opportunities to scale up mobilisation through broadening EBRD's product range.

Management agreed with the majority of the recommendations made in the Evaluation Department's Special Study on EBRD Mobilisation of Private Finance. In particular, with the suggestion to prepare a Mobilisation Approach incorporating mobilisation target ranges in the SCF and associated SIPs, as well as reporting commitments suggested and the need to put in place appropriate resources to enable increased and enhanced mobilisation. However, Management did not agree with the suggestion that all corporate, country and sector strategies should incorporate mobilisation objectives (as these depend on market conditions which change over time) but agreed that these should be set annually through the SIP.

Subsequently, the SCF 2021-2025 reiterates that mobilisation is fundamental to the Bank's work and its commitment to increase private sector mobilisation. SCF 2021-2025 further highlights that the Bank notes that it will set out a Mobilisation Approach for approval by the Board of Directors covering the instruments, incentives, and internal capabilities needed to deliver on its mobilisation through the SCF period.

This approach was approved by the Board of Directors in 2021. The ambition in the plan is to double the baseline level of Annual Mobilised Investment (AMI) by the end of the SCF period to at least €2 billion per year – now increased to €2.5 billion following the redefinition of Annual Mobilised Investment (AMI, EBRD's metric for direct mobilisation) and the introduction of certain mobilisation by structuring metrics. The Mobilisation Approach "envisages that this will be achieved through: (i) substantial growth in the use of existing products such as B loans, parallel loans and insurer mobilisation; (ii) scaling up mobilisation via the relatively new Sustainable Infrastructure Group advisory programme; (iii) a marked increase in the use of private insurance capacity under the Trade Facilitation Programme; and (iv) the establishment of a new debt co-investment fund subject to market conditions, amongst other measures." (SIP 2023-2025)

The EBRD Mobilisation Approach 2021-2025 sets out the following concrete aims: (i) ensure B loan and parallel loan mobilisation comprise no less than EUR750 million p.a. on average through the end of the

SCF period; (ii) grow insurer mobilisation with an aim to increase its stock to a minimum of EUR 3 billion by the end of the SCF period; (iii) examine and set up, if appropriate, a debt fund of at least EUR 500 million with deployment having commenced by the end of the SCF period; (iv) continue to foster investor engagement through other mobilisation-enabling initiatives such as SI3P, RSF, and TFP activities with third parties as well as through increased investor engagement and education, and enhanced communication. As of 2023, the Debt Mobilisation team adopted its new name (previously Loan Syndications) and reorganized into two sub-teams: Product Development and Sales & Advisory, with appropriate increased resources. The team had likewise commenced activities to implement the Mobilisation Approach, progress on which is reported on annually to the Board. The Mobilisation Approach will be updated for the next SCF cycle.

EBRD uses blending selectively, on a limited basis and in accordance with the DFI-agreed Enhanced Blended Concessional Finance Principles for Private Sector Operations, to improve the risk-return balance for investors and crowd-in investment from the private sector, with the objective of creating, not distorting, markets (see Element 10.2.3 for details).

EBRD's PPP Advisory Unit is a dedicated team of experts that supports and advises governments across EBRD regions on PPP. They follow a strategic approach focusing on project preparation support alongside policy dialogue. Supporting private sector investment through PPPs was identified as a priority in SCF 2021-2025.

In the context of the War on Ukraine, donor funding was a critical element underpinning EBRD's €3 billion commitments to Ukraine during the 2022-2023 period. The Bank mobilised over €1.6 billion from a number of donors through a variety of instruments that accommodated donor preferences while allowing the Bank to leverage its balance sheet while reducing risks. The instruments included co-investment grants, funded guarantees, insurer mobilisation and technical cooperation grants. Two innovations are noteworthy. First, unearmarked grants and funded guarantees were directed through a Crisis Response Fund which could recycle the guarantees (i.e., issue new guarantees when existing ones terminated). Second, insurer mobilisation accommodated donor who wanted to support Ukraine or the Crisis Response but had difficulties with immediately providing contingent commitments.

Element 6.4.2

The MO has standards in place to manage its share of funding for investments and other operations and promote mobilisation of private investment.

EBRD introduced a new Mobilisation Approach, which guides its mobilisation efforts. Implementation of the new approach is reported to the Board. Annual mobilised investment is tracked in EBRD's corporate scorecard.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs. EBRD could strengthen its approach through a clearer articulation of mobilisation through PPP transaction advisory, building upon its unique positioning to engage the public and private sectors.

The Strategy Implementation Plan (2019-2022), reports that the EBRD has made significant efforts to improve its private financing. The Debt Mobilisation Annual Report underscores that the Debt Mobilisation Team works with Banking Teams to ensure private mobilisation opportunities are increasingly and systematically pursued.

The 2020 Evaluation Department's Special Study on EBRD Mobilisation of Private Finance found that the EBRD's organisational arrangements had not supported a mobilisation focus given that private and public sources were managed by separate EBRD departments.

As mentioned above, in 2021 EBRD introduced its Mobilisation Approach setting out the objectives and actions mentioned. Progress based on the new approach has been material, resulting in increased mobilisation. In 2023, total mobilisation, the overall amount of unlocked investment from all sources, amounted to €26.2 billion, including AMI of €2.8 billion (of which almost 60% GET) and a preliminary figure for private indirect mobilisation of €23.4 billion. The approach has introduced enhanced incentives for direct mobilisation, including adjustments to the definition of AMI and considering opportunities for recognising high quality mobilisation in the Expected Transition Impact score.

Two B loan partnerships have been established and co-investment has ramped up, and two donor-backed blended finance initiatives were agreed, using guarantees to increase private capital mobilisation. See details in following element (6.4.3).

The above actions have also resulted in increased diversification of AMI delivery.

Element 6.4.3

The MO has processes in place to develop new and innovative financing structures and promote mobilisation.

In its new Mobilisation Approach, EBRD is both expanding existing products and establishing new and innovative measures to support increased mobilisation.

This element is rated as **highly satisfactory**, reflecting EBRD's innovative approach to using new instruments and relationships to enhance mobilisation in challenging contexts.

The Strategic and Capital Framework (2016-2021) states that the EBRD will continue to promote mobilisation such as through potential partnership structures. However, the Evaluation Department's 2020 Special Study on EBRD Mobilisation of Private Finance found that innovation in the EBRD's products and service offer was discouraged given the low corporate priority for mobilisation.

SIP 2023-2025 notes that, in the Bank's new Mobilisation Approach, EBRD will expand the use of existing products such as B loans, parallel loans and unfunded risk participations, scale up mobilisation via the Sustainable Infrastructure Group advisory programme, increase the use of private insurance capacity under the Trade Facilitation Programme, and establish a new debt co-investment fund, amongst other measures.

Another key area of EBRD work in developing new and innovative financial products, has been through Donor Unfunded Guarantees (DUG). Approval of these products and others are done through New Product Approval by Risk Committee Procedure (NPP). The first DUG pilot was approved by Management Committee in 2019. Since then, several other DUGs have been approved and subject through DUG-specific product process with requisite checklists and requirements. An internal audit noted NPP is well-designed relative to other IFIs and was extensively used for DUG approvals.

As mentioned in previous sections, a substantial share of Debt Mobilisation Team efforts is targeted towards improved communication and engagement with existing and prospective co-financiers.

Expanded cooperation with institutional investors is a key element of the Mobilisation Approach, with two MOUs having been signed by the end of 2022 (ILX and PGGM). MOUs express a joint commitment to co-finance projects that meet individual management and support clear impact and climate objectives. ILX has signed a five-year EUR 500 million co-financing MOU of which EUR 114 million has been committed. PGGM signed a three-year EUR 250 million MOU targeting private climate co-investments.

In addition, two donor-backed blended finance initiatives were agreed, using guarantees to increase private capital mobilisation: a climate syndication programme expected to mobilise up to EUR 225 million from institutional investors over the next eight years supported by a EUR 30 million first-loss risk cover for the benefit of B lenders provided by Germany's Federal Ministry for Economic Affairs and Climate Action

(BMWK) via its International Climate Initiative (IKI), and agreement was reached with the EU's EFSD/+ for the guarantees to be used for the benefit of both EBRD and B lenders in transactions involving A/B loan structures, thus mobilising private capital in challenging markets.

Likewise, the team has been involved in the expansion of the pool of eligible insurer mobilisation counterparties. EBRD's policy advisory support similarly promotes innovative financing and mobilisation. A key example is in how EBRD is supporting governments to set up the legal and regulatory frameworks to implement renewable auctions and supporting the government in implementing these. In doing this, the Bank is unlocking significant private investment in the energy sector of its COOs. Furthermore, the EBRD has been supporting countries to establish country sector investment platforms, such as the North Macedonia Just Transition Investment Platform and the NWFE in Egypt, which use donor capital and MDB financing to create a conducive environment for large scale private investment.

Element 6.4.4

The MO uses co-financing arrangements and lines of credit to promote high standards and access to finance in retail/SME contexts among underserved markets and populations.

EBRD uses lines of credit, loans through financial institutions and risk-sharing facilities to support SMEs.

This element is rated as **highly satisfactory**, reflecting the innovative use of risk-sharing facilities to operate in challenging environments and scale up support for women-led businesses and other global issues.

Consistent with its Performance Requirements, EBRD defines minimum standards for the partner's safeguard systems commensurate with the nature of the FI and the level of environmental and social risks associated with its business activities and covenants key requirements in loan agreements. It assesses FIs when they are onboarded and periodically monitors and assesses their ESMS and their performance with covenants. It supports FIs in their assessment and management environmental and social risks and impacts in sub-projects through procedures, toolkits, an eLearning Programme and targeted capacity building.

Almost half of the EBRD's annual investment and banking projects each year are directed at SMEs. Through its Small Business Initiative, EBRD offers support to small enterprises through loans and investments through financial institutions and risk-sharing facilities, as well as some finance small businesses directly. At EBRD, lending to SMEs is primarily done through Financial Institutions. EBRD estimates that over €1 billion is channelled to over 300,000 micro and small businesses each year. EBRD reports that €1,266 billion in ABI was devoted to SME-related projects in 2021 (12.1% of all EBRD ABI).

As noted, 2.1.3, in Table 22, some of the on lending via Women in Business, is directed to women lead firms. In 2022, 15,142 MSMEs sub-loans were provided through Women in Business. The EBRD's Women in Business (WiB) programme is active in 21 economies with 67 PFIs committed to championing access to finance for women and over 121,000 sub-loans to date. The EBRD also continued to expand its Youth in Business (YiB) programme – that promotes youth inclusion and economic empowerment by facilitating access to finance and know-how – in the Western Balkans, Central Asia, Egypt and Morocco.

Table 97. Table 6.3 Financing to partner financial institutions in support of on-lending to MSMEs

€ billion	2016	2017	2018	2019	2020	2021	2022	2023
Financing for on-lending to MSMEs	0.99	0.90	0.89	1.18	0.74	1.1	1.28	1.15

Source: EBRD Annual Review 2022 and 2021.

An example seen in the use of co-financing arrangements and lines of credit was the use of SME credit lines for underserved groups in Kazakhstan.

The Risk Sharing Framework (RSF) program is one of the core avenues by which the bank supports SMEs. The RSF enhances the lending capacity of partner banks and mobilised these banks into small transactions. For example, EBRD is sharing the risk on a US$ 2.2 million equivalent loan provided by Kazakhstan's Bank CenterCredit to Viva Pharm, a manufacturer and distributor of pharmaceuticals, to help expand its production. Mobilisation due to the RSF constituted 7% of total AMI in 2021 and 21% of total AMI in 2022. RSF constituted 66.4% of FI AMI in 2022.

The EBRD's Green Economy Financing Facilities (GEFFs) utilize partner financial institutions (PFIs) to support investment in green technologies by SMEs and homeowners. Since the launch of this financing instrument, and with the support of donors (EU, Switzerland, Austria, Japan), EBRD has distributed over €6.3 billion via 191 participating financial institutions to support more than 231,000 green investments across 29 countries which has resulted in avoidance of more than 10 million tonnes of CO_2 emissions per year. To facilitate loans EBRD has deployed a Green Technology Selector tool, launched back in 2018 which provides access a global directory of pre-approved green technologies which are automatically eligible for PFI financing up to 100% of cost not exceeding EUR 300,000.

MI 6.5 The MO coordinates key business practices (planning, design, implementation, monitoring and reporting) with relevant peer organisations.

- Element 6.5.1: The MO actively engages in joint exercises/mechanisms to support alignment and best practice in operational principles, including for blended concessional finance.
- Element 6.5.2: The MO actively engages to share knowledge, where appropriate, to promote consistent approaches that support the achievement of key development objectives aligned to the 2030 Agenda.
- Element 6.5.3: The MO participates actively in initiatives among peer organisations to harmonise key indicators and processes for measuring development impact for investments and other operations and at the corporate level aligned with the 2030 agenda.

Table 98. KPI 6 – MI 5 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.5	Satisfactory	3.33	Medium
Element 6.5.1	Satisfactory	3	Medium
Element 6.5.2	Satisfactory	3	Medium
Element 6.5.3	Highly Satisfactory	4	Medium

MI 6.5 Evidence documents

- AfDB, ADB, AIIB, CEB, EBRD, EIB, IDB Group, IFC, IMF, IsDB, NDB, and WB (2020), *Financing the Sustainable Development Goals - The Contributions of the Multilateral Development Banks*, IsDB, Jeddah, www.isdb.org/financing-the-sustainable-development-goals-the-contributions-of-the-multilateral-development-banks.
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- EBRD (2024), Our IFI and multilateral partnerships website, www.ebrd.com/who-we-are/ifi-multilateral.html (accessed 22 May 2024).
- EBRD and UNDP (2023), *EBRD-UNDP Priorities for May 2023 to June 2024*, EBRD, London.
- IEvD (2021), *Special Study: Technical Paper 6 - Learning and Knowledge Management at the EBRD: Conclusions, Recommendations, and Suggested Actions*, EBRD, London, www.ebrd.com/documents/evaluation/tp6-conclusions-recommendations-and-suggested-actions.pdf.

MI 6.5 Analysis

Element 6.5.1

The MO actively engages in joint exercises/mechanisms to support alignment and best practice in operational principles, including for blended concessional finance.

EBRD has actively engaged in supporting alignment in principles for mobilisation of private investment in development projects, climate finance, Blended Concessional Finance, MDB's role in financing the SDGs, and the development of a Harmonised Framework for Additionality.

This element is rated as **satisfactory**, reflecting the alignment of EBRD’s practices with good practice implemented by other MDBs.

The EBRD actively engages with peer organisations, including IFIs, UN agencies and other multilateral organisations, and formalises these engagements with memorandums of understanding. EBRD engages in several MDB working groups, including on mobilisation of private investment in development projects, climate finance, nature finance, Blended Concessional Finance, MDB's role in financing the SDGs, and the development of a Harmonised Framework for Additionality. EBRD also chaired the RDB Collaboration Initiative in 2023, an avenue through which the RDB heads meet and collaborate. Cooperation includes operational collaboration, policy and strategy and information exchange.

Within the climate topic, EBRD has engaged with other MDBs and DFIs in helping to define best practice principles for blended concessional finance for a number of donor-specific programmes. The EBRD also provides feedback on donor strategy consultations with suggestions on how to implement best practice on this aspect.

Element 6.5.2

The MO actively engages to share knowledge, where appropriate, to promote consistent approaches that support the achievement of key development objectives aligned to the 2030 Agenda.

The EBRD actively engages with peer organisations to share knowledge through MDB working groups, MoUs and other fora.

This element is rated as **satisfactory**, reflecting EBRD’s active and extensive engagement across MDBs, UN Entities and the IMF.

The EBRD is an active member or leader of many MDB working groups. MDB working groups address a variety of development priorities to facilitate a system-wide response on key issues such as infrastructure, leveraging private finance, value for money, additionality, climate financing, nature financing, results (including as co-chair for HIPSO – Harmonised Indicators for Private Client Operations), migration and forced displacement, and the development and application of standards, for example in the use of blended finance. In particular, EBRD is a member of the Private Sector Development Research Network which is a community of institutions with an active research agenda on private sector development.

EBRD has established MOUs with other multilateral organisations, including ADB, AFD Group, AfDB, AIIB, CDP, EDB, EDFI, EIB, EC, IsDBG, ICD, MIGA, NDB, and OECD, and with UN agencies, including FAO, IDLO, IFAD, ILO, IMO, UN Women, UNDP, UNICEF, UNODC, UNWTO. These strategic partnerships with UN agencies leverage the UN’s global convening power, expertise, and strengthen partnerships in the region. Often, when a partnership is in place, the UN agency requires the preparation of yearly Action Plans for MOU implementation and related progress reports.

The IMF regularly comments on EBRD knowledge products such as the Transition Report and other publications. EBRD and IMF also partner on specific research projects. EBRD and IMF staff were also founders of the IFI Community of Practice on Knowledge Management in 2018.

Such engagement was beneficial for the EBRD according to the Evaluation Department's Special Study on Learning and Knowledge Management at the EBRD. SCF 2021-2025 highlights that the Covid-19 crisis facilitated an increase in institutional knowledge sharing across a wide range of functions, allowing lesson learning on areas such as "implementing environmental and social standards, holding virtual board meetings, supporting staff well-being and responding to calls for MDB debt suspension".

According to the progress report for the implementation of Kirk Report Recommendations, EBRD actively engages in the IFI Knowledge Management Community of Practice and has continued bilateral outreach efforts to key institutions and experts to explore knowledge partnerships and learn from best practice.

Element 6.5.3

The MO participates actively in initiatives among peer organisations to harmonise key indicators and processes for measuring development impact for investments and other operations and at the corporate level aligned with the 2030 agenda.

In efforts to harmonize work, EBRD has collaborated with other IFIs in terms of private investment mobilisation, blended concessional finance, climate finance, nature finance, and on financing the SDGs.

This element is rated as **highly satisfactory,** reflecting EBRD’s participation in shaping and evolving key standards and benchmarks among MDBs.

As part of addressing the 2030 Agenda, the EBRD has collaborated with other MDBs to jointly measure private investment mobilisation. The Bank also reports that discussions continue amongst IFIs on the definition of mobilisation which may lead to future adjustments of Annual Mobilised Investment for its scorecard. The Working Group on Blended Concessional Finance for Private Sector Operations used this same methodology for measurement of private investment mobilisation and has a set of agreed upon definitions and methodologies.

As part of the Working Group on Climate Finance, MDBs' have adopted harmonized principles and jointly agreed methodologies for tracking climate adaptation and mitigation. The Bank is also working to establish such methodologies and indicators for “nature positive finance” as part of the Working Group on Nature.

According to the Joint Report on Financing the Sustainable Development Goals, under the Managing for Development Results working group, MDBs' are pursuing a "common, principles-based approaches to aligning their results and finance reporting with the SDGs". EBRD is a founding member of MfDR WG. The joint report also notes that "establishing a common methodology for measuring contribution to the SDGs using the Harmonized Indicators for Private Sector Operations also helps converge on a common set of private sector SDG impact indicators". [Joint Report on Financing the Sustainable Development Goals] EBRD has sat on the HIPSO Steering Group since 2021.

MI 6.6 The MO shares key information (analysis, budgeting, management, results etc.) in line with IATI requirements, when relevant and appropriate, based on Access to Information policy.

- Element 6.6.1: The MO has a clear corporate statement on the transparency of information that is aligned to the International Aid Transparency Initiative, as appropriate to the private sector context.
- Element 6.6.2: The MO makes information available on analysis, budgeting, management in line with the guidance provided by the International Aid Transparency Initiative.
- Element 6.6.3: The MO responds to partner/public queries on analysis, budgeting, management and results are consistent with the organization’s Access to Information Policy and addressed in a timely fashion.

Table 99. KPI 6 – MI 6 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.6	Satisfactory	3.00	Medium
Element 6.6.1	Satisfactory	3	Medium
Element 6.6.2	Satisfactory	3	Medium
Element 6.6.3	Satisfactory	3	Medium

MI 6.6 Evidence documents

- EBRD (2019), *Access to Information Directive*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395282205969&d=&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2019), *Access to Information Policy*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395282205899&d=&pagename=EBRD%2FContent%2FDownloadDocument
- EBRD (2020), *Report on Implementation of the EBRD’s Access to Information Policy 2020*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395299165494&d=&pagename=EBRD%2FContent%2FDownloadDocument.
- EBRD (2022), *Report on Implementation of the EBRD’s Access to Information Policy 2022*, EBRD, London, www.ebrd.com/aip-implementation-2022.
- EBRD (2024), Transparency and accountability website, www.ebrd.com/ebrd-transparency-and-accountability.html (accessed 22 May 22, 2024).
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London, www.publishwhatyoufund.org/download/2022-aid-transparency-index-report/?tmstv=1716402517.

- Publish What You Fund (2022), *Aid Transparency Index 2022, European Bank for Reconstruction and Development (EBRD) – Non-Sovereign Portfolio Profile*, Publish What You Fund, London, www.publishwhatyoufund.org/the-index/2022/european-bank-for-reconstruction-and-development-ebrd-non-sovereign-portfolio/.
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- Publish What You Fund (2023), *DFI Transparency Index 2023*, Publish What You Fund, London, www.publishwhatyoufund.org/download/2023-dfi-transparency-index-report/?tmstv=1674124578.

MI 6.6 Analysis

Element 6.6.1

The MO has a clear corporate statement on the transparency of information that is aligned to the International Aid Transparency Initiative, as appropriate to the private sector context.

EBRD's Access to Information Policy confirms EBRD's commitment to transparency accountability, and good governance, in line with the IATI standard.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

EBRD outlines its commitment to principles of transparency, accountability, and good governance in all of its operations and activities in its Access to Information Policy.

- Transparency: EBRD is guided by the presumption that information related to Bank operations and activities should be disclosed in a clear, timely, and appropriate manner unless information falls under the exceptions outlined in the policy.
- Accountability: EBRD shares information in a timely and appropriate manner to support accountability to stakeholders, facilitate policy dialogue and strategic decision making, and to increase a wider impact beneficial to fostering transition. EBRD endeavours to identify, raise awareness and engage with a broad range of stakeholder including affected people and civil societies. EBRD respects the risk of people to provide input on and seek information relating to Operations and Activities.
- Good Governance: EBRD maintains a clear process for dealing with requests for information and with appeals of an EBRD decision not to disclose requested information. EBRD monitors compliance with this policy and its effectiveness through regular reports. EBRD reviews policies on a periodic basis, engaging in public consultations.

The Report on Implementation of the EBRD's Access to Information Policy states that the Bank reports its activity in line with the International Aid Transparency Initiative (IATI) Standard.

IATI notes that EBRD has made "significant stride towards greater openness by starting to publish data on its operations to the IATI Standard", making data on its investment operations signed starting 2015 and key documents about its activity public. Since September 2021, it has published its sovereign and non-sovereign portfolio information separately, in line with emerging best practice.

Element 6.6.2

The MO makes information available on analysis, budgeting, management in line with the guidance provided by the International Aid Transparency Initiative.

EBRD has demonstrated good performance in terms of its transparency for both its Sovereign and Non-sovereign operations. Both portfolios, received lower scores in terms of what it published for budgets and for results.

This element is rated as satisfactory, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

As of 2022, EBRD - Sovereign Operations scored 66.6 out of 100 on the Publish What You Fund Aid Transparency Index, scoring in the 'Good' category and in a position of 24 out of 50 development organizations. On the individual components EBRD's sovereign portfolio scored as follows: 9.6/15 for organisational planning and commitments, 10.2/25 for finance and budgets, 18.8/20 for project attributes, 18/20 for joining-up development data, and 10/20 for performance. Analysis from Publish What You Fund indicates that EBRD "did well in the performance and joining-up development data components" with scores above average. For project attributes, it scored above average but has not made gains on its 2020 Index score. It has lost scores for organisational planning and commitments data "because up to date documentation such as the annual report and the allocation policy were not present in the IATI file, although they were found on the organisation's website with a manual search." According to Publish What You Fund "EBRD's largest drop was in the finance and budgets component. This was its worst performing component in 2020 and EBRD - Sovereign has one of the lowest-ranking scores for this component among donors in the 'good' category. It does not provide any project budget or disaggregated budget data and has seen its score decrease for the total organisational budget indicator, where it now provides only one-year forward-looking data."

EBRD's non-sovereign portfolio received a score of 60.6 out of 100, in position 31 out of 50, also within the 'Good' Category. On the individual components, EBRD's non-sovereign portfolio scored as follows: 9.6/15 on organisational planning and commitments, 7.8/25 on finance and budget, 18.8/20 on project attributes, 17/20 on joining-up development data, and 7.5/20 on performance. 2022 was the first year the non-sovereign portfolio was assessed separately. In its analysis, Publish What You Fund found that EBRD "does well in the joining-up development data and project attributes components where it scores above average" for its non-sovereign operations; "it does not however disclose any procurement data such as contracts or tenders in comparison to its sovereign portfolio." In terms of performance, Publish What You Fund found that both non-sovereign and sovereign portfolios are not "publishing results, and reviews and evaluations, nor does it make contractual information available in the IATI standard." Its lowest scoring component was also finance and budgets as it "did not provide total or disaggregated budgets and disclosed far fewer activity disbursements (9%) than for its sovereign portfolio."

Table 100. EBRD DFI Transparency Index Scores

	EBRD - Sovereign Rank (Score/Total Points)	EBRD - Non-sovereign Rank (Score/Total Points)
Overall	5th (48.4/100)	4th (44.1/100)
Core Information	5th (19.02/30)	4th (12.83/30)
Impact Management	6th (12.00/30)	3rd (11.75/30)
ESG and Accountability to Communities	5th (16.33/30)	5th (15.50/30)
Financial Information	7th (1.50/10)	1st (2.75/10)
Financial Intermediary Sub-Investments	-	10th (1.25/10)

Source: Publish What You Fund.

Beginning in 2022, Publish What You Fund began analysis on a DFI Transparency Index, designed to provide an assessment of the transparency of leading DFIs using the DFI Transparency Tool as the basis for analysis, which provides granular guidance on the types of information that DFI stakeholders value and should therefore be disclosed. According to Publish What You Fund, EBRD ranks fourth on the DFI transparency index for non-sovereign operations with a score of 44.1 (the highest is IFC with a score of

54.4) and fifth for sovereign operations with a score of 48.4 (the highest is AsDB with a score of 75.9), both out of a score of 100. This was the first year the score was reported, acting as a baseline.

Element 6.6.3

The MO responds to partner/public queries on analysis, budgeting, management and results are consistent with the organization's Access to Information Policy and addressed in a timely fashion.

The EBRD has established timelines for information requests, with evidence that timelines have been respected.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The EBRD has established specific timelines for responding to Information Requests in its Access to Information Directive. The Bank shall acknowledge receipt of a request within 5-10 business days of the request being submitted and may ask for clarification on the request. Within 20 business days after receiving clarification or the initial request, the Bank shall respond to the request, or if a timely explanation for why further delay is provided (within 10 business days), no later than 40 business days. In the case of a denial, the response will outline the reasons why. For requests that have been denied, an appeal may be submitted to the Information Appeals Panel within 30 days of receipt of the decision. The Appeals Panel has 5 business days to acknowledge receipt and ask for clarification and will inform the appellant of the decision no later than 20 business days after receiving the appeal or clarification.

The EBRD's response to partner/public queries is consistent with the Access to Information Policy (AIP) and Directive (DAI). The EBRD responded to 1,347 requests in 2020, 837 in 2021, and 1,476 in 2022 - all responded to within the timelines set out in the AIP.

Table 101. Access to Information Policy Requests and Appeals

	2016	2017	2018	2019	2020	2021	2022	2023
AIP requests received	456	512	701	620	1,347	837	1,476	923
Appeals received	0	1	1	0	0	0	0	0

Source: EBRD.

MI 6.7: The MO implements clear standards and procedures for accountability to beneficiaries.

- Element 6.7.1: Investments are subject to a systematic process for stakeholder engagement, including informed consultation and participation in line with host country obligations, international law and the Equator Principles or equivalent standards.
- Element 6.7.2: The MO has identified specific resources responsible for following up on consultation with stakeholders, including host governments, civil society and affected populations and providing advice to staff.
- Element 6.7.3: Relevant investments are subject to an independent monitoring, reporting and review mechanism, in compliance with the Equator Principles or equivalent standards.
- Element 6.7.4: An independent grievance and review channel has been implemented to promote accountability to Project Affected People.

Table 102. KPI 6 – MI 7 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.7	Satisfactory	3.00	Medium
Element 6.7.1	Satisfactory	3	Medium
Element 6.7.2	Satisfactory	3	Medium
Element 6.7.3	Satisfactory	3	Medium
Element 6.7.4	Satisfactory	3	Medium

MI 6.7 Evidence documents

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- IPAM (2020), *Independent Project Accountability Mechanism - Annual Report 2020*, EBRD, London, www.ebrd.com/ipam/ipam-annual-report-2020.pdf.
- IPAM (2021), *Outreach Strategy 2021-2024*, EBRD, London, www.ebrd.com/documents/ipam/ipam-outreach-strategy-20212024.pdf.
- IPAM (2022), *Independent Project Accountability Mechanism - Annual Report 2022*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395313092875&pagename=EBRD%2FContent%2FDownloadDocument.

- PCM (2018), *Project Accountability Report 2018*, EBRD, London, www.ebrd.com/documents/admin/2018-project-accountability-report-.pdf.
- PCM (2018), *Project Complaint Mechanism - Annual Report 2017*, EBRD, London, www.ebrd.com/documents/occo/pcm-annual-report-2017.pdf.

MI 6.7 Analysis

Element 6.7.1

Investments are subject to a systematic process for stakeholder engagement, including informed consultation and participation in line with host country obligations, international law and the Equator Principles or equivalent standards.

EBRD's policies outline its commitment to stakeholder engagement, with systematic processes in place through it Environmental and Social Performance Requirements. The EBRD further established the IPAM, the Independent Project Accountability Mechanism to receive complaints in this regard.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

A systematic process exists for stakeholder engagement within the EBRD. Stakeholder engagement is emphasised in the Bank's Environmental and Social Policy, the Access to Information Policy and Directive and the Project Accountability Policy (PAP).

The Bank's Environmental and Social Policy has a Performance Requirement on Stakeholder Engagement (no. 10) that requires stakeholder engagement to begin as early as possible in project development, including establishing stakeholder engagement plans, when warranted. Under PR 10, all projects are to carry out stakeholder identification and develop and implement a grievance mechanism. Stakeholder engagement under this PR includes stakeholder identification and analysis, stakeholder engagement planning, disclosure of information, meaningful consultation, implementation of a grievance mechanism, and ongoing reporting to relevant stakeholders. The BoD "receives reports on consultations undertaken in relation to the Bank's governance policies and strategies when those materials are considered for approval." [GRI Report 2022]

Per the Access to Information Policy, the EBRD shares information on its Operations and Activities, in a timely and appropriate manner in order to support its commitment to accountability to stakeholders. The policy further outlines that "the EBRD endeavours to identify, raise awareness and engage with a broad range of stakeholders including affected people and communities, civil society groups and members of the public, taking into account the diverse nature and significance of specific interests, including the interests of those who may face barriers in access to information.

The PAP became operational through the establishment of the Independent Project Accountability Mechanism (IPAM) in 2020, which replaced the Project Complaints Mechanism. The old mechanism relied on a model of hiring external consultants on an as-needed basis, which both staff and civil society organisations complained its process was neither consilient nor predictable. IPAM is designed to operate with a dedicated team which has expertise in its subject matter, accountability, and understanding of EBRD's business model.

In 2023, 70% of complaints being dealt with by the mechanism included concerns related to Performance Requirement 10 on Information Disclosure and Stakeholder Engagement.

Element 6.7.2

The MO has identified specific resources responsible for following up on consultation with stakeholders, including host governments, civil society and affected populations and providing advice to staff.

In addition to standard project resources, specific resources for following up consultations with stakeholders are available through stakeholder engagement plans, the work of the Civil Society Engagement team and the Independent Project Accountability Mechanism (IPAM).

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Civil Society Engagement team is dedicated unit for work involving CSOs at EBRD. At EBRD, engagement with CSO stems around three themes: information disclosure and outreach, dialogue and consultation, and capacity building. The Civil Society Engagement team advises audiences about upcoming consultation periods and facilitates consultation meetings with CSOs in development of projects and strategies.

The Civil Society Steering Committee serves as an interlocutor for the EBRD to achieve civil society integration and meaningful engagement as well as a platform for a diverse group of civil society representatives to voice their concerns, ideas, and experiences on a wide range of development issues. It is composed of 9-12 members selected among CSO stakeholders of the Bank, with a view to geographic representation.

IPAM is the independent grievance mechanism of EBRD that deals with complaints about environmental, social and disclosure matters. IPAM has dedicated resources that ensure the mechanism can maintain case volumes and timelines. In SIP 2023-2025, the departmental budget for IPAM increased by £0.1 million in direct costs for one FTE to support compliance case load volume to meet timeframes laid out in the Project Accountability policy. IPAM also produces annual work programme and budget document which provide a detailed overview of its request to ensure it has the capacity to undertake its activities and priorities.

Table 103. Direct costs (budget) of EBRD grievance mechanisms (£ millions)

	2016	2017	2018	2019	2020	2021	2022	2023
Project Complaint Mechanism	0.1	0.1	0.1	0.7	0.8	-	-	-
IPAM	-	-	-	-	-	1.1	1.2	1.3

Source: EBRD Strategy Implementation Plans.

Further support was available through the Bank's Civil Society Capacity Enhancement Framework (CSCEF), which in 2020 was comprised of 29 technical cooperation projects with a value of some €7 million.

Element 6.7.3

Relevant investments are subject to an independent monitoring, reporting and review mechanism, in compliance with the Equator Principles or equivalent standards.

Independent monitoring and review take place through complaints raised to the IPAM.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Independent Project Accountability Mechanism (IPAM) can also review environmental, social and transparency-related issues raised by project-affected people and civil society organisations. If the Bank is found not to be compliant with the provisions of the ESP and/or the AIP, IPAM issues recommendations for the project to return to compliance and address the harm caused. EBRD then proposes a Management Action Plan. Monitoring the Management Action Plan requires a combination of documentary review, engagement with management and requesters, site visits and even hiring experts to determine if the actions implemented by management meet the recommendations made by IPAM.

Projects are required to develop and implement grievance mechanisms under PR 10 of the ESP. Clients are required to report on the outcomes of the grievance mechanism (including numbers of grievances received, resolved and outstanding) in its monitoring reports. EBRD's PRs are not only consistent with the IFC/Equator Principles Performance Standards but also include a number of additional requirements, such as compliance with EU environmental standards.

Element 6.7.4

An independent grievance and review channel has been implemented to promote accountability to Project Affected People.

The Independent Project Accountability Mechanism (IPAM) provides independent grievance and review channel for all project stakeholders on environmental, social, and disclosure matters.

This element is rated as satisfactory, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The Independent Project Accountability Mechanism (IPAM) replaced the Project Complaints Mechanism (PCM) in 2020 and provides an independent grievance and review channel for all project stakeholders, including affected populations in relation to the environmental and social provisions of the ESP and the Project-specific provisions of the AIP. The change came in response to pressure from CSOs who considered that PCM was not fully independent and therefore unable to address complaints from project-affected people and organisations in a robust and predictable way.

The 2019 Project Accountability Policy provides IPAM with an expanded role and greater independence compared with the PCM as a stand-alone unit, reporting directly to the EBRD's Board of Directors. IPAM is independent from Bank's management and addresses complaints in two ways: Problem Solving and Compliance Review. In problem solving, IPAM promotes engagement between parties towards consensual solutions to the concerns raised by complainants. In compliance review, IPAM undertakes fact-finding investigations to determine if the Bank has complied with the environmental, social and disclosure standards set in the ESP and AI.

From July 2020 to November 2023, IPAM has actively managed 34 cases – 11 legacy PCM cases and 23 IPAM cases. To date, 14 of these have closed. IPAM reports on all registered requests through its virtual case registry and has disclosed three annual reports with details on case management, outreach and knowledge activities.

MI 6.8: Participation with national and other partners in mutual assessments of progress in implementing agreed commitments.

- Element 6.8.1: Participation in joint performance reviews of interventions e.g. joint assessments
- Element 6.8.2: Participation in multi-stakeholder dialogue around joint sectoral or normative commitments
- Element 6.8.3: Use of surveys or other methods to understand how partners are experiencing working together on implementing mutually agreed commitments.

MI 6.8 Analysis – N/A. This indicator has been deemed "not applicable" for private sector operations.

MI 6.9: Use of knowledge base to support policy dialogue and/or advocacy

- Element 6.9.1: The MO's corporate documentation explicitly recognises the organisation's role in knowledge production.
- Element 6.9.2: The MO's knowledge products are produced and utilised by partners to inform action.
- Element 6.9.3: The MO generates knowledge products in a way that promotes uptake and use by targeted internal and/or external audiences, with particular focus on investors, clients and other DFIs.
- Element 6.9.4: Knowledge products generated are timely and perceived to be timely by partners.
- Element 6.9.5: The MO's knowledge products are perceived as high quality by partners.
- Element 6.9.6: The MO's knowledge products are produced in a format that supports their utility to partners.

Table 104. KPI 6 – MI 9 ratings

MI / Element	Rating	Score	Confidence Level
MI 6.9	Unsatisfactory	2.50	Medium
Element 6.9.1	Satisfactory	3	Medium
Element 6.9.2	Satisfactory	3	Medium
Element 6.9.3	Unsatisfactory	2	Low
Element 6.9.4	Unsatisfactory	2	Low
Element 6.9.5	Unsatisfactory	2	Low
Element 6.9.6	Satisfactory	3	Low

MI 6.9 Evidence documents

- EBRD (2015), "EBRD client survey reveals high levels of satisfaction", EBRD, London, www.ebrd.com/news/2015/ebrd-client-survey-reveals-high-levels-of-satisfaction.html
- EBRD (2016), *The EBRD's Engagement with Civil Society: Roadmap (2017-20)*, EBRD, London, www.ebrd.com/ebrd-civil-society-engagement.pdf.
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- IEvD (2021), *Special Study: Technical Paper 2 – Learning and Knowledge Management at the EBRD: The EBRD's Policies and Initiatives*, EBRD, London, https://www.ebrd.com/sites/Satellite?c=Content&cid=1395303014314&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), *Special Study: Technical Paper 3 - Learning and Knowledge Management at the EBRD: The EBRD Policies and Initiatives,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395303014377&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), *Special Study: Technical Paper 6 - Learning and Knowledge Management at the EBRD: Conclusions, Recommendations, and Suggested Actions*, EBRD, London, www.ebrd.com/documents/evaluation/tp6-conclusions-recommendations-and-suggested-actions.pdf.

MI 6.9 Analysis

Element 6.9.1

The MO's corporate documentation explicitly recognises the organisation's role in knowledge production.

EBRD is currently implementing a phased approach to improving Learning and Knowledge Management at the Bank, albeit it is largely focuses on internal knowledge.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

The EBRD recently in SIPs explicitly recognises its role in knowledge production and has made progress in improving Learning and Knowledge Management (LKM). A 2021, Evaluation Department Special Study on Learning and Knowledge Management (LKM) at the EBRD, found the Bank, did not have an institution-wide strategy, policy or framework on LKM. While anchored in various policies and strategies, namely SIPs, Evaluation Policy (2013), Project Accountability Policy (2019), and People Plan (2018), a lot of EBRD's focus on LKM has been internal in nature.

Despite the lack of a strong external-facing focus on knowledge, EBRD has produced several external facing products and initiatives. There are some Bank-wide initiatives prior to both Kirk report and Special Study. One such initiative is the Knowledge Management Initiative launched in 2016 with an MD-level sponsor and managed by a small donor-funded team embedded in EPG. It launched initiatives such as the Communities of Practice, Policy Academy, the KM intranet hub, Korea-to-transition project, and the rejuvenation of the Transition-to-Transition Initiative. Outputs of the initiative are knowledge products (discussion papers, expert reports), repositories of documents, contact databases with relevant skilled identified, knowledge hubs, video recordings of events and meetings, training e-modules available to internal and external users (e.g. Policy Academy).

External-facing knowledge is also reflected in EBRD's Technical Cooperation (TC), which can be transactional (linked to an existing investment and the parties therein) or non-transactional not linked to an existing transaction or pre-transaction). Transactional TC can include project preparation support, business advice to improve operations or policy advice to improve the legal and regulatory environment. Non-transactional TC can similarly include policy advice to enable investment, standalone business advice, research, dissemination and outreach, or other activities. The selection and prioritisation of these processes are primarily managed through the EBRD's Grant Review Process.

There has further been a renewed prioritisation of KM in the organisation with both the Strategy Implementation Plans for 2020-2022 and 2021-2023 prioritise strengthening KM. In 2022, a new Impact team was created within the Policy VP, responsible for developing an integrated system of ex-ante assessment, monitoring, self-evaluation and knowledge management. This team is responsible for improving the communication of findings both internally and externally. SIP 2023-2025 notes that EBRD is implementing a phased approach to Learning and Knowledge Management (LKM). This approach is being taken to improve KM practices within the Bank, achieved by laying the foundation for LKM through a data strategy, digital transformation agenda, further enhancing the knowledge management function, disseminating products to improve learning and developing external outreach on impact issues.

EBRD has commenced some important foundational work to build effective knowledge management system. Knowing that effective knowledge management begins with effective data and information management, the EBRD has made progress across the entire spectrum of Data, Information, and Knowledge Management (KM). EBRD has improved its technological infrastructure concerning all data and information-related aspects, including the implementation of a new data management solution (EBX TIPCO), Microsoft 365, a collaborative technology platform designed to enhance teamwork and knowledge sharing; and a dedicated Learning Management System called ELSY that has streamlined the tracking, reporting, automation, and delivery of learning and development programs. Additionally, the EBRD has established a Data Management Committee to govern its data information, and knowledge initiatives and taxonomy, and launched dynamic Data SME and information Coordinator Groups serving as Communities of Practice.

Element 6.9.2

The MO's knowledge products are produced and utilised by partners to inform action.

There is evidence that knowledge products are produced. There is limited evidence available on the use of knowledge products by partners, outside tracking of downloads knowledge products such as the Transition Report.

This element is rated as **satisfactory**, reflecting the alignment of EBRD's practices with good practice implemented by other MDBs.

<u>Internally facing Knowledge:</u>

The EBRD reports that the Bank has been proactively enhancing the knowledge of some partners, such as civil society. EBRD has many initiatives to support SMEs, most of which include a technical advisory component. The EBRD also offers knowledge products for small businesses though its online Policy Academy, such as Corporate Governance for SMEs, Budgeting and Costing during a Crisis, and Debt Restructuring in a Crisis and Dealing with Bankers and/or Investors.

In preparation for country strategies, EBRD produces Country Diagnostics that are made available through a shared IFI platform. EBRD also publishes Country Snapshots aimed at effectively communicating the Bank's transition results and impact to external stakeholders. These snapshots provide a narrative of the cumulative achievements in the context of country-specific challenges, while highlighting partnerships and links to the SDGs.

As part of the Joint Action Plan to the Kirk Report, the Bank-wide Knowledge Management and Learning Working Group was formed with the mandate to improve the usefulness and effectiveness of the existing knowledge management systems, initiative and work streams.

Externally facing Knowledge:

EBRD produces a number of externally facing knowledge products for a diverse range of users:

The EBRD's Office of the Chief Economist (OCE) produces a diverse array of informative knowledge products that cater to a wide audience, ranging from policy makers and academics to journalists and the general public. Most well-known is the annual Transition Report, a comprehensive analysis of the economic issues and challenges faced by the counties in which the EBRD invests. The dedicated website (https://2023.tr-ebrd.com/) makes the report publicly available to those with internet connection, while the cross-country road show ensure that the findings reach key stakeholders in shareholder countries and COOs. The launch of the transition report and the associated road show generate press coverage each year, amplifying the reports' reach.

In addition, OCE published the Regional Economic Prospects, a complementary publication that provides timely updates on the latest economic developments and growth forecasts for the EBRD regions. Prepared by the Bank's team of economists and analysts, the Regional Economic Prospects offer analysis on pressing issues, such as the impact of the war in Ukraine and high inflation on the economies in the EBRD regions, as well as the implications for policies. While the Transition Report focuses on structural reforms and cross-cutting issues like inequality and governance, the Regional Economic Prospects provide a more immediate and targeted perspective on the economic landscape.

Throughout the year, the OCE also publicised EBRD Impact Briefs (http://www.ebrd.com/news/publications/impact-briefs.html), which are concise, non-technical summaries of rigours impact evaluations of some of the Bank's key projects and investment programs. These briefs are a resource for those who want to understand the real-world outcomes of the EBRD's work without getting bogged down in technical jargon.

For those seeking more in-depth analysis, the OCE's working paper series (https://www.ebrd.com/news/publications/working-papers.html) provides leading research on a wide range go macroeconomic and microeconomic issues relevant to the Bank's operations. The findings presented in these papers are not only shared at seminars and conferences, btu also regularly published in peer-reviewed academic outlets, ensuring that the OCE's work is consistently subject to high standards of academic scrutiny.

CSD prepares Low Carbon Pathways, which are actionable investment plans for the decarbonisation of specific industrial sectors, these are utilised and pursued by investors and clients. Another example could be the Green Technology selector tool developed by the EBRD, used by Financial Institutions across a range of countries.

With respect to TC, completion reports are produced that reflect a rating for the overall "TC results assessment," including reporting on the delivery of outputs and outcomes, which often reflect how clients have used the TC intervention to further business development and operations. However, the quality of reporting carries some notable challenges. First, limited information is sometimes provided to describe delivery for each section, often taking the form of qualitative narrative. Furthermore, results indicators tend to be activity and reach-related, reflecting broader challenges with indicators and data linked to results reporting. Finally, there is limited data provided on client satisfaction or feedback on the extent to which the intervention met the clients' needs. While the reports provide some indication of how clients have used TC to further their business objectives, the quality of this information is variable.

Element 6.9.3

The MO generates knowledge products in a way that promotes uptake and use by targeted internal and/or external audiences, with particular focus on investors, clients and other DFIs.

Some knowledge products produced by EBRD Departments do promote their uptake and use internally. However, there is room to further exploit organizational knowledge to offer greater value to clients.

This element is rated as **unsatisfactory** on the basis that EBRD lacks a clear system for reflecting on the contribution of external-facing knowledge, including activities delivered through TC, to its institutional results.

Internally facing Learning and Knowledge Management

The Evaluation Department's 2021 Special Study on Learning and Knowledge Management at the EBRD found that some knowledge products and systems produced by EBRD Departments do promote their uptake and use internally. This is largely characterised by a specific learning objective that leads to the design and implementation of proactive disclosure tools, such as databases, guidance notes, toolkits, and knowledge hubs, such as the ESD training database, the E2C2 Knowledge hubs on green buildings and climate resilience, and the Gender knowledge hub. EBRD also produces Impact Briefs which present the key findings from its Working Papers in a more summarized format for external audiences. EBRD also plays an active role in IFI Community of Practice on Knowledge Management where it shares knowledge and develops best practices for KM processes among IFIs.

The study also found that organisational knowledge assets are not exploited sufficiently for offering greater value to clients. In particular, it found that knowledge management unit at the Bank had limited scope there is limited scope to induce change in the core business areas – namely the banking and legal function – and their initiatives had little traction without effective monitoring and enforcement mechanisms, in particular due to the fact that there was no ExCom level sponsorship. However, it is important to note that knowledge products are developed and made available by teams other than the KM unit - such as CSD which prepares Low Carbon Pathways, investment plans for decarbonisation of specific industrial sectors utilised by investors and clients.

External-facing Knowledge

Beyond the individual products produced (described further in 6.9.1 and 6.9.2, above) and some evidence of results information generated through completion reports, there are limited institutional strategies or processes in place to scrutinise the production and uptake of EBRD's externally facing knowledge and identify its contribution to strategic objectives.

IEVD's report on Learning and Knowledge Management notes that the EBRD offers many bespoke products that match clients' needs, but which are "often developed by individual teams on a case-by-case basis without necessarily calling on the wider Bank knowledge and expertise" and might overlap with other solutions that "remain undetected due to poor systems for circulating explicit knowledge and the difficulties of sharing tacit knowledge". Many staff interviewed for the study (3/4 at managerial level) also believe the core business objective of delivering investment volumes of an acceptable quality in terms of transition impact leaves little time for exploiting organisational knowledge assets, reflection, and developing more innovative and sophisticated products that offer greater value to the clients.

Although results information is available for TCs, there is no overall institutional process or framework for reflecting EBRD's overall institutional performance in delivering TC or its contribution to strategic objectives and downstream operations. There is limited evidence of how information collected in Completion Reviews is reviewed and used to enhance the delivery and impact of TCs. Another important gap is the absence of client perception and satisfaction data (either as part of completion reviews or a client survey) to help understand use by clients.

In early 2024, EBRD introduced a new TC Prioritisation Process for non-transactional TCs. This new process, linked to new of Policy Compacts, has been introduced to help make non-transactional TC more selective and impactful, aligning the use of donor resources to country strategy objectives and the creation of an enabling investment environment. This overall process remains linked to the management of donor funds.

Element 6.9.4

Knowledge products generated are timely and perceived to be timely by partners.

There are limited means in place to collect perception data among clients and partners speaking to the perceived timeliness and relevance of external-facing knowledge support.

This element is rated as **unsatisfactory** on the basis that EBRD lacks a system for collecting data on client perceptions and satisfaction around external-facing knowledge in line with established good practices across MDBs.

A key methodological limitation to note is that MOPAN did not conduct a partner survey for this assessment; however, a partner survey would not provide insight into the extent to which clients perceive EBRD's knowledge products to be timely.

As noted in 6.9.3 above, EBRD's existing results reporting for TCs does not include information about client satisfaction or perception around its externally facing knowledge products. Furthermore, the absence of client survey creates additional barriers to understanding how externally facing knowledge activities are perceived by partners. Whereas the new TC Prioritisation Process, envisions annual progress reporting, it is not clear to what extent these will reflect upon partner perceptions of timeliness and these are currently framed as internal management documents that will not be shared with the Board Directors.

Although there is no information on whether partners find EBRD's knowledge products to be timely, EBRD does track website views and subscriptions. These, however, do not provide the needed evidence to enhance the usefulness and perceived timeliness of EBRD's knowledge products for key partners.

Table 105. Metrics on the use of EBRD's website

	2019	2020	2021	2022
Web Traffic	1,405,808	1,726,829	1,436,326	1,304,991
User Sessions	2,608,823	3,002,737	2,459,622	2,348,348
Website page views	6,315,497	6,543,441	5,310,078	5,055,671
Website subscribers	101,192	119,407	99,345	98,093
Project summary document page views	-	-	470,247	415,843
Project finder page views	-	-	29,474	25,613
Project summary document publication subscribers	-	-	13,451	13,586
Email subscriptions	1,728,303	2,321,722	1,921,855	1,923,184

Source: Reports on Implementation of the EBRD's Access to Information Policy.

Element 6.9.5

The MO's knowledge products are perceived as high quality by partners.

There are limited means in place to collect perception data among clients and partners speaking to the perceived quality of external-facing knowledge support.

This element is rated as **unsatisfactory** on the basis that EBRD lacks a system for collecting data on client perceptions and satisfaction around external-facing knowledge in line with established good practices across MDBs.

As noted in the elements above, EBRD's available results reporting for externally facing knowledge does not provide critical information around perceived quality, satisfaction or use by partners. Such processes are implemented by several of EBRD's partners and used to reflect upon the value addition of externally-facing knowledge alongside other operations. Furthermore, whereas the new TC Prioritisation Process, envisions annual progress reporting, it is not clear to what extent these will reflect upon partner perceptions of quality and these are currently framed as internal management documents that will not be shared with the Board Directors.

Although there are reports of internally-produced research being published in peer review journals, data are not available to assess the extent to which EBRD's partners generally perceive knowledge products to be of high quality. The EBRD website was rated as "Good" by 85 per cent of clients and potential clients who had visited it.

Element 6.9.6

The MO's knowledge products are produced in a format that supports their utility to partners.

There is evidence that the format of knowledge products support utility, at least internally. However, limited information is available around EBRD's external-facing knowledge support.

This element is rated as **satisfactory** with low confidence on the basis that EBRD's activities to support the dissemination of knowledge and lessons in a way that is useful for external stakeholders. However, EBRD lacks a comprehensive system for collecting data on client use of external-facing knowledge in line with established good practices across MDBs.

The Evaluation Department's 2021 Special Study on Learning and Knowledge Management at the EBRD found that some knowledge products and systems produced by EBRD departments are in formats that support their utility, although mainly with reference to internal audiences, not partners.

As part of the Joint Action Plan to the Kirk Report, the Bank-wide Knowledge Management and Learning Working Group has a mandate to improve the usefulness and effectiveness of the existing knowledge management systems, initiative and work streams.

Policy Compacts and the new TC Prioritisation Process are providing evidence that non-transactional TC which often supports knowledge and advisory work to address barriers to investment and support pipeline development in challenging markets, is increasingly being aligned to strategic objectives in country strategies. However, there is a need for a more transparent process on how results monitoring will feed into management of country strategies and identification of suture TC support priorities.

Critical data gaps identified above, including the lack of client feedback and satisfaction data limit EBRD's ability to assess the utility of their knowledge products and how this can be strengthened.

PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson-learning.

KPI 7: Strong and transparent results focus, explicitly geared towards function

Table 106. KPI 7 ratings

KPI / MI	Rating	Score
KPI 7	Satisfactory	**3.00**
MI 7.1	Satisfactory	3.00
MI 7.2	Satisfactory	3.00
MI 7.3	Satisfactory	3.00
MI 7.4	Satisfactory	3.00
MI 7.5	Satisfactory	3.00

MI 7.1: Leadership ensures application of an organisation-wide RBM approach

- Element 7.1.1: Corporate commitment to a result culture is made clear in strategic planning documents.
- Element 7.1.2: Clear requirements/incentives in place for the use of an RBM approach in planning and programming.
- Element 7.1.3: Guidance for setting results targets and developing indicators is clear and accessible to all staff.
- Element 7.1.4: Tools and methods for measuring and managing results are available.
- Element 7.1.5: Adequate resources are allocated to the RBM system.
- Element 7.1.6: All relevant staff are trained in RBM approaches and method.

Table 107. KPI 7 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 7.1	Satisfactory	**3.00**	Medium
Element 7.1.1	Satisfactory	**3**	Medium
Element 7.1.2	Satisfactory	**3**	Medium
Element 7.1.3	Satisfactory	**3**	Low
Element 7.1.4	Satisfactory	**3**	Low
Element 7.1.5	Satisfactory	**3**	Low
Element 7.1.6	Satisfactory	**3**	Low

MI 7.1 Evidence document

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MI 7.1 Analysis

Element 7.1.1

Corporate commitment to a result culture is made clear in strategic planning documents.

EBRD has a clear commitment to results measurement and learning and has been implementing changes to strengthen the results architecture of the Bank. However, many of these initiatives are still in their early stages.

This element is rated as **satisfactory** on the basis that EBRD's practices are aligned with established good practices across MDBs. It will be important, however, to maintain progress made in identifying a robust picture of how EBRD's operations contribute to country-level transition impact over time.

The results management architecture in the Bank has components at three levels: Institution, Country and Operations. For each level, there are also four different layers: Strategy/Planning (objectives); Implementation; Monitoring/Evaluation/Reporting and Enabling Instruments.

In 2017, EBRD introduced a new approach to tracking progress in transition, following the 2016 revision of the transition concept. Progress towards each TQ is captured by a set of composite indices called Assessments of Transition Qualities (ATQs). Through its Transition report, EBRD provides analyses to better understand the process of transition, including progress of its countries of operations towards each TQ and the respective ATQ.

At the institutional level, the Strategic Capital Frameworks have highlighted a commitment to results-based management. The SCF 2016-2020 states that by 2020, the Bank will further strengthen the results orientation and alignment of objectives and apply lessons learned across all its operations. The SCF 2021-25 states the EBRD's vision for strengthening its overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations by 2025. The vision is further supported by a joint action plan between Management, EvD and the Board to embed the importance of self-evaluation, results management and continuous learning in the culture of the Bank. Although the Corporate Scorecard does not have any direct indicators tracking progress against the achievement of these objectives, progress against the action plan has been reported regularly to the Board since 2019 though quarterly progress updates to the Audit and Risk Committee.

Figure 43. Key components of the Results Management Architecture in the Bank

Levels / Components	INSTITUTION	COUNTRY	OPERATIONS
Strategy/ Planning (objectives)	• Strategic Capital Framework • (Medium-term directions) • (Six Transition Qualities)	• Country strategies • (Country Strategic Priorities)	• Investments, TC, Policy • (transition impact objectives)
Implementation	• Strategic Implementation Plan Corporate Scorecard Parameters	• Country Strategy Results Frameworks (CSRF) • Key Strategic Objectives • Compendium of Indicators	• Investment Project Results Framework (set at design) • TC Results Framework • Policy Objectives with annual milestones • Compendium of Indicators
Monitoring/ Evaluation/ Reporting	• QPR • Annual Report on performance under scorecard parameters • Sustainability and Annual Report • Results and performance analysis on strategic issues • EvD studies;	• Country Strategy Delivery Review • Country Results Snapshots (in preparation)	• Project and TC Monitoring reports (TIMS, TCRS) • Reports to donors • Self- evaluation and EvD OPAVs
Enabling Instruments	• Corporate Scorecard: • ETI/PTI, 6Qs from next year	• Strategic Fit and project TI assessment • Strategic fit for TC	• Project rating (ETI, PTI) and monitoring controls - TOMS/TIMS • Department scorecards • Information systems (PAM, TCRS, DTM, others)

Source: EBRD Transition Results Management Architecture: Overview, Recent Progress and Remaining Challenges

EBRD sets targets through its SCFs. The Corporate Scorecard presented in the SIP tracks progress against annual targets for Transition Impact, Operational Performance, Financial Performance, Institutional Performance and Resource Framework. SCF 2021-2025 indicates that the Bank has "made significant progress in recent years in measuring and managing its transition results, a process accelerated by the approval of the revised transition concept in 2016… Including a transition results framework for country, thematic and sector strategies and investment and advisory activities focused on six transition qualities: competitiveness, well governed, green, inclusive, resilient and integrated". [SCF 2021-2025]

EBRD has made considerable efforts to improve results management over the assessment period. In 2019, the Bank commissioned an independent external evaluation of its evaluation systems that provided recommendations on improving the results culture in the organisation (the Kirk Report). Specifically, it recommended Management and EvD work together to develop proposals for an effective and appropriate self-evaluation system, that Management formalise arrangements for regular EvD participation at senior level committees and that Management prepare a medium-term plan for strengthening the self-evaluation system and integrating it within the Bank's results architecture. For implementing the recommendations, the Bank designed a joint action plan between Management, EvD and the Board to embed the importance of self-evaluation, results management and continuous learning in the culture of the Bank. Initially, quarterly progress updates were provided on the action plan to the Audit and Risk committee; this has now moved to annual reporting.

At the country level, an annual assessment of the state of transition in every country of operation is undertaken utilizing the six Transition Qualities in order to identify progress and key challenges/gaps. Similarly, at the project level, during the design phase linkages to the Transition Qualities are made through Expected Transition Impact ratings captured in the TOMS system and thereafter, during implementation, Portfolio Transition Impact ratings tracked in the TIMS system. EBRD has invested in ongoing efforts to ensure data quality – through developing a consistent terminology in the Compendium of Indicators – and in improving information systems to consistently apply the assessment methodologies. A major challenge, however, lies in the fact that many of these indicators reflect activities and outputs rather than outcomes, limiting EBRD's positioning to demonstrate its contribution to transition impacts at country level.

The systematic translation of the transition results architecture to the project level is still ongoing; a Theory of Change from each transition quality to typical project level activities is still being completed for all sectors. In order for effective self-evaluation and independent evaluation, it is necessary to fully utilize these ToCs for new operations and apply them to relevant operations in the existing portfolio. An EvD study found that reporting tools for country-level transition results were lacking and that TI is treated as bottom-up aggregation of project-level results with little analysis of their combined effects. Further, reported results in CSDRs are based on a selective presentation of project-level highlights, with little examination of how the scale and results of activities relate to the scale of the challenges present, and to what extent they contribute to alleviating them.

Element 7.1.2

Clear requirements/incentives in place for the use of an RBM approach in planning and programming.

There are clear requirements for RBM at all three levels i.e. institutional, country/sector and project level. Strategies include performance monitoring or results frameworks to varying degrees, and projects are required to include a results matrix. There are, however, some key weaknesses in the implementation of an RBM approach.

This element is rated as **satisfactory** on the basis that EBRD's practices are aligned with established good practices across MDBs. Strengthening the ability of EBRD's systems to capture and reflect impacts post investment closure, particularly in assessing contribution to transition impacts at country level, remain an area of opportunity.

At an Institutional level, results targets are consistently set through two related transition parameters in the SCFs (in addition to capital and resource parameters). The delivery of these two project related transition parameters (ETI and PTI) is pursued and monitored through the annual three-year Strategy Implementation Plans. The ETI and PTI measures are also part of the corporate scorecard. During the initial part of the review period, an EvD study found that the link between the aggregate ratings and country strategies or their results frameworks was not clearly identified, in particular due to the fact that the SCF/SIP planning followed a separate track. However, this issue has been addressed by incorporating an analysis of prior ETI and PTI performance into country strategies and by annual reporting on country level ETI and PTI as part of the CSDR reports.

There has been improvement to implementation of RBM across strategies, programmes and projects. The transition results architecture provides guidance and examples on the development of ToC and results frameworks. The Transition impact ToC needs could be strengthened by improving the clarity in the narrative by further developing/completing the links on how the change happens (impact pathways), for instance between changes triggered from investments to intermediate outcomes or country level transition objectives.

Management has made a concerted effort to ensure that recent strategies contain performance monitoring frameworks. The Energy Sector Strategy (2024-2028) and the Financial Sector Strategy (2021-2025) is supported by a TOC and a performance monitoring framework that outlines specific strategic objectives, tacking indicators for outputs and outcomes, and Impact context indicators. Most sector strategies – Agribusiness Sector Strategy (2019-2023), ICT Sector Strategy (2020-2024), Municipal and Environmental Infrastructure (2019-2024), Property & Tourism Sector Strategy (2020-2024), and Transport Sector Strategy (2019-2024) – include a Performance Monitoring Framework that includes specific objectives, associated activities, and tracking indicators at the output and outcome level.

Thematic strategies include varying levels of performance monitoring frameworks. SPGE 2016-2020 outlines a performance monitoring framework comprised of specific objectives, activities, and tracking indicators of results at the output and outcome levels. SPGE 2021-2025 introduced a new TOC and likewise outlines a performance monitoring framework comprised of inputs, objectives and output and outcome indicators at the client-level, as well as higher-level objectives and outcome indicators at the market and economy level. The EIS includes a performance monitoring framework comprised of objectives, activities, and tracking indicators at the output and outcome level. The EOS introduced a TOC and likewise outlines a performance monitoring framework comprised of inputs, objectives and output and outcome indicators at the client-level, as well as higher-level objectives and outcome indicators at the market and economy level. The GET 2.1 and Digital Approaches track results through a performance dashboard. GET 2.1 introduced an enhanced set of indicators tracked through a performance dashboard that integrates GET 2.1 finance target ratios, a set of aggregate indicators (a mix of inputs, outputs, and outcomes), and a set of metrics defined at the level of individual thematic areas. The latter was to be gradually defined for each thematic area with links to the SDGs. The Digital Approach is supported by a stylised TOC and introduces key performance-tracking indicators through a performance dashboard. This includes indicators related to internal enablers, inputs and activities, and outputs and client-level outcomes.

Country strategies are produced usually every five years and include results framework (CSRFs) with specific outcome indicators tracked for each objective. There is no evidence of evaluation of the quality of ToC or results framework at the approval stage and scope for greater clarity in the links between objectives, activities, and indicators and greater use of baseline indicators. CSRF indicators are tracked and communicated annually to the Board during the Country Strategy Delivery Review (CSDR) process. While country strategy objectives and tracking indicators are based on Bank's results architecture, including standardised Compendium of Indicators, specific objectives are fairly broad; this is due in part the demand-led nature of EBRD operations and the need to maintain adequate flexibility within an overall strategic direction. Tracking indicators are recognised to be activity driven and aggregating the Bank’s project outputs and often lacking baselines. However, under the latest platform, Monarch, now requires baseline data.

The Kirk Report found that, in some cases, results frameworks for operations are missing or inadequate, an area where management has been making a concerted effort to correct. Projects now identify specific indicators from a standardized Compendium of Indicators. The purpose of the Compendium is streamline, justify, and simplify current indicators and improve processes and systems that use them. Results for investment projects with TCs are set, monitored, and reported on, through Monarch. When a project comes to the Final Review Memorandum stage, the OL will develop an integrated results matrix in Monarch with indicators for both the investment and associated TCs. As part of the Project TI assessment, the OL sets up TI indicators in what is called the TI table, including the most important TC indicators when possible. Any remaining non-TI indicators will be added to the additional indicators section. This indicator table or results matrix is included with the Final Review Memorandum and is reviewed by Impact as per the approval process. However, IEvD in its Evaluability assessment of EBRD's Transition Qualities (2020) found that project design does not integrate a TOC, that there is generally no log-frame or results framework embedded in the design, which can lead to confusion in identifying relevant outputs, outcomes, and impact indicators. Management in its response to the assessment, agreed that there is room to further improve ToC for transition qualities. The response notes that integrating ToC at the transition quality level in TOMS will support self-evaluation.

An area of weakness still remains that the assessment of sustainability and impact is hindered by limitations in monitoring systems. The EBRD “rarely conducts ex-post monitoring of ‘real-world’ outcomes and impact and does not require clients to report on ‘downstream’ results.” [Kirk Report] However, it is important to note that TIMS is a monitoring tool meant to monitoring tool to track results during implementation and by definition does not include the evaluation of longer-term effects after completion. Management further notes that post-repayment monitoring is particularly difficult for the EBRD (and other private sector arms of other MDBs), due to the limited ability to collect data and information from private sector clients after the financial relationship has ended.

Element 7.1.3

Guidance for setting results targets and developing indicators is clear and accessible to all staff.

Selection of indicators is supported by a standardised Compendium of Indicators linked to the six transition qualities. The selection of indicators is embedded within the TOMS which also helps guide staff in the process. Staff are further given onboarding training around development of Transition Impact. There is no evidence of targets set at the country level.

This element is rated as **satisfactory** on the basis that EBRD's practices are aligned with established good practices across MDBs. However, important challenges remain with respect to the outcome orientation of the COIs and their fitness for purpose in demonstrating contribution to transition impacts at country-level.

SCF 2016-2020 indicated that EBRD would continue to make improvements to transition impact assessment methodology and to the results frameworks. At the time of its approval, the Bank had recently approved a new Country Strategy Results Framework (CSRF), establishing country strategies as the guiding platform for all of the Bank's activities and improving the link between these activities and the Bank's strategic priorities. Indications are that these are required for all country strategies.

Guidance for the Country Strategy Delivery Reviews (CSDRs) was developed in 2017, outlining the process and template to be used for the CSDRs. New guidance was issued in 2024, updating the guidelines and process based on feedback from Board Members, and EvD.

The Country Strategies and corresponding results frameworks, however, do not include country level commitments, baselines or targets at any level (inputs, outputs, outcomes) due to the EBRD being private sector focused, demand driven institution, and commitments, baselines and targets are therefore on project / transaction level. Both CSRF and operational results frameworks are based on the Compendium of Indicators.

The process of setting results targets at the project-level is implemented through the Transition Objective Measurement System (TOMS) which is an internal information system. TOMS is the ex-ante system that is the main instrument by which the bank captures and assesses the expected transition impact (ETI) of Bank projects. TOMS links to the Transition Impact Monitoring System (TIMS), which is the main instrument that the Bank uses to monitor its interventions. TOMS embeds the ToC across the results chain (output, outcome, impact). It is designed to operationalise the updated transition concept in a clear and transparent manner, preserving the integrity and comparability of the Transition Impact ratings. To ensure that consistent metrics are used to measure success at institutional, country and activity levels (projects, TC, policy engagements), a standardised Compendium of Indicators is utilised. The use of the COI also supports the bottom-up aggregation of monitoring indicators and improved reporting and performance management.

Onboarding materials for Banking staff includes guidance on how to develop the Transition Impact (TI) of a project, including an overview of the systems used, assigning TI qualities, and how TI is measured.

Element 7.1.4

Tools and methods for measuring and managing results are available.

EBRD has means to measure and manage results. However, as the results management architecture is still in the process of being improved, it is too early to judge its efficacy.

This element is rated as **satisfactory** on the basis that EBRD's practices have been evolving in line with established good practices across MDBs. The next SCF process is an opportunity to take stock of the gains achieved through this evolution.

At an institutional level, the measurement tools are well established in the form of the annual three-year SIPs which report on progress towards the objectives established in the SCFs.

Progress in the implementation of country strategies is measured annually through the Country Strategy Delivery Reports (CSDRs). The quantitative assessment of progress is based on a bottom-up aggregation of project results, and these may not fully represent the achievement of country strategic objectives. Moreover, it is difficult to interpret what absolute values of reported results at a country level represent – in the absence of baseline indicators and contextual information. For example, the number of SMEs supported for capacity building provides little information about scale or impact in the absence of data regarding the total number of SMEs in that country. However, one thematic/sector area (i.e., renewable energy) has shown improvement as more contextual information is embedded in its indicators. The qualitative assessment of progress is normative and there are challenges with measuring progress/success; however, this is a broader challenge and not necessarily an EBRD specific challenge.

Transition Impact analysis is a part of Monarch's end-to-end project lifecycle platform. TOMS streamlines and automates the expected transition assessment at origination. TOMS is complemented by TIMS, which measures and tracks projects actual transition impact. Bankers are responsible for providing annual updates on progress towards benchmarks, which is then reviewed and validated by Impact economists. This takes place through a Transition Impact project reporting template set up by Impact in Monarch with automatic reminders sent to Banking when updates are needed.

The challenges mainly result from the evolving results architecture. For example, not all of the impact pathways of the Transition Qualities ToC have been fully identified. Further, while standalone projects on Policy Dialogue and Technical Co-operation do define outputs and outcomes aligned with the Compendium of Indicators, results are reported through a separate Technical Co-operation Results System.

Element 7.1.5

Adequate resources are allocated to the RBM system.

While it is not possible to fully quantify resources provided to the RBM system, EBRD has made a considerable investment in financial and human resources from its administrative and capital budgets to improve RBM systems.

This element is rated as **satisfactory** on the basis that EBRD's activities have been evolving in line with established good practices across MDBs, including an emphasis on functions, human resources and systems.

EBRD has made a substantial investment in upgrading results measurement methodologies and systems; this was gathered from both the documentary evidence and interviews. For example, results management of non-transactional TCs have been integrated into the EBRD results' infrastructure. Similarly, the Country Results Snapshot initiative has been rolled out to several countries to facilitate communication of the Bank's transition results and impact effectively to external stakeholders.

Further, recent changes to the self-evaluation system have included the piloting of a new, streamlined self-evaluation template that will facilitate the accumulation and use of lessons in project. There is now a team dedicated to self-evaluation in portfolio management, but interviews indicated that there are still some challenges in terms of adequate staffing. The new system is currently being piloted.

The SIP 2021-23 committed to providing resources to strengthen results management skills and processes. However, a specific number is not available from the budget information. Similarly, SIP 2023-

25 noted “improvements to the measurement of impact from policy work are being taken forward in the context of strengthening the Bank’s overall impact measurement processes”. [SIP 2023-2025]. More recently, the SIP 2024-2026 notes “Improving the measurement of impact from policy work continues to be taken forward in the context of strengthening the Bank’s overall impact measurement processes.”

Banking teams are supported by non-banking teams in the development of project monitoring frameworks and the selection of associated indicators. Assessments of transition impact are based on TOMS embedded in Monarch. Although economists can provide advice on how to undertake the analysis, the OL is responsible for the information inserted in the system. The Impact team facilitates the ex-ante assessment of TI at design by operating as part of the operations committees and providing a score for Expected Transition Impact (ETI). Ex-post, this team reviews the monitoring reports produced by banking teams, who undertake the actual project monitoring.

Element 7.1.6

All relevant staff are trained in RBM approaches and method.

Bankers are given training on transition impact as part of onboarding, and staff are receiving training on the new self-evaluation system. EvD also provides trainings on evaluation and evaluation-related components.

This element is rated as **satisfactory** on the basis that EBRD’s practices are in line with good practices across MDBs.

Onboarding for Bankers includes training on Transition Impact, including its calculation and monitoring. Associated with the new self-evaluation system, EBRD is delivering training on self-evaluation, jointly conducted by EvD and by Banking Portfolio.

The EvD has also developed and is conducting training on evaluation and evaluation-related components such as project monitoring. EvD intends to expand its outreach to teams across the Bank, to build awareness and understanding of evaluation, according to its Work Program and Budget 2023-2025. This includes introducing formal training courses on the approach to validation of self-evaluation, as well as taking advantage of more informal opportunities to support embedding evaluation culture within the Bank.

On-boarding training for new bankers includes a self-evaluation segment that covers general terms, key concepts, purpose and best practice for self-evaluation. In addition, starting in 2024, a specific and targeted training is delivered to the bankers, who are scheduled to complete the Summary Project Assessments (SPA) in the following quarter. This training includes details of the system, template’s content, specific questions, terms, and methodology. From 2021-2023 557 participants have completed the Banking Foundations programme.

MI 7.2: Corporate strategies, including country strategies, based on a sound RBM focus and logic.

- Element 7.2.1: Organisation-wide plans and strategies include results frameworks.
- Element 7.2.2: Clear linkages exist between the different layers of the results framework, from project to country and corporate level.
- Element 7.2.3: An annual report on performance is discussed with the governing bodies.
- Element 7.2.4: Corporate strategies are updated regularly.
- Element 7.2.5: The annual corporate reports show progress over time and notes areas of strong performance as well as deviations between planned and actual results.

Table 108. KPI 7 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 7.2	Satisfactory	3.00	Medium
Element 7.2.1	Satisfactory	3	Medium
Element 7.2.2	Satisfactory	3	Medium
Element 7.2.3	Satisfactory	3	Low
Element 7.2.4	Satisfactory	3	Low
Element 7.2.5	Satisfactory	3	Low

MI 7.2 Evidence documents

- EBRD (2017), *Guidance Note: Country Strategies: A Simpler Process with a Better Outcome*, EBRD, London.
- EBRD (2017), *Transition Results Management – Compendium of Standard Indicators Board Architecture and Illustration*, EBRD, London.
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MI 7.2 Analysis

Element 7.2.1

Organisation-wide plans and strategies include results frameworks.

The corporate scorecard, agreed annually between the Bank and its shareholders, serves as the key overarching results framework of the Bank. Strategies for sectors and cross-cutting themes are accompanied by a results framework, performance monitoring framework, or performance dashboard.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

The commitments in this regard have been established by the SCF 2021-25 as well as throughout the implementation of the Transition Results Architecture. The SCF establishes two control parameters for transition – average Expected Transition Impact should exceed 60 for each year over the SCF period and average Portfolio Transition Impact should exceed 65 at the end of each year of the SCF period. These control parameters establish floors which require explanation to the Governors in the event they are not achieved. What is less clear is the extent to which the Composite Performance Assessment (CPA) provides useful inputs to demonstrate and manage EBRD's likely contribution to transition impacts in countries.

SIPs contain the corporate scorecard, a key component of the overall results management system of the Bank. It serves as the main vehicle for setting and measuring the Bank's annual objectives and impact and is agreed annually between the Bank and its shareholders through the SIP. There are plans to move towards a results-based budgeting approach.

Cross-cutting theme strategies consistently have performance monitoring or results frameworks. The SPGE has a Performance Monitoring Framework that reflects the ToC. The framework includes objectives and indicators for client-level outputs, client-level outcomes, and for higher-level outcomes (such as market-level, economy, and impact). Likewise, the Equality of Opportunity Strategy is supported by a performance monitoring framework that reflects the ToC. It includes Client-level outputs, Client-level outcomes, and higher-level outcomes. EBRD's Approach to Accelerating the Digital Transition includes a performance dashboard, with internal enablers, inputs and activities, outputs and client-level outcomes, each with an illustrative tracking indicator. GET 2.1 also has a performance dashboard that includes aggregate indicators, including composition indicators related to specific Bank strategic parameters, performance indicators reflecting key inputs and outcomes of GET projects, and process indicators monitoring progress with the implementation of specific GET 2.1 processes and organisational arrangements.

For these thematic strategies, however, it is not clear how these frameworks are reported on. There is evidence of some indicators related to gender mainstreaming being reported in the Quarterly Performance Reports to the Board.

Review of sector strategies likewise revealed that the strategies included performance monitoring frameworks. However, there are some gaps in terms of inclusion of a ToC in some sector strategies. For example, in the Agribusiness Strategy, the EvD recommends making the ToC more explicit to connect what the EBRD plans to deliver with the outcomes and impacts to which it hopes to contribute. Beyond sector strategies, the Legal Transition Programme did not have a ToC. However, in response to an EvD recommendation developed a ToC for LTP in 2021. According to the 2023 LTP annual report, the LTP ToC integrates and aligns with Impact's ToC and results framework.

Element 7.2.2

Clear linkages exist between the different layers of the results framework, from project to country and corporate level.

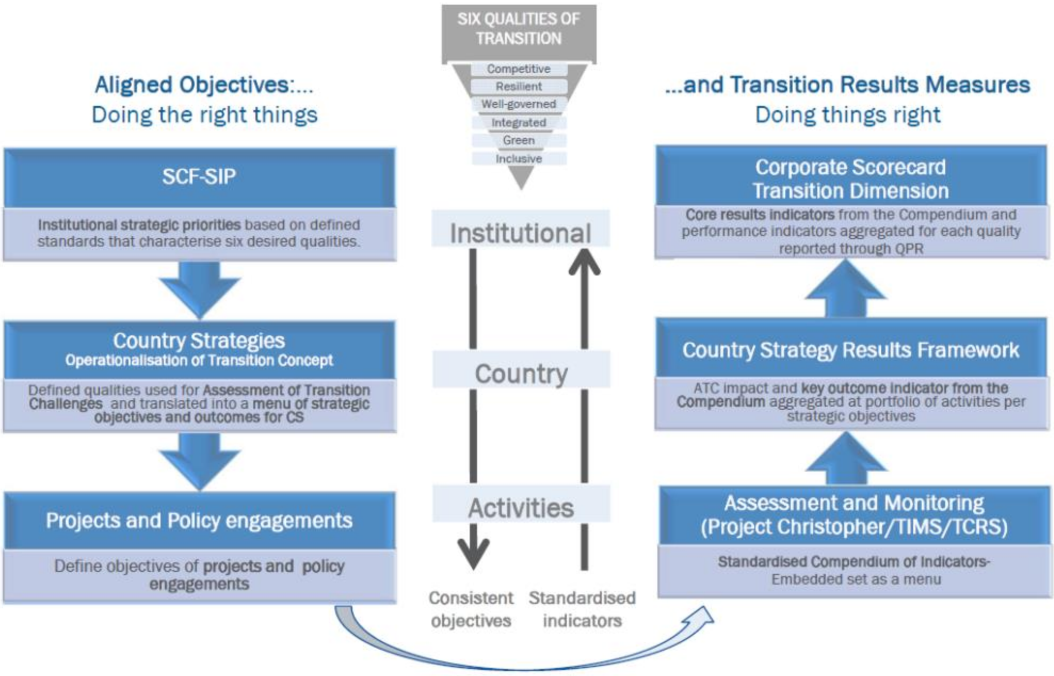
There are linkages between the different layers of the results framework, however there is scope for improvement and strengthening of linkages is expected to be part of the evolving results architecture.

This element is rated as **satisfactory** on the basis that EBRD's practices are evolving in line with good practices across MDBs. More clearly establishing linkages between operational results and contribution to transition impact at country level is an important area of opportunity.

EBRD's results architecture is characterised by three dimensions:

- Institutional – Corporate Scorecard
- Country level – Country Strategy Results Framework (CSRF)
- Activity level – project and TC results Framework.

Figure 44. Transition results management architecture



Source: EBRD (2017)

The corporate scorecard encapsulates the Bank's targets according to the six Transition Qualities. It drives decisions and sets incentives for management and operational staff across the Bank. The country strategies define priorities and specific objectives. Sector strategies outline the Bank's approach and tools in a given sector, helping the design of country strategies. Country Strategy Results Frameworks (CSRFs) list the EBRD's strategic priorities and objectives and associated indicators. All investments and advisory projects are assessed for their fit with country strategy priorities "strategic fit" at the design stage, e.g. as part of the Expected Transition Impact (ETI) score for investments. Both average ETI and progress with policy engagement milestones anchored on CS are part of the corporate and teams' scorecards. All activities are monitored, and investments are evaluated against the transition objectives at multiple levels, using indicators from the Compendium of indicators. The verifiability of the achievement of transition objectives is limited by the lack of ex post monitoring of 'real-world' outcomes and impact due in part to clients not being required to report on 'downstream' results (Kirk Report, pg. 43). Since the Kirk report evaluations, such as Evaluation Synthesis of the EBRD's approach to Transition Impact (2017-23), continue to flag that monitoring frameworks frequently don't collect on real world outcomes and impact.

Management identifies that, in practice, the linkage between country strategies and the SCF is manifested in two ways: the revision of the transition concept and its operationalisation through the TQ and the medium-term attributes identifies in the SCF. These feed directly into the building of country strategies – the qualities through the country-level objectives and the attributes through shaping what capabilities the Bank has to pursue these goals in country. However, EvD found in 2019 that explicit linkages between strategic documents on the institutional level (SCF) and country strategies are lacking. More recent country strategies do make explicit reference to SCF wording.

While the RBM is reasonably robust at each level, there is scope to improve and strengthen linkages across different levels and this does in fact appear to be part of the evolving results architecture. One such effort relates to the work on developing impact pathways for the Transition Qualities ToC. Yet other challenges remain to be addressed including strengthening of the assessment of progress in country strategies to go beyond the bottom-up aggregation of project results. A challenge is the better integration of Sector Strategies into the results framework, though improvements have been made. Sector strategies have performance monitoring frameworks and track performance though key output level indicators. Relevant outcome and impact level results are measured, monitored, and reported at country level as part of CSRF, extracts of which can be used to illustrate performance of sector strategies and initiatives.

Element 7.2.3

An annual report on performance is discussed with the governing bodies.

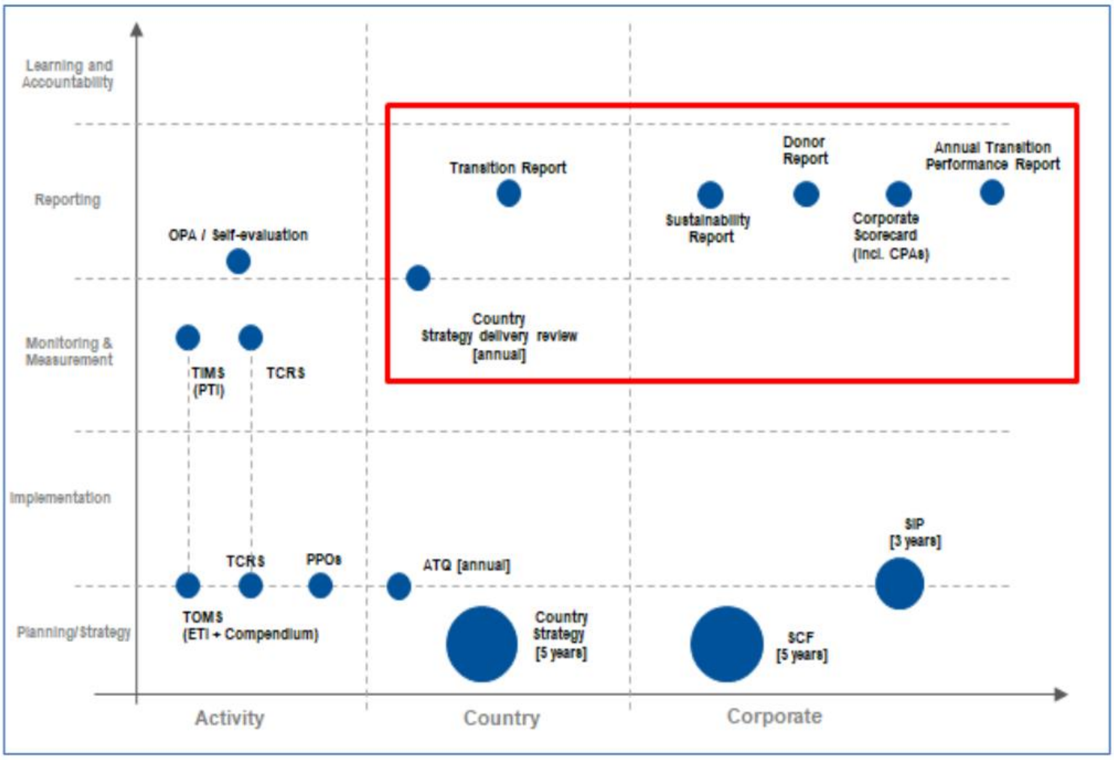
EBRD communicates results through four complementary annual flagship publications: the Annual Review that reports an overview of EBRD sectors across all sectors, the Financial Report that presents approved and audited financial statements, the Transition Report that reports on reform progress and transition indicators, and the Sustainability Report that reports on people and the environment. Performance for scorecard targets is shared with the board quarterly through the Quarterly Performance Report.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

The quarterly performance report shows performance of scorecard indicators and SCF parameters against targets. This is shared with the Board. The report also includes a discussion and analysis of transition performance, both for ETI and PTI. For each transition quality, the report present progress on the quantitative indicators of the Performance Assessment framework and includes a discussion of key developments.

The EBRD does not publish a single overall operational performance report on Transition Impact. An EvD evaluability assessment of the transition qualities found that there is no systematic reporting on transition results.

Figure 45. Lack of Integration of EBRD's instruments along the project cycle



Source: EvD (2020), Evaluability assessment of EBRD's Transition Qualities

However, as part of the 2023 capital increase, EBRD made a commitment to publish the Bank's first annual report on impact by the 2025 Annual Meeting.

The Annual review incorporates key results from the Annual Report on Transition Performance, and centres around aggregate ETI and PTI, as well as outcome indicators related to its priority themes: green, inclusive and digital.

The Annual Report on Transition Performance provides transition information for internal purposes but falls short of meaningfully incorporating a country perspective. Some progress has been made, however, in terms of the "case study" section to address this.

The annual Transition Report presents ATQ scores for the six key transition qualities for EBRD's countries of operations and discusses the highlights in terms of performance for each quality. It also includes a discussion of progress in each area. However, the report does not include output or outcome indicators.

The Sustainability Report gives a breakdown of the Bank's Sustainability Bond programme and the Green Project Portfolio it supports. It includes impact indicators for its Green investments, tracked over time.

The Donor Report analyses the inflow, as well as the use and results, of all grants and concessional resources in the EBRD.

The quantitative reporting in CSDRs is largely focused on the results of operations (as it aggregates project level outputs and outcomes) rather than on the country level outcomes and impacts of EBRD's engagement. Even the qualitative reporting in CSDRs (for policy and technical assistance engagements) is activity oriented and provides limited insight into how the Bank contributed to the country's progress on the CSRF objectives. There is no process for a mid-course revision of the priorities set out in Country Strategies (e.g., through a review half-way through CS implementation); this is in part due to the broad framing of country priorities to allow the flexibility required in engaging in a demand-driven manner with the private sector. There is, however, progress reporting (and Board discussion) on country strategy implementation through CSDRs. Initially, CSDRs focused on update countries in the middle of the implementation period. More recently, the automation of internal processes, has resulted in the CSDRs providing an annual progress update for all countries. Country Results Snapshots have been introduced and while their objective is to provide "robust and comprehensive country level reporting of transition results", in their current form they largely disseminate EBRD results in specific sectors/themes in a country to external audiences and are not primarily positioned to be assessments. While new strategies do report on progress made under the prior strategy, there is no independent validation of this progress nor (until recently) have any country strategies been reviewed by EvD. Furthermore, changes made to 2024 CSDRs are too early to be seen and also fall outside the review period of the assessment.

Element 7.2.4

Corporate strategies are updated regularly.

There are clear timelines for corporate strategies such as the SCF, the SIP, and Country Strategies to be updated. Sector strategies are developed for a defined timeline, with evidence that the strategy was updated at the end of that period.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

The strategic planning system is comprised of a five-year Strategic and Capital Framework (SCF); a three-year Strategy Implementation Plan (SIP) prepared on a rolling annual basis and five-year medium-term country strategies. Sector strategies are defined for a timeframe, typically of five years. The assessment has noted several examples (non-exhaustive) of strategies been updated. Some strategies may no longer be relevant to strategic priorities and therefore not updated.

The EvD conducts evaluations on country and sector strategies. Evaluations of the previous strategy are not mandatory when preparing a new sector strategy. However, the EvD performs such evaluations on a regular basis, driven by its own Work Programme though it does not have universal coverage.

Element 7.2.5

The annual corporate reports show progress over time and notes areas of strong performance as well as deviations between planned and actual results.

Annual corporate reporting clearly demonstrates progress over time on key performance indicators. When relevant, the EBRD identifies and explains the challenges.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

Internal quarterly performance reports show performance of scorecard indicators and SCF parameters against targets. This is shared with the Board. The report also includes a discussion and analysis of transition performance, both for ETI and PTI. For each transition quality, the report present progress on the quantitative indicators of the Performance Assessment framework and includes a discussion of key developments.

The Annual Report on Transition Performance includes trends for average ETI and PTI as well as deviation from the average. In 2020, the report included a discussion of the effects of COVID and potential forthcoming challenges associated with it.

The Annual Review includes progress on operational results, including number of projects, ABI, AMI, and total project value, and on financial results, including net profit, paid-in capital, reserves and retained earnings, and total members' equity. The Annual Financial Report likewise reports on these financial results. Progress in the Bank's financial position is also reported to the Board on a quarterly basis.

MI 7.3: Results targets set on a foundation of sound evidence base and logic.

- Element 7.3.1: Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher order objectives.
- Element 7.3.2: Indicators are relevant to expected results to enable the measurement of the degree of goal achievement.
- Element 7.3.3: Development of baselines are mandatory for new Interventions.
- Element 7.3.4: Results targets are regularly reviewed and adjusted when needed.
- Element 7.3.5: Results targets are set through a process that includes consultation with beneficiaries.

Table 109. KPI 7 – MI 3 ratings

MI / Element	Rating	Score	Confidence level
MI 7.3	Satisfactory	3	Medium
Element 7.3.1	Satisfactory	3	Medium
Element 7.3.2	Satisfactory	3	Medium
Element 7.3.3	Satisfactory	3	Medium
Element 7.3.4	Satisfactory	3	Medium
Element 7.3.5	No evidence	No evidence	

MI 7.3 Evidence documents

- EBRD (2012), *EBRD Results Framework Task Force Interim Report*, EBRD, London.
- EBRD (2018), *Transition Impact Methodology Update*, EBRD, London.
- EBRD (2020), *Evaluability Assessment of EBRD's Transition Qualities - Management Comments*, EBRD, London.
- EBRD (2021), *Grant Review Guidelines – How to seek approval for TC activities,* EBRD, London.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2024), *Operations Manual,* EBRD, London.
- IEvD (2019), *Special Study: EBRD Country Strategies*, EBRD, London.
- IEvD (2020), *Evaluability assessment of EBRD's Transition Qualities*, EBRD, London, www.ebrd.com/documents/evaluation/2020-discussion-paper-evaluability-assessment-of-ebrds-transition-qualities.pdf.
- IEvD (2020), *Special Study: EBRD Policy Work in SEMED*, EBRD, London, www.ebrd.com/documents/evaluation/2020-ebrd-policy-work-in-semed.pdf.
- IEvD (2021), *EvD Note on Self and Independent Evaluation Articulation – Comments on Management Proposals*, EBRD, London.
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MI 7.3 Analysis

Element 7.3.1

Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher order objectives.

New investment projects define indicators and monitor performance at output, outcome and impact levels with baselines and targets. Policy dialogue and technical cooperation now implement the Bank's standardised indicators.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

Through the use of the Transition Objective Measurement System/Transition Impact Monitoring System (TOMS/TIMS), new projects employ the Compendium of Indicators to define and monitor activity performance at output, outcome and impact levels. Additionally, these systems embed the ToC for transition qualities in projects and ensure alignment with the objectives at the institutional and country levels. The transition impact methodology, first rolled out for standalone projects in December 2019 and then in August 2020 for sub-operations, requires the utilisation of baselines and targets, with projects ineligible for review until baselines and targets are recorded in TOMS. Further, EvD found that indicators at the level of operations do not always reflect the country strategies.

Standalone projects on policy dialogue and technical cooperation also utilise the Compendium of Standardised Indicators but the data is captured in a different information system. The Compendium of Indicators is fully operationalised in Technical Cooperation Reporting System (TCRS) though the Grant Review Process where all submission are reviewed on the basis of alignment with the Compendium. Documentation required in TCRS includes a Results Matrix that specifies expected results and target dates for achievement.

The ToC for transition qualities does not articulate clearly how the change happens from the Bank's investments to intermediate outcomes or country-level transition. Interviews indicated that work is underway to improve the ToC. The quantitative reporting in CSDRs is largely focused on the results of operations (as it aggregates project level outputs and outcomes) rather than on the country level outcomes and impacts of EBRD's engagement. Even the qualitative reporting in CSDRs (for policy and technical assistance engagements) is activity oriented and provides limited insight into how the Bank contributed to the country's progress on the CSRF objectives.

Element 7.3.2

Indicators are relevant to expected results to enable the measurement of the degree of goal achievement.

A compendium of indicators was introduced to align measure of success across all levels of the Bank, to streamline monitoring, and improve reporting; however, there are remaining challenges in applying these at the project level. Similarly, computation of ATQ scores has some implementation challenges.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs. An area of opportunity lies with enhancing the outcome orientation of the Compendium of Indicators (COI) and enhancing linkages to the ATQ.

The use of the COI has the purpose of aligning measures of success across institutional, country and activity levels, streamlining monitoring processes and improving reporting and management actions. The standardized identification of these indicators allows for greater quality of each individual indicator; however, challenges remain in establishing causal links at the project level. Another limitation is in the ability to capture systemic effects of the Bank's activities.

The computation of scores In the Assessment of Transition Qualities (ATQ) has consistency limitations. Some of these limitations are the following: the accuracy of the ATQ scores is not reported or considered when assessing the transition gaps and rank ordering of the Countries of Operation (CoOs); the available data are not sufficient to assess certain transition dimensions; and the ATQ computation does not distinguish between extreme values and outliers. However, the integration of additional sources of evidence, i.e. other rating sources, has strengthened the review.

Element 7.3.3

Development of baselines are mandatory for new Interventions.

Methodology articulates that baselines are required.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

Each EBRD investment project is assessed ex-ante to identify its expected contribution to transition impact. This process is implemented under the TOMS, where the staff responsible for project origination inserts the baseline and target for each indicator. A project is ineligible for review until this is completed.

The Transition Impact methodology update of 2018 delineates improvements to better articulate TOMS and TIMS to ensure adequate monitoring of the ex-ante projects during the project life cycle.

Element 7.3.4

Results targets are regularly reviewed and adjusted when needed.

Institutional targets are monitored through the corporate scorecard. Country strategies are monitored through the annual CSDR process. Projects are monitored regularly up to completion/repayment through the TIMS.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

At an institutional level, results targets are reviewed through the corporate scorecard presented in the SIPs annually.

The CSDRs present an opportunity to review progress at an aggregate level towards results. Though, interviews indicated that this does not present an opportunity for adjustment. Country Strategy Results Frameworks are adjusted during the subsequent Country Strategy process.

The Operations team is responsible for ensuring adequate project monitoring arrangements, including regular and timely field visits and reviews. Staff responsible for the projects report progress, which is compared against commitments to both quantitative and qualitative TI indicators, taking into account data on the baseline, target and intermediate results. If a project is underperforming under its TI quality, it is flagged for remedial action. Over time, changes have been made to enhance systems controls, preserving the integrity of project baselines and targets.

Element 7.3.5

Results targets are set through a process that includes consultation with beneficiaries.

Need evidence to rate this dimension (i.e., consultations with project sponsors and other stakeholders).

MI 7.4: Monitoring systems generate high-quality, useful performance data in response to strategic priorities.

- Element 7.4.1: The corporate monitoring system is adequately resourced.
- Element 7.4.2: Monitoring systems generate data at output and outcome levels of the results chain.

- Element 7.4.3: Reporting processes ensure data is available for key corporate reporting and planning, including for internal change processes.
- Element 7.4.4: A system for ensuring data quality exists.

Table 110. KPI 7 – MI 4 ratings

MI / Element	Rating	Score	Confidence Level
MI 7.4	Satisfactory	3.00	Medium
Element 7.4.1	Satisfactory	3	Medium
Element 7.4.2	Unsatisfactory	2	Medium
Element 7.4.3	Satisfactory	3	Medium
Element 7.4.4	Highly Satisfactory	4	Medium

MI 7.4 Evidence documents

- EBRD (2014), *Country Strategy Results Framework: Design Implementation and Reporting*, EBRD, London.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2018), *Information Session Presentation: Transition Impact Methodology Update*, EBRD, London.
- EBRD (2018), *Transition Impact Methodology Update*, EBRD, London.
- EBRD (2020), *Joint Action Plan for the Implementation of the Kirk Report Recommendations*, EBRD, London.
- EBRD (2020), *Review of the EBRD's Impact Management (IM) System,* EBRD, London.
- IEvD (2019), *Special Study: EBRD Country Strategies*, EBRD, London.
- IEvD (2020), *Evaluability assessment of EBRD's Transition Qualities*, EBRD, London, www.ebrd.com/documents/evaluation/2020-discussion-paper-evaluability-assessment-of-ebrds-transition-qualities.pdf.
- IEvD (2020), *Evaluability Assessment of Transition Qualities Context, Background and Key Findings – EvD Briefing for Audit Committee*, EBRD, London.

MI 7.4 Analysis

Element 7.4.1

The corporate monitoring system is adequately resourced.

The corporate monitoring system is adequately resourced, including for improvements and strengthening of the system.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

In the SCF 2021-25 and SIP 2021-23, the EBRD acknowledges the relevance of Monitoring, Learning and Evaluation for the Bank and establishes an institutional commitment to strengthening it. Therefore, the Bank has resources allocated for regular updates of the Transition Impact methodology; strengthening the Transition Results Architecture, including the TIMS system; and the joint action plan to respond to the Kirk Report.

EBRD has made capital investments to strengthen RBM, through the Organisational Efficiency and Effectiveness Programme (OE&E), and the Multi-year IT Investment Plan (IT MYIP). Data driven decision-making was a central theme of the OE&E, with significant improvements to data governance and data systems. This included Monarch, an integrated platform and automated workflow for all client services to allow for the management of the full lifecycle of an activity from assessment and monitoring to overall finance performance. The system automates and integrates TI monitoring and the calculation of PTI. Instituted as part of Monarch 1.0, staff had access to a My Monarch dashboard, which included role-based reports, My Portfolio and Upcoming deadlines. The IT MYIP has included essential platform upgrades, further developments of the Monarch integrated platform across Client Services, introduction of Microsoft365, and establishment and migration of a new data centre.

Responsibility for assessing, monitoring and reporting on TI (as of 2018) was shared between Banking, Economics, Policy and Governance (EPG) and Country Strategy Coordination & Results Management (CSRM). Following the reorganisation, this is now the responsibility of Impact.

The Country Strategy Results Framework is monitored by the Impact/Results Management Team (formerly by the Strategy and Policy Coordination Team), with some input by other teams. The additional resources required for this were outlined in the Country Strategy Results Framework (CSRF) proposal that was approved by the Board.

Element 7.4.2

Monitoring systems generate data at output and outcome levels of the results chain.

TIMS is used to monitor progress against transition impact objectives. However, there are some challenges in terms of generating results data at the outcome level.

This element is rated as **unsatisfactory** on the basis that there is scope to enhance the outcome orientation of EBRD's systems in line with established good practice across MDBs. Ensuring that monitoring data can enable demonstrating contribution to transition outcomes at country-level remains an area of opportunity.

The TIMS quantifies actual impact and provides a detailed assessment of progress against transition impact objectives for each investment. The system captures qualitative and quantitative impact results over time, as well as scoring at the project, transition quality, and indicator level. This system has also promoted an increasingly IT-enabled process for project monitoring that can consolidate usable data to assess operational results. A notable example is how this system will contribute to streamlining the self-evaluation function through the generation of Summary Performance Assessments.

Reporting credibility needs to be enhanced through increased self-assessment and independent evaluation. Additionally, it is acknowledged, as Management highlights in its comments to the evaluability assessment of EBRD's transition qualities, post-repayment monitoring is particularly difficult for the EBRD (and other private sector arms of other MDBs), due to the limited ability to collect data and information from private sector clients after the financial relationship has ended.

Beyond these challenges, a robust system is only as useful as the data that is entered into it. Although the COIs have contributed to an integrated system for aligning results with EBRD's priorities and make project monitoring more systematic, there have been persistent challenges related to the appropriateness of indicators to demonstrate contribution to outcomes rather than delivery of outputs or beneficiary reach.

Element 7.4.3

Reporting processes ensure data is available for key corporate reporting and planning, including for internal change processes.

Centralized data management allows for quality data to contribute to consistency in reporting. Reporting processes embedded in TOMS/TIMS contribute to strategic decision making.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

Monarch is an integrated platform to support the management, assessment, monitoring and evaluation of Client Services products. Monarch reduces system fragmentation and enables the tracking of an engagement throughout its entire lifecycle from origination to the assessment, monitoring and evaluation stages. Launched in 2016, EBRD is currently implementing Monarch under MYIP Phase 2.

Interviews indicated that data management is now centralised with an aim for data quality and consistency in reporting. The Deal Tracking Module (DTM), which in the ‘front-end’ is being gradually replaced by Monarch – provides a centralised way of gathering information at the investment project level. Data is stored in a Data Warehouse that then feeds into several automatically generated reports.

Reporting processes embedded in the TOMS/TIMS are available to take strategic decisions. However, taking corrective measures for underperforming projects remains a challenge. It is unclear from Operations Manual how TOMS/TIMS is used to inform underperforming projects.

There is evidence that data is being used to inform planning and facilitating the production of corporate reports. The SCFs include data on performance – operationally and institutionally – which feeds into the development and formation of the subsequent SCF. The EBRD reports on operational performance in terms of Transition Impact across multiple reports, including the Annual Review, the Transition Report, and the Donor Report. While the Annual review incorporates some key results from the Annual Report on Transition Performance, it is not comprehensive. The Annual Report on Transition Performance is internal and does not incorporate the country’s perspective. The Sustainability Report gives a breakdown of the Bank’s Sustainability Bond programme and the Green Project Portfolio it supports. The Donor Report analyses the inflow, as well as the use and results, of all grants and concessional resources in the EBRD.

Element 7.4.4

A system for ensuring data quality exists.

EBRD has made consistent improvements to processes to ensure data quality.

This element is rated as **highly satisfactory** on the basis that EBRD’s practices go beyond the practices of comparator institutions, laying the foundation for strong data governance.

The SCF 2021-25 establishes an institutional commitment to improve data quality to support a better understanding of the impact of the Bank’s interventions. Moreover, the Bank’s Management states that “project-level monitoring could be further improved to enhance IT systems and data quality” [EvD, Evaluability Assessment of EBRD’s Transition Qualities – Management Comments]. Management further acknowledges that work is underway to achieve this.

TOMS and the Compendium promote data quality through standardised indicators aligning measures of success with institutional, country and activity levels (projects, TC, policy engagements); streamlining current monitoring indicators and improving systems and processes to collect results and improving reporting and performance management through a rationalised set of metrics.

As part of its action plan to address Kirk Report recommendations, EBRD has put measures in place to improve data quality and leverage IT capacity to streamline the process for capturing and monitoring results. EBRD has developed a new data strategy and has implemented improvements to its IT systems. Improvements in the area of data management and IT have included the roll-out of Office 365, the deployment of Client Dynamics, the roll-out of EBX TIPCO and central reference data management, and a Livelink upgrade. Ultimately, IT changes have improved the ability to capture and process results data and the quality of evidence. Finally, the EBRD has established a Data Management Committee to govern its data, information, and knowledge initiatives and taxonomy, and launched dynamic Data SME and Information Coordinator Groups serving as Communities of Practice (CoP).

MI 7.5: Performance data transparently applied in planning and decision-making.

- Element 7.5.1: Planning documents are clearly based on performance data.
- Element 7.5.2: Proposed adjustments to interventions are clearly informed by performance data.
- Element 7.5.3: At corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate.
- Element 7.5.4: Performance data support dialogue in partnerships at global, regional and country levels.

Table 111. KPI 7 – MI 5 ratings

MI / Element	Rating	Score	Confidence Level
MI 7.5	Satisfactory	**3.00**	Medium
Element 7.5.1	Satisfactory	**3**	Medium
Element 7.5.2	Satisfactory	**3**	Medium
Element 7.5.3	Satisfactory	**3**	Medium
Element 7.5.4	Satisfactory	**3**	Medium

MI 7.5 Evidence documents

- EBRD (2015), *Future Directions for Grant Co-financing*, EBRD, London.
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- EBRD (2021), *Financial Sector Strategy 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategies-and-policies.html#collapseOne1395238827379
- EBRD (2021), *Georgia Country Strategy 2021-2026*, EBRD, London, www.ebrd.com/georgia-

strategy.pdf.
- EBRD (2021), *Management comments on the Special Study: Review of Strategy Implementation Plans 2016-2021*, EBRD, London www.ebrd.com/what-we-do/evaluation-latest-reports.html.
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- EBRD (2021), *The EBRD & Donors: Partnering to Deliver Impact – 2020 Highlights Report*, EBRD, London, www.ebrd.com/who-we-are/our-donors/donor-impact.html.
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  IEvD (2024), *Annual Evaluation Review 2023*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.

MI 7.5 Analysis

Element 7.5.1

Planning documents are clearly based on performance data.

Core planning documents – the SCF and the SIP – take into account implementation data and results to inform their development.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

The SCF takes stock of implementation data and results of the previous periods to inform new priorities or adjust existing ones. It also incorporates findings from evaluations to inform priority setting.

Similarly, the SIP takes into account historical data to develop its business plan, budget and corporate scorecard. The latter is created from operational data as well from the Composite Assessment of Transition Qualities indicators.

It is evident that cross-cutting strategies incorporate lessons the implementation of the previous strategies. The latest SPGE 2021-2025, EOS 2021-2025, and the GET 2.1 approach both consider lessons from the implementation of earlier iterations of the strategy. Likewise, there is evidence that sectoral strategies inform new iterations of strategies from lessons learned from the previous strategy. The Energy, Financial, Agribusiness, Property & Tourism, and the Transport Sector Strategies all outline lessons from the implementation of the previous strategy to inform the new strategy.

Country strategy include a section on the lessons learned from the implementation of the previous strategy. However, an EvD Special Study: EBRD Country Strategies (2019) found that discussion of lessons does not occur at the level of priorities/ objectives, rather the discussion of lessons is therefore at a relatively general level, without specifying how they are expected to affect the implementation of the strategy in the individual priority areas.

Element 7.5.2

Proposed adjustments to investments and other operations are clearly informed by performance data.

EBRD has systems in place to identify deviations in performance. The Country Strategy Delivery Review provides an opportunity at the country level to assess the performance of the portfolio and determine the best way forward. A new self-evaluation system, which has been piloted in 2023 and is now being implemented, is intended to allow for the use of lessons and performance to guide adjustments over the life of a project.

This element is rated as **satisfactory** on the basis that EBRD's practices are evolving in line with good practices across MDBs.

Country Strategy Delivery Review incorporate a review of portfolio metrics, including the distribution of projects that are on track, historically off track, or recently off track in meeting their transition objectives. Analysis then informs the operational way forward for the country portfolio in terms of strategic delivery in the upcoming year.

The articulation of the TOMS and TIMS process can identify performance deviations. However, a 2012 task force noted concerns about TIMs including but not limited concerns about the limited use of TIMS information for initiating corrective actions and for broader learning. [EvD, Special Review of EBRD Country Strategies] Operations manual does not indicate TIMS is used or consulted for initiating corrective actions outside an equity exit.

EBRD is undertaking a revamp of its self-evaluation system as part of a larger push towards enhancing the results architecture of the organisation. Under the new self-evaluation system, the Summary Project Assessments (SPAs) are intended to be IT-enabled final monitoring reports for a project that summarises financial and transition performance and lessons learned. It is intended that these will in turn be used to update the project summary document. They will build upon monitoring lessons captured regularly during the monitoring cycle based on solid data collection.

Specific attention is given to projects where risk of distress is identified. For example, risk management will put projects in risk of default on a watchlist. For investments that demonstrate poor performance in terms of repayment, the projects will be moved up the watchlist and transferred to corporate recovery. See 5.4.3 for more details on process and categories within watchlist.

Element 7.5.3

At corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate.

Corporate results information is reviewed regularly to assess performance and to identify performance targets as well as lessons learned.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs.

This is achieved through a set of reporting processes. The Bank has "an annual assessment of the performance of the Bank against the Corporate Scorecard (the ultimate summation of the SIP objectives)". [EvD Review of Strategy Implementation Plans (2016-2021) – Management Comments] In addition to sectoral and thematic reports, EBRD also produces regular and standard reports (Quarterly Performance Review, Annual Report on Transition Performance, Financial Statements and monthly operational updates) that provide information about progress against the SIP objectives. These reports are accompanied by discussions either at the Board Committee meetings and/or full Board meetings. However, it is unclear how the information from all these different sources is synthesised and used in strategic planning.

A portal – the Business Performance Navigator –provides a one stop shop to look at performance data as well as factsheets where one can look at data by country/region or by sector.

Element 7.5.4

Performance data support dialogue in partnerships at global, regional and country levels.

At the corporate level, performance data are regularly used to identify policy commitments with donors. The SCF 2021-25 uses a data-driven approach to guide the engagement with donors.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with good practices across MDBs. There remain opportunities to further strengthen EBRD's approach to measuring the results of its policy dialogue.

In 2015, the EBRD made a commitment to adopt a results-based approach to grant use and foster donor visibility. Subsequently, for the period 2021-25, the Bank developed a monitoring framework for its activities with donors that are informed by the SCF priorities. These activities constitute progress towards challenges previously identified, such as transparency around the use of donor fees and that "donor-funded resource prioritisation was not spelt out". [EvD Review of Strategy Implementation Plans (2016-2021)] However, there is scope to enhance the detail of this reporting to provide more robust data around how donor-funded activities, including TC and policy dialogue support pipeline development, realisation of non-financial additionality and contribution to delivery of Country Strategy objectives.

Guidance on country strategies identify them as a data-enhanced document focused on transition objectives and results. A sample of country strategies confirm that data on results of the previous strategy is presented. These country strategies are in turn discussed with country partners, including governments, private sector representatives, CSOs, and other IFIs. Country Strategy Delivery Reviews take account of performance with regard to the delivery of strategic objectives within the country and informs the direction of policy engagement with country officials.

EBRD Country Results Snapshots showcase the Bank's cumulative achievements in the context of a country-specific challenges, typically over the period of a Country Strategy. Snapshots provide a credible narrative supported by data and evidence about the Bank's impact, while highlighting partnerships and links to the Sustainable Development Goals. Interviews indicated that these snapshots are a key communication tool with external audiences and are important external visibility tools. Interviews were mixed in terms of the usefulness of the snapshots in dialogue with stakeholder; some indicated that they are impactful in talking with stakeholders, while others indicated that in their current form, they are not useful for the work in countries. The latter further indicated that a document outlining ongoing efforts and projects mid-implementation would be more useful for discussions with external stakeholders.

KPI 8: Evidence-based planning and programming applied

Table 112. KPI 8 ratings

KPI / MI	Rating	Score
KPI 8	Satisfactory	**2.87**
MI 8.1	Satisfactory	3.00
MI 8.2	Satisfactory	3.00
MI 8.3	Satisfactory	3.00
MI 8.4	Satisfactory	2.60
MI 8.5	Satisfactory	3.00
MI 8.6	Satisfactory	2.75
MI 8.7	Satisfactory	2.75

MI 8.1: A corporate independent evaluation function exists.

- Element 8.1.1: The evaluation function is independent from other management functions (operational and financial independence).
- Element 8.1.2: The head of evaluation reports directly to the governing body of the organisation (structural independence).
- Element 8.1.3: The evaluation office has full discretion in deciding the evaluation programme.
- Element 8.1.4: The central evaluation programme is fully funded by core funds.
- Element 8.1.5: Evaluations are submitted directly for consideration at the appropriate level of decision-making for the subject of evaluation.
- Element 8.1.6: Evaluators are able to conduct their work during the evaluation without undue interference by those involved in implementing the unit of analysis being evaluated (behavioural independence).

Table 113. KPI 8 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 8.1	Satisfactory	**3.00**	Medium
Element 8.1.1	Satisfactory	**3**	High
Element 8.1.2	Satisfactory	**3**	Medium
Element 8.1.3	Satisfactory	**3**	Medium
Element 8.1.4	Satisfactory	**3**	Medium
Element 8.1.5	Satisfactory	**3**	Medium
Element 8.1.6	Satisfactory	**3**	Medium

MI 8.1 Evidence documents

- IEvD (2013), *Evaluation Policy*, EBRD, London.
- IEvD (2022), *EvD Work Programme and Budget 2023-2025*, EBRD, London, www.ebrd.com/evd-work-programme-2023-2025.pdf.
- IEvD (2023), *Evaluation Policy*, EBRD, London, www.ebrd.com/EBRD-evaluation-policy-EN.pdf.

- Kirk, C (2019), *Independent external evaluation of EBRD's evaluation system*, EBRD, London, www.ebrd.com/what-we-do/evaluation-full-report.pdf.

MI 8.1 Analysis

Element 8.1.1

The evaluation function is independent from other management functions (operational and financial independence).

EBRD's Evaluation Policy establishes the operational and financial independence of IEvD.

This element is rated as **satisfactory** given that IEVD's independence from management is enshrined through an operational policy, similar to independent evaluation functions in other MDBs. This rating carries high confidence given the presence of an external review attesting to IEVD's operational and financial independence.

EBRD's first evaluation policy, setting out its operating policies with respect to evaluation, was approved by the Board of Directors in 1992. Over the course of the assessment period, EBRD's evaluation system and practices have been set out in two policies: An evaluation policy approved in 2013 and an updated policy approved in 2023. The Evaluation Policy governs EBRD's evaluation system, with independent evaluation led by IEvD (formerly EvD) and self-evaluation led by management. A central aspect of the evaluation policy is to enshrine the independence of IEvD from the rest of EBRD's Management Structure.

Overall, the Kirk Report found that the 2013 evaluation policy was largely fit for purpose, aligned to the ECG Good Practice Standards and appropriate to establish the independence of former-EvD. The policy was found to: (i) clearly define former-EvD's role; (ii) set out the reporting line to the Board of Directors independent of management; (iii) establish former-EvD's responsibility for managing financial and staff resources; and (iv) ensure that former EvD is able to access the information it may require. A key recommendation of the report was for former EVD to update its evaluation policy and identify medium-term strategic plan. Both of which are now completed and submitted to the Board for approval in 2024 and 2022, respectively.

The 2023 updated policy reaffirms the independence of IEvD, underscoring that IEvD operates under oversight of the Board of Directors. It sets the overall purpose of evaluation at the Bank to "support institutional accountability and promote institutional learning for enhanced impact," which are best achieved by "complementary and mutually reinforcing systems of independent evaluation and evaluation by Management." While the IEvD is independent, the policy sets expectations for cooperation and consultation with the Board and Management specifying their own roles and responsibilities consistent with good practice.

The Board of Directors, through the Audit and Risk Committee (ARC), establishes the Bank's evaluation policy and oversees its implementation. This includes, among other issues (discussed in the elements below): (i) monitoring and safeguarding the independence of IEvD; (ii) reviewing and approving the IEvD work programme and budget; and (iii) discussion of reports prepared by IEvD and gives direction on reports as deemed necessary.

Interviews with key stakeholders confirmed that the evaluation policy is implemented in a way that upholds IEvD's structural and financial independence.

Element 8.1.2

The head of evaluation reports directly to the governing body of the organisation (structural independence).

The Evaluation Policy establishes that the Chief Evaluator is responsible only to the Board of Directors and sets out key provisions around their appointment, accountability and remuneration.

This element is rated **satisfactory**, reflecting that EBRD's policies and practices supporting structural independence are aligned to good practices established across Multilateral Development Banks.

EBRD's independent evaluation function is implemented under the authority of the Chief Evaluator. The 2013 Evaluation Policy established that the Chief Evaluator "reports solely and directly to the Board [of Directors]" and is responsible for: (i) formulating and advising on evaluation policies and procedures; (ii) programming and monitoring delivery of independent evaluations; (iii) independent validation of self-evaluations prepared by management; and (iv) reporting annually to the Board of Directors on the performance of the evaluation systems and on evaluation results and findings. Under the 2013 Policy, the Board of Directors managed arrangements for the appointment and supervision of the Chief Evaluator, for a term of up to four years which may be renewed.

The 2019 Kirk report confirmed that the 2013 Evaluation Policy set out appropriate provisions regarding the independence of the Chief Evaluator from management and the role of the Board in their appointment and supervision. However, the report suggested that an updated policy should better specify the competencies expected of the Chief Evaluator and former-EVD staff. It further noted that some Board members had asked for clarification of policy provisions concerning the term to be served by the Chief Evaluator.

The 2023 Evaluation Policy affirms that the Chief Evaluator is "directly and only responsible to the Board of Directors as a whole", and is "administratively, a member of EBRD staff, but not part of Management."

The Chief Evaluator is noted as having final approval authority on independent evaluation products and is selected or removed in accordance with a procedure established by the Board of Directors. The Chief Evaluator is now appointed for a single term of six years which cannot be renewed.

The Chief Evaluator is selected via a Selection Committee comprising members of the Audit and Risk Committee and the Chair of the Board Steering Group. The Managing Director of Human Resources and Organisational Development attends as an observer. The Selection Committee then makes a recommendation to the President for the engagement of the Chief Evaluator from a shortlist of candidates.

Before the end of the selection process, a hearing is organised with interested Board Directors. The President then consults with the Board in an Executive session before submitting a formal recommendation to the Board for its approval. At the end of the appointed term, the former Chief Evaluator is ineligible to perform remunerated services for the EBRD unless otherwise decided by the Board of Directors. In implementing their responsibilities, the Chief Evaluator prepares IEvD's work programme and budget and is free to make appropriate recruitment decisions within the limits of this budget without the involvement of the Board or Management.

The Board of Directors has oversight of the work of the Chief Evaluator. The Audit and Risk Committee conducts an annual performance review, completed within the same timeframe as appraisals for staff. The Chief Evaluator is subject to the Bank's relevant human resources policies and may only be removed under circumstances applicable to other staff members, with any decision subject to recourse.

Element 8.1.3

The evaluation office has full discretion in deciding the evaluation programme.

IEvD prepares three-year rolling work programmes that set out proposed evaluation priorities, products and activities. These work programmes are consulted with Management and are submitted to the Board for approval and review.

This element is rated **satisfactory**, reflecting that IEvD has made progress in addressing the recommendations of the Kirk Report and bringing its processes for work programming and planning in line with established good practices of other MDBs.

The 2019 Kirk Report found that former EVD's work programmes address the requirements of the 2013 Evaluation Policy to "set out specific proposals for evaluation work in its regular programmes." At this time, the previous practice was to produce a three-year Work Programme and budget with annual updates. The Kirk Report recommended that the timeframe for this process be extended and complemented by a mechanism for longer-term strategic planning.

EBRD's 2023 Evaluation Policy affirms that the Chief Evaluator is responsible for preparing a multi-year work programme and budget, which is approved by the Board of Directors. IEvD now prepares three-year rolling work programmes. These set out specific evaluation priorities over the period and propose products and activities in detail for the following year, with the final two years remaining flexible.

Based on this programme, the Chief Evaluator prepares a budget presented separately from the rest of the Bank's budget which is approved by the Board of Directors. While developing the work programme and budget, IEvD works independently but in consultation with the rest of the organisation.

The 2023-25 IEvD Work Programme and Budget notes that IEvD benefited from feedback both from the Board of Directors and Management. It specifically states "In the selection of Work Programme topics, IEvD benefitted from a broad range of feedback and input from Directors. As the principal "client" for IEvD evaluations, the perspective of Board Directors is particularly valuable in maximising the usefulness and influence of IEvD evaluations. Feedback from Management was noted to also be extremely useful, providing information that helps refine the selection of topics and the timing of evaluation but also creating a sense of common objectives of enhanced accountability and learning in selected areas.

Element 8.1.4

The central evaluation programme is fully funded by core funds.

IEvD's budget is prepared separately from the rest of the bank. It is endorsed by the Audit & Risk Committee and approved by the Board of Directors. IEvD's budget is comparatively lower than central evaluation functions for comparator organisations.

This element is rated **satisfactory** on the basis that IEVD's budget is prepared in accordance with good practices established across Multilateral Development Banks. However, IEVD's relatively limited budget relative to EBRD's administrative expenditure is a potential risk.

Based on IEvD three-year rolling work programme, the Chief Evaluator prepares a budget that is presented separately from the rest of the Bank's budget and approved by the Board of Directors. This is carried out during the same meeting as the Board's decision on the general budget but through a separate vote on IEVD's work programme and budget. The 2023 Evaluation Policy notes that this budget must be sufficient to carry out the proposed Work Programme.

The 2019 Kirk Report noted that EBRD has the lowest budget for centralised evaluation as a proportion of administrative budget relative to other MDBs, including the African Development Bank, Asian Development Bank, Inter-American Development Bank and the World Bank. Although Work Programmes provide an indication of resource requirements to deliver various components, the report notes that "these various streams of work represent a heavy workload relative to the staffing and budget of the [former] EVD team."

A recent comparison presented by the International Monetary Fund's Independent Evaluation Office suggests that this situation has not changed significantly over the assessment period (Table 8.2). Whereas the Kirk Report noted a ratio of budget for centralised evaluation as a proportion of administrative budget of 0.84%, the IEO notes a ratio of 0.8 as of September 2022.

Table 114. IEvD Budget (£ million)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 (proposed)
Gross salary	1,378	1,422	1,505	1,557	1,612	1,763	1,906	1,906
Benefits	863	821	950	996	1,048	1,146	1,239	1,239
Other	2	2	2	2	2	2	2	2
Total Staff Costs	*2,243*	*2,245*	*2,457*	*2,555*	*2,661*	*2,910*	*3,146*	*3,146*
Consultancy	707	600	450	400	300	250	150	250
Travel	100	101	75	78	100	81	77	77
Other	60	63	66	55	51	51	51	51
Total Non-staff Costs	*867*	*764*	*591*	*533*	*451*	*382*	*278*	*378*
Total Direct Costs	**3,110**	**3,008**	**3,048**	**3,088**	**3,111**	**3,292**	**3,424**	**3,524**
Headcount	*18*	*18*	*19*	*19*	*20*	*21*	*23*	*24*

Source: IEvD Work Programme and Budget 2023-2025.

Table 115. Comparison of Independent Evaluation Budgets, 2022

	IEG (WB)	IED (AsDB)	OVE (IADB)	IDEV (AfDB)	IEvD (EBRD)	IEO (UNDP)	IEO (IMF)
Reports per year	473	89	18	11	8-10	19	2-3
Budget (USD m)	37.3	14.8	8.4	10.4	4.4	11.8	6.2
Budget ratio	1.4	1.9	1.4	1.8	0.8	0.2	0.5
Staff	109	60	25	40	18	32	15
Staff ratio	0.9	1.7	1.3	1.9	0.7	0.1	0.6
Date of establishment	1973	1978	1999	1990	1992	1967	2001

Source: IEvD Work Programme and Budget 2023-2025 (based on IMF IEO stocktaking). EvD staff as of September 2022.

Element 8.1.5

Evaluations are submitted directly for consideration at the appropriate level of decision-making for the subject of evaluation.

IEvD reports are submitted directly to the Board of Directors. However, IEvD engages with Management in technical meetings to ensure clarity of recommendations. Management then decides on their level of agreement with the recommendation. The Board through the Audit and Risk Committee endorses the outcome and may provide suggestions or express views.

This element is rated **satisfactory**, reflecting that IEvD's evaluations are submitted directly to the Board of Directors in line with established good practice across MDBs, while also engaging with management to promote understanding of findings and recommendations from evaluation reports as well as uptake.

Per the 2013 and 2023 Evaluation Policies, the Board reviews and approves IEvD's Work Programme, which is geared towards delivery and includes a breakdown of evaluations planned to be delivered within that year. IEvD's reports are submitted to the Board of Directors, which has the power to discuss them. This practice is consistent with established good practice.

Whereas IEvD's reports are not subject to management approval, IEvD engages Management on the design and content of evaluations. Both the 2013 and 2023 Evaluation Policies note that IEvD will work with the Management to ensure factual accuracy presented in the evaluation special studies, approach papers and other evaluation reports focused on the operational assessments of the Bank's activities. Management provides comments on draft reports to IEvD, with subsequent meetings to discuss findings and recommendations.

Findings and lessons are adjusted as needed based on factual comments provided by Management. Recommendations are discussed and revised as needed to ensure they flow from findings and take into account Management's perspective on priorities and constraints. At the end of the process, Management provides its response. Management is engaged around recommendations to ensure they are clear, understood, well-substantiated and actionable. Management does not influence the “spirit” of the recommendations.

Further, the updated 2023 Evaluation Policy states that Management will “ensure that relevant evaluation findings and lessons feed into an effective learning loop across EBRD and are adequately reflected in matters placed before the Board.” [Evaluation Policy 2023]

Element 8.1.6

Evaluators are able to conduct their work during the evaluation without undue interference by those involved in implementing the unit of analysis being evaluated (behavioural independence).

Although policies demand that IEvD is able to conduct its work without internal or external interference, stakeholders report that some challenges continue to arise.

This element is rated **satisfactory**, reflecting that, from a policy perspective. IEvD is able to implement its work with limited interference in line with established good practices across MDBs. There remain some ongoing challenges, however, around timely and complete access to data which may be a by-product of EBRD’s ongoing efforts to modernise its systems and processes and capture operational data in a usable format.

Both the 2013 and 2023 Evaluation Policies affirm that IEvD should have full and unfettered access to all internal information required to execute its Board-approved Work Programme, under the operating presumption that it maintains full respect for confidentiality.

With respect to behavioural independence, the 2019 Kirk Report stated that “EvD routinely issues ‘strong, high quality and uncompromising reports’ to the Board without management-imposed restrictions on their scope and comments”.

However, it also rated EBRD’s performance in protection from outside interference as “partially unsatisfactory.” Although former EvD was found to take decisions without inappropriate external influence, one case of notable management interference was identified, with the report stating that this was not part of a pattern. Instances were also raised of senior management interfering in former EvD staff recruitment and staff management issues, with the report advising that the Board should closely monitor such issues. IEVD affirms that no such interference has been encountered in the past three years.

In relation to validation of self-evaluations, the Kirk Report noted that “the heavy involvement of EvD in managing the self-evaluation system puts the independence of these validations into question”.

Since 2021, self-evaluation has been solely under Management’s responsibility, administered by the Banking Portfolio team. In this regard, the 2023 Evaluation Policy now notes IEvD’s role in ensuring the integrity of EBRD’s evaluation system by developing methods and processes for independent evaluation and validation of self-evaluation. As noted in KPI 7, the new Summary Project Assessments (SPAs) were piloted in 2023 and are currently being implemented in an interim format.

The 2023 Evaluation Policy notes that management is responsible for ensuring “easy and timely access for IEvD to all internal information required to execute its Board-approved work programme and facilitates access to all available external information held by non-Bank stakeholders required to execute its Board-approved work programme.” [2023 Evaluation Policy]

Furthermore, “IEvD has access to all internal information and available external information generated by third parties that is required to execute its Board-approved work programme, based on the discretion of the Chief Evaluator.”

Independence is part of IEvD's Strategic Priority to create an enabling environment for evaluation under its 2021-25 Strategic Plan. The perception of IEvD's independence among Board Directors and staff are among the performance indicators in IEvD's results framework.

As of 2022, IEvD conducts annual perception surveys to examine EBRD staff perceptions of IEvD independence. In 2022, the survey asked about respondents' perceptions of changes in IEvD's independence over the previous 2 years. Overall, 92.3% of Board Directors and Advisors and 60% of senior managers responded that IEvD's independence had improved. The most recent perception survey completed in early 2024 asked about the perception of independence for IEvD reports produced in 2023. Of 282 respondents, 77.3% reported that IEvD reports produced in 2023 were independent to a large or to some extent, including 85% of Board members.

However, key stakeholders noted that there have been some persisting issues in accessing basic information required to implement their work due to issues around data quality and access, access to external interviewees, timeliness of information sharing and the need to go through management to gain access to required information. These challenges reflect the importance of continuing efforts to enhance the maturity and modernisation of EBRD's systems and processes to strengthen the audit trail and enable IEvD to implement robust scrutiny of operations in line with its mandate.

MI 8.2: Consistent, independent evaluation of results (coverage)

- Element 8.2.1: An evaluation policy describes the principles to ensure the coverage, quality and use of findings, including in decentralised evaluations.
- Element 8.2.2: The policy/an evaluation manual guides the implementation of the different categories of evaluations, such as strategic, thematic, corporate level evaluations, as well as decentralised evaluations.
- Element 8.2.3: A prioritised and funded evaluation plan covering the organisation's planning and budgeting cycle is available.
- Element 8.2.4: The annual evaluation plan presents a systematic and periodic coverage of the MO's interventions, reflecting key priorities.
- Element 8.2.5: Evidence demonstrates that the evaluation policy is being implemented as required across operations.

Table 116. KPI 8 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 8.2	Satisfactory	3.00	Medium
MI 8.2.1	Highly Satisfactory	4	Medium
MI 8.2.2	Satisfactory	3	Medium
MI 8.2.3	Satisfactory	3	Medium
MI 8.2.4	Satisfactory	3	Medium
MI 8.2.5	Unsatisfactory	2	Medium

MI 8.2 Evidence documents

- EBRD (2023), *Update on Evaluation by Management: Project Self-Evaluation and Thematic Assessments*, EBRD, London.
- IEvD (2013), *Evaluation Policy*, EBRD, London.
- IEvD (2018), EvD *Work Programme 2019 to 2020 and Budget 2019*, EBRD, London, www.ebrd.com/documents/evaluation/evd-work-programme-201920-and-budget-2019.pdf.
- IEvD (2019) *EvD Work Programme & Budget 2020*, www.ebrd.com/documents/evaluation/evaluation-work-programme-and-budget-2020.pdf.

- IEvD (2020), *EvD Work Programme & Budget 2021*, EBRD, London.
- IEvD (2021), *EvD Work Programme & Budget 2022*, EBRD, London.
- IEvD (2021), *Self-evaluation system going forward - EvD comment on Management proposals July 2021*, EBRD, London.
- IEvD (2022), *Evaluation Work Programme and Budget 2023-2025,* EBRD London, www.ebrd.com/evd-work-programme-2023-2025.pdf.
- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.
- IEvD (2023), *Evaluation Policy*, EBRD, London, www.ebrd.com/EBRD-evaluation-policy-EN.pdf.
- EBRD (2023), *Joint Action Plan for the Implementation of Kirk Report Recommendations – Progress Report, Q4 2021 – Q4 2022*, EBRD, London.
- Kirk, C (2019), *Independent external evaluation of EBRD's evaluation system*, EBRD, London, https://www.ebrd.com/what-we-do/evaluation-full-report.pdf.

MI 8.2 Analysis

Element 8.2.1

An evaluation policy describes the principles to ensure the coverage, quality and use of findings, including in decentralised evaluations.

The EBRD Evaluation Policy incorporates in its articles seven principles of impartiality, independence, partnerships, evaluability, credibility, transparency, and usefulness. An evaluation results framework was developed and presented to the Board in 2023 to assess implementation in line with these principles.

This element is rated as **highly satisfactory**, reflecting not only the update of the Evaluation Policy in line with the recommendations of the Kirk Report, but also IEvD's management of the evaluation function through a Strategic Plan aligned to overall institutional objectives. This strategic plan is considered by MOPAN to be best practice across MDBs.

The 2013 Evaluation Policy articulated utility, credibility, and independence as key principles underlying the evaluation function. The Policy does not identify a specific coverage requirement aside from project self-evaluation, stipulating that all operations are self-evaluated when deemed ready by IEvD and Management, and a sample of these is subject to independent evaluation or validation by IEvD. IEvD further articulates specific proposals for evaluation work, discussed with Management and approved by the Board. [EBRD Evaluation Policy (2013)]

With respect to use, the 2013 Evaluation Policy stipulated that lessons and findings from evaluation will be taken into account by Management in the design and approval process for new operations, programmes, policies, strategies and processes. Management was to develop and refine processes and instruments to take account of lessons, in consultation with IEvD, and reflect these in the Operations Manual, other guidance documents and Learning and Development courses. IEvD was to facilitate the use of findings through internal dissemination of evaluation findings and the maintenance of a lessons database.

In 2019, the Kirk Report found that the evaluation policy had not addressed some specific issues, notably "clauses concerning evaluation competencies and capacity development; ethics and conflicts of interest; the relationship between monitoring and evaluation; metrics to assess the realisation of evaluation policy requirements; and arrangements for periodic review of the policy". It recommended update the policy to address the omissions described above as well as to include references to the concept of Transition Impact and Transition Qualities.

These issues were addressed in the 2023 revision of the Evaluation Policy. The 2023 Evaluation Policy reflects seven principles across three areas: (i) enabling environment, encompassing impartiality, independence, and partnerships; (ii) expertise and methodology, encompassing evaluability, credibility, and transparency; and (iii) utilisation, encompassing usefulness. These principles are in line with prevailing good practice.

The 2023 Evaluation policy is part of a broader strategic shift in EBRD's evaluation system, including development of a 2021-25 Strategic Plan. This Strategic Plan includes an overall objective of strengthening the evaluative culture and learning underpinned by a theory of change. It aligns to the 2021-25 SCF objective of strengthening knowledge management and use of evaluation findings to improve the design and impact of EBRD's operations. To ensure continued relevance and alignment with international good practice, the Evaluation System is to be reviewed at least once during the term of the Chief Evaluator, conducted by an external entity selected by the Board.

The 2023 Evaluation policy further articulates how IEvD will ensure integrity of the system, now incorporating: "acting as guardian of the terminology and standards in the EBRD, developing method(s) and processes for independent evaluation and validation of self-evaluation…, overseeing the application of evaluation standards by Management…, validating self-evaluations led by Management and assessing the adequacy of the process les by Management, coordinating with Management on the programme of thematic assessments by management to ensure complementarity…, providing the Board with as regular reporting as it requires on the overall evaluation system…, [and] reporting annually to the Board on the performance of independent evaluation." [EBRD Evaluation Policy 2023]

The new policy continues to stress the importance of use and identifying lessons, articulating that Management is responsible for ensuring relevant findings and lessons feed into an effective learning loop across EBRD. Furthermore, it includes a clause underscoring IEvD's role in collaborating with Management to provide training and capacity building services on evaluation to strengthen the evaluation culture.

In 2023, an Evaluation Result Framework was developed and presented to the Board that will allow for the assessment of realisation of the Evaluation Policy and Strategic Plan. The results framework links IEvD's activities, products and engagement to outcomes for EBRD and its clients and overall SCF priorities. Perception surveys are used to monitor progress against three IEvD strategic priorities: (i) quality findings; (ii) effective learning loop; and (iii) strengthened enabling environment for evaluation.

Element 8.2.2

The policy/an evaluation manual guides the implementation of the different categories of evaluations, such as strategic, thematic, corporate level evaluations, as well as decentralised evaluations.

The Evaluation Policy does not define a specific product mix to be delivered. Product mix and considerations for coverage are defined in IEvD's work programmes. Overall, there has been a trend toward higher-level strategic evaluations. There are a limited number of operations evaluations and validations, however, which provide information that underpins higher-level evaluations.

This element is rated as **satisfactory**, reflecting the broad range of products that IEvD produces and evaluation planning based on coverage considerations and strategic priorities, reflecting established good practices across MDBs. The re-introduction and piloting of country evaluations is an important development that will contribute to reinforcing EBRD's ability to demonstrate and scrutinise its contribution to transition impacts in its COOs – provided appropriate operational data are available.

Neither EBRD's 2013 or 2023 Evaluation Policy define the type of evaluations that should be undertaken nor a desired product mix, though this is a deliberate choice based on a principle-based evaluation policy approach. IEvD's products and coverage considerations are instead laid out in its three-year rolling work programmes. In the earlier years of the assessment period, these consisted of a three-year plan and budget followed by annual updates.

The range of IEvD's products have remained relatively stable throughout the assessment period, including corporate evaluations, thematic evaluations, sector evaluations, project and cluster evaluations, validations of project self-evaluations and learning products (syntheses of evaluations conducted by IEvD and in collaboration with IFIs and partners). Corporate, thematic, sector and strategic evaluations have typically been framed as "special studies." Recently, however, EBRD has piloted country-level evaluations, a shift that has been appreciated by the Board. Additionally, IEvD has recently, in 2024, transitioned from using the terminology "special studies" to "evaluation reports".

There have been two major trends in the coverage of IEvD's evaluation products over the assessment period. In 2017, former EvD began to produce fewer project-specific evaluations to focus higher-level strategic and corporate evaluations. This shift was intended to ensure a more strategic and comprehensive view of institutional performance and underlying drivers.

Second, former EvD shifted away from implementing a representative sample of validations of Operations Performance Assessments (OPAs). Instead, a smaller purposive sample was identified based on a range of factors such as: (i) potential to inform a thematic or operational evaluation in the work programme; (ii) level of risk; (iii) linkage to strategic initiatives; (iv) cofinancing; and (v) linkages to Technical Cooperation. Other factors considered included level of Board interest, presence of significant policy dialogue, and thematic linkage to the SIP.

The 2019 Kirk Report emphasised that there is no single appropriate product mix for an evaluative function. The report reflects positively on the shift to more high-level, strategic special studies, underscoring the relevance of these to the Board of Directors. It also acknowledges that, with new investments approved each year growing steadily, the approach of ensuring a representative sample of validations was becoming increasingly infeasible. Guidance from the Kirk Report cautioned that the chosen reduced the volume and depth of operations evaluations needed to support accountability and learning and emphasised the need to increase the coverage of both self-evaluations and validations. Implementation of increased validations, however, is predicated on factors outside of IEvD's control, such as budget allocation and the number of self-evaluations produced. Following the Kirk report, as EBRD was revamping its self-evaluation system, the number of validations did decrease because there was a disruption in self-evaluations produced during this time. In response, the work programme was rebalanced, and country-level evaluations were introduced.

A new approach to Work Programme planning emerged in 2022 with the 2023-25 and 2024-26 Work Programmes. A principles-based approach is identified for selecting new evaluations and ensuring appropriate coverage. This includes: (i) consideration of global and regional trends; (ii) key trends within EBRD and alignment to SCF priorities; (iii) gap analysis for evaluation coverage; and (iv) IEvD priorities based on historical coverage. Proposals are then consulted with management and the Board of Directors to define the work programme. The 2023-25 Work Programme demonstrates forward-looking coverage of EBRD's strategic priorities. Efforts have been taken to widen the product mix, including the piloting of a new approach to Country evaluations, including recent completion of a country evaluation covering EBRD's portfolio in Uzbekistan.

In general, IEvD delivers around 1-2 corporate evaluations, 1-2 thematic evaluations, 1-2 sector evaluations, 1 country evaluation, 2-3 cluster evaluations, 3-4 project/operation evaluations and 15-25 validations per year.

The 2024-26 Work Programme notes that IEvD will continue to review its approach to validation, including independent validation to SPAs in line with changes in the Management's approach to self-evaluation. Arrangements for IEvD's future involvement in validating SPAs is still under discussion.

Element 8.2.3

A prioritised and funded evaluation plan covering the organisation's planning and budgeting cycle is available.

IEvD prepares a three-year rolling work programme of the priorities, activities, and budget for the period. This is approved by the Board of Directors and is available publicly.

This element is rated **satisfactory**, reflecting that IEvD's ongoing efforts to strengthen its work programme planning and budgeting process in line with established good practices across MDBs. Increasing emphasis placed on evaluation syntheses and products focusing on learning is in line with trends across MDBs to position independent evaluation functions to promote organisational learning and strengthen feedback loops.

Previously, former EVD produced three-year work programmes and budgets, supplemented by annual or multi-year updates. The 2019 Kirk report endorsed the findings of EVD's 2018 self-evaluation, recommending that former EVD develop a multi-year strategic plan to complement the Evaluation Policy, outlining medium-term directions, priorities, resources expectations and performance metrics. This recommendation has since been addressed through the introduction of a 2021-25 Evaluation Strategic Plan and results framework, including an updated results framework presented to the Board of Directors in 2023.

IEvD has transitioned to a three-year rolling work programme to improve Management and Board visibility over IEvD's strategic approach and pipeline of work. As noted above, this programme is comprised of corporate, thematic, sectoral, country, project cluster and project/operations. The list of evaluation topics scheduled for delivery in the first year of the plan has limited flexibility once presented to the Audit and Risk Committee, while topics proposed for delivery in the two subsequent years are more indicative and will be reviewed in future Work Programme discussions.

The Work Programme also includes initiatives undertaken by IEvD to enhance Evaluation Knowledge Management, including by implementing Evaluation Capacity Development for EBRD staff. These activities are intended to strengthen the Bank's evaluation culture by raising awareness of key principles stated in the revised Evaluation Policy, enhance familiarity with the purpose of evaluation and the key criteria, and enhance the effectiveness of the evaluation function. The work programme also includes a discussion of IEvD's budget associated with delivering the plan. This budget provides comparisons to previous years and projections, key budget assumptions such as staff and consultancy costs, budget scenarios and risks and comparisons to peer organisations. IEVD's overall budget is constrained, with risks noted for the delivery of some strategically important work such as dissemination, learning and evaluation capacity development.

The production of knowledge products has also been an important development that has been much appreciated by Management and Board members, as well as being recognized externally. IEvD has also engaged in real-time evaluations and rapid-assessments, synthesis, and lessons learned publications.

Element 8.2.4

The annual evaluation plan/work programme presents a systematic and periodic coverage of the MO's interventions through evaluation, reflecting a representative sample of investments and other operations ready for evaluation and takes into account key priorities of the organisation.

The Work Programme represents a mix of evaluation products including corporate, thematic, sectoral, country, project cluster and project/operation evaluations and aligns upcoming evaluations with institutional priorities.

This element is rated as **satisfactory**, reflecting that IEvD's work programming is largely in line with established good practices across MDBs. Coverage of self-evaluations and validations of available self-evaluations has been an area of concern for coverage. Ongoing work to refresh the self-evaluation system, including validations by IEvD are likely to address this issue.

Whereas coverage of strategic priorities is addressed, IEvD no longer validates a representative sample of project self- evaluations; however, this was initially due to concerns over feasibility and workload and as an attempt to enhance usefulness of validations for different stakeholders. In more recent years, this has been reflected ongoing changes being made to the self-evaluation function.

As noted above, in 2017, former EvD shifted away from operations-level evaluations to a focus on higher-level strategic and thematic evaluations of greater relevance and interest to the internal audiences for evaluation, and potentially of greater use and value. This decision was accompanied by a shift away from validations of a representative sample of Operations Performance Assessments (OPAs) to smaller, purposive sample.

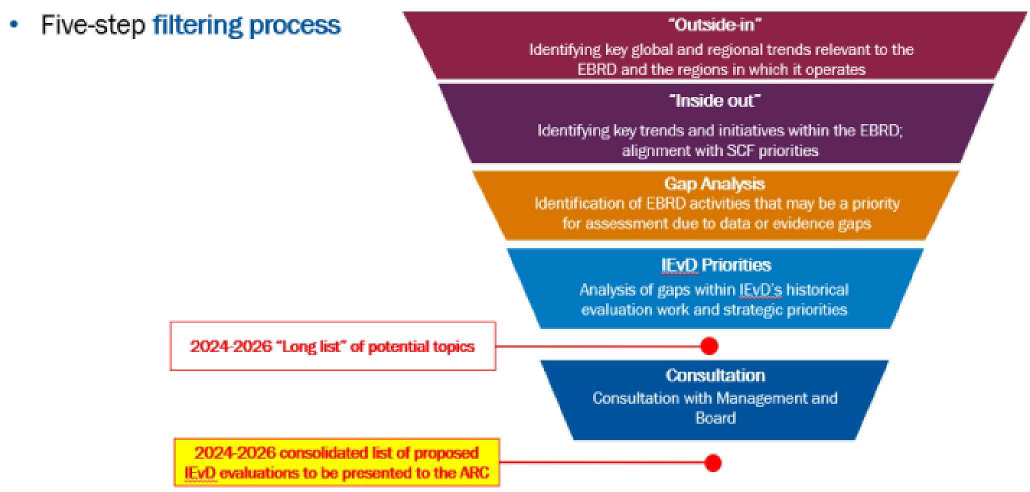
Whereas the 2019 Kirk Report considered that IEvD's portfolio was relevant to EBRD's needs, it noted the importance of operations-level evaluation and the need to increase validations of operations self-evaluation (OPA validations or OPAVs).

As noted above, IEvD delivers around 1-2 corporate evaluations, 1-2 thematic evaluations, 1-2 sector evaluations, 1 country evaluation, 2-3 cluster evaluations, 2-3 project/operation evaluations and 15-25 validations per year.

Since 2022, IEvD's Work Programmes have sought to provide greater insight into the selection of evaluations and coverage considerations. IEvD's Work Programmes illustrates a multi-layer work programme approach for selecting evaluations based on external and internal trends and priorities, identification of possible evidence gaps and analysis of historical evaluation work and strategic priorities (Figure 46).

This filtering process generated a long list of potential topics for consultation with management and the Board of Directors, culminating in a consolidated list of proposed IEvD evaluations to be presented to the ARC. Whereas the overall approach is presented in the Work Programme, the analysis undertaken at each stage of the filtering process is not presented publicly.

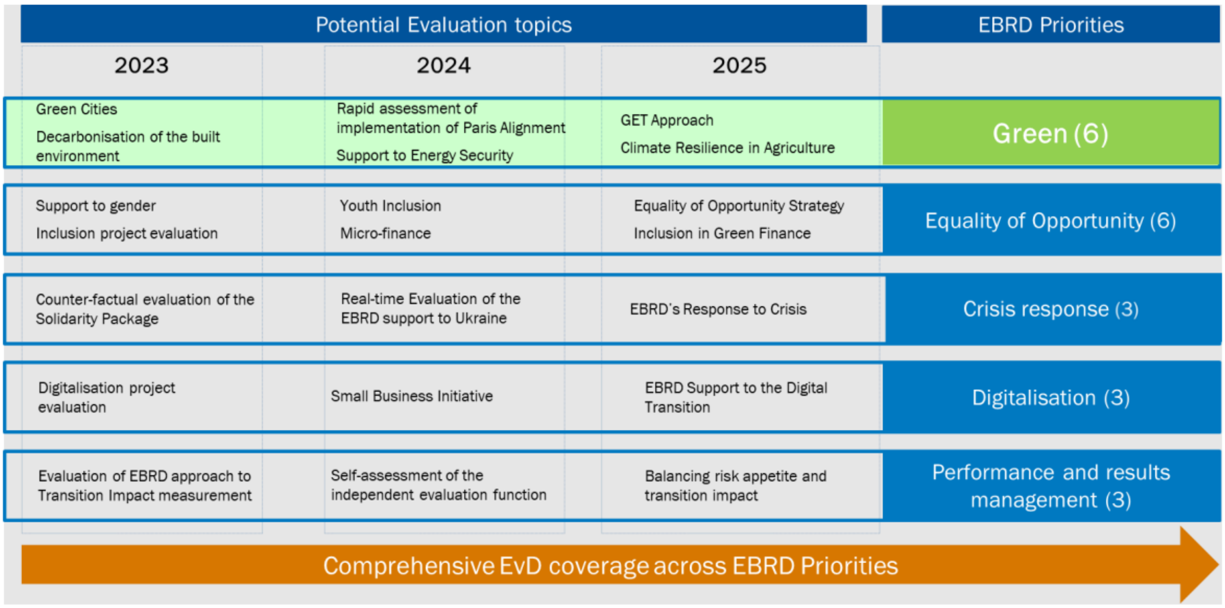
Figure 46. IEvD's Work Programme Approach



Source: IEvD Work Programme and Budget 2023-2025.

Starting with the 2023-25 Work Programme, IEvD presents how the three-year rolling Work Programme is aligned with the key strategic priorities, as identified in the SCF 2021-2025. The Work programme includes a discussion of how the proposed evaluations align with these wider institutional priorities. (Figure 47) “Green” and Equality of Opportunity have received particular emphasis.

Figure 47. Illustration of alignment of potential Work Programme topics with EBRD priorities from IEvD’s Work Programme 2023-2025



Source: IEvD Work Programme and Budget 2023-2025.

Element 8.2.5

Evidence demonstrates that the self-evaluation process is being implemented systematically at the level of investments and other operations.

EBRD’s approach to self-evaluation has changed over the assessment period and this evolution is ongoing. A new approach has now been developed and piloted. Overall self-evaluation and independent validation have not been implemented systematically over the assessment period. IEvD’s future approach in validating SPAs is still under discussion.

This element has been rated as **unsatisfactory** based on known challenges around the self-evaluation function, including those raised through external reviews. Although work is underway to enhance the self-evaluation function, self-evaluation has been inadequate to provide a robust and validated institutional picture of the performance of operations throughout the period. Efforts to overhaul the self-evaluation function are in early stages and the results of these changes are yet to be demonstrated.

Until 2016, all projects reaching operating maturity received a self-evaluation using a standard template for Operations Performance Assessments (OPAs). Operating maturity reflects investments for which project finance has been substantially completed, the project has generated at least 18 months of operating revenues for the company and EBRD has received at least one set of audited annual financial statements.

A representative sample of OPAs, selected randomly by former EvD, were subject to a rigorous quality review and independent validation involving a desk review and interviews as needed. Independent ratings were assigned to these validations and management was invited to comment, but no endorsement was requested or given. Ratings were provided following the three EBRD operating principles: additionality, sound banking (financial performance) and transition impact.

This approach provided the basis for IEvD's depiction of overall institutional performance at the outset of the assessment period. The sampling approach allowed for ratings to be presented at a 95% confidence level with sampling error not exceeding plus or minus 5 percentage points for key performance indicators.

These validations were complemented by a selection of operations outside this sample which were subject to a full, independent evaluation. Overall performance and performance of projects against each individual criteria were presented in terms of the proportion of projects approved rated as successful or better for a three-year rolling sample (additionality was rated as "fully or largely verified" and transition impact was rated as satisfactory or better).

Information was also presented on the ratings gap or "disconnect ratio" for OPA validations and operation evaluations relative to management ratings. This approach was in line with existing good practice for comparator institutions. More information on the performance of projects against these criteria is presented in KPI 9.

Starting in 2017, EBRD's approach to self-evaluation changed. The number of projects approved had been increasingly rapidly, meaning that the resources required to support the existing self-evaluation system were increasingly stretched for both management and former EvD. The OPA template was finetuned based on management feedback to reduce the burden of work on operations teams. This change coincided with other changes across the Bank, including a change in the transition concept and financial metrics, limiting former EvD's ability to continue reporting consistent year-over-year trends. The rating methodology also shifted to reflect the OECD-DAC criteria of relevance, effectiveness and efficiency. Between 2017 and 2020, OPAs reflected a smaller proportion of mature operations, partly due to operational constraints during the COVID-19 pandemic.

The 2017-19 former EvD work programme entailed an important shift in the composition of EvD's products and its overall approach to supporting the self-evaluation function. Alongside the shift to producing higher-level, strategic products, former EvD shifted from random selection of OPAs for validation to a purposive sample of 15-25 OPAs. In addition to addressing concerns over feasibility and workload, this change was meant to enhance the use and usefulness of OPA validations for different stakeholders. Validated ratings continued to reflect the disconnect with management ratings, but limited conclusions could be drawn based on an unrepresentative sample.

In 2019 the Kirk Report identified important challenges for the self-evaluation system at EBRD, stating that "the absence of an effective system of self-evaluation, supported by independent validation, puts the credibility of performance management and results reporting at EBRD into question and thereby exposes the organization to reputational and operational risks." [Kirk Report] Key findings of the report included:

- Self-evaluation is extensive and involves a significant amount of time from operational staff and senior management;
- Evidence of confusion between monitoring and evaluation and scepticism of the benefits of the self-evaluation process among some senior managers;
- Management does not own the self-evaluation system, despite is being outlined as a responsibility of Management in the Evaluation Policy, with IEvD effectively running the system;
- Previously the system was intended to provide comprehensive, independently validated reporting; however, due to changes in the results reporting system, it was no longer undertaken; and
- Changes in the result architecture require the self-evaluation system to reposition, reform, and improve.

The report recommended that former EvD and management identify key issues and developing practical options for a new self-evaluation system, including addressing rating methodologies, alignment with ECG standards, and assessment of contribution to Transition Impact. The report further suggested the development of a working group to this end.

In November 2019, the President, Board Directors, Senior Management and Chief Evaluator endorsed the key recommendations of the Kirk Report. Management, EVD and the Board committed to work together to: (i) strengthen results management and the role of evaluation in the Bank's results architecture (ii) achieve a genuine improvement of self-evaluation to increase its value for the organisation; (iii) embed the importance of self-evaluation, results management and continuous learning in the culture of the Bank; (iv) enhance knowledge management and learning; and (v) development an effective incentive structure to enhance the role of evaluation in the Bank.

In 2021, a Joint Action Plan was developed to facilitate the implementation of the Kirk Report recommendations through a participatory and phased approach. A Self-evaluation and Results Management Working Group (SERM-WG) and Knowledge Management and Learning Working Group (KM-WG) were established to implement these efforts according to a phased action plan.

Relevant activities of the SERM-WG included: (i) recruiting an external expert to advise on the design of a new self-evaluation system; (ii) ensuring EvD ongoing advice and engagement in self-evaluation re-design and roll-out; (iii) reviewing the Bank's existing self-evaluation system against the experience of other IFIs; and (iv) preparing a medium-term plan for strengthening the self-evaluation function, including a new tool, piloting and end-to-end systems roll-out.

A new system was proposed including a range of self-evaluation products, including standalone project self-evaluations, cluster of projects self-evaluation and impact self-evaluation. A dedicated unit with specialised expertise was identified to oversee implementation. This approach conceptualised a range of potential products, including:

- Summary Project Assessments (SPAs), which reflect automated monitoring reports for a projects summarising financial and transition performance and lessons learned.
- Standalone self-evaluations of a project (STEPs), which entail a demand-driven deep-dive exploration of a project.
- Cluster of Project Self-evaluation (COPEs), which will generate learning by comparing the performance of a cluster of related activities based on demand.
- Impact Self-evaluations (IEs) will provide a rigorous examination of transition impact and EBRD's contribution using rigorous impact methods.

In 2022, a new unit called Impact Assessment and Foresights (IAF) was established focused on coordinating, managing, advising on and originating ex-post, thematic impact assessments of both Donor- and non-Donor-funded EBRD programs and frameworks, including supporting and implementing STEPs, COPEs and IEs. Staff on this team are selected on the basis of enhanced expertise and skills in evaluation and impact assessment and are able to advise operations teams as required or lead more sophisticated assessments.

As of June 2023, substantial progress has been made in implementing the new approach, including necessary institutional restructuring and creation of the Impact Assessment and Foresights team. A template has been established for the new SPAs in coordination with IEvD and has been piloted. Work is ongoing to identify a sampling methodology of operations including operations under framework agreements. SPAs will be integrated into the Monarch workflow through an automated and streamlined format. The new SPAs were launched in February 2024 in an interim format with the first year providing additional feedback for the eventual implementation of an IT workflow.

IEvD will have full, unrestricted access to self-evaluation products including SPAs However, the scope of its involvement in independent validation of self-evaluations, a key element of good practice, remains to be seen. Management is currently defining the sample of operations to be subject to self-evaluation and

IEvD's sampling approach for validation will be determined on that basis. IEvD is currently providing "quality" validations on a small sample of SPAs to provide relevant feedback into the piloting process.

MI 8.3: Systems applied to ensure the quality of evaluations.

- Element 8.3.1: Evaluations are based on design, planning and implementation processes that are inherently quality-oriented.
- Element 8.3.2: Evaluations use appropriate methodologies for data collection, analysis and interpretation.
- Element 8.3.3: Evaluation reports present the evidence, findings, conclusions, and where relevant, recommendations in a complete and balanced way.
- Element 8.3.4: The methodology presented incudes the methodological limitations and concerns.
- Element 8.3.5: A process exists to ensure the quality of all evaluations, including decentralised evaluations.

Table 117. KPI 8 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 8.3	Satisfactory	3.00	Medium
MI 8.3.1	Satisfactory	3	Medium
MI 8.3.2	Satisfactory	3	Medium
MI 8.3.3	Satisfactory	3	Medium
MI 8.3.4	Satisfactory	3	Medium
MI 8.3.5	Satisfactory	3	Medium

MI 8.3 Evidence documents

- IEvD (2019), *Annual Evaluation Review 2019*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395292144732&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), Annual Evaluation Review 2020, www.ebrd.com/sites/Satellite?c=Content&cid=1395298964059&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), *EvD Note on Self and Independent Evaluation Articulation – Comments on Management Proposals*, EBRD, London.
- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.
- IEvD (2023), Methodology, www.ebrd.com/what-we-do/evaluation-methodology.html (accessed 20 December 2023).
- Kirk, C (2019), *Independent external evaluation of EBRD's evaluation system*, EBRD, London, www.ebrd.com/what-we-do/evaluation-full-report.pdf

MI 8.3 Analysis

Element 8.3.1

Evaluations are based on design, planning and implementation processes that are inherently quality-oriented.

Delivering high-quality, useful evaluations is a key aspect of IEvD's Strategic Plan. Quality is promoted through a range of internal processes, protocol, guidelines and consultations as well as staff capacity development. Perceived quality of evaluations is integrated into IEvD's Results Framework and is measured through stakeholder perception surveys.

This element is rated as **satisfactory** based on IEvD's efforts to integrate practices to promote and assess the quality of evaluations, including as part of its strategic plan and outreach to stakeholders. These efforts reflect established good practice across the independent evaluation functions of MDBs.

Promoting the quality of evaluation is a key principle underlying IEvD's governance and internal processes. Delivering high-quality, useful evaluation insights is one of the three strategic objectives defined in IEvD's 2021-25 Strategic Plan. IEvD is addressing this through a comprehensive approach that focuses on enhancing staff expertise (including through internal sharing of lessons); use of innovative approaches, methodologies and technologies; robust internal quality assurance processes; and constructive engagement with EBRD management and operations. Quality is integrated into IEvD's Results Framework, including perception surveys on the quality of products produced and tracking of references to IEvD products in Board documents (See 8.3.2 below).

IEvD promotes the quality of its evaluations through a comprehensive set of internal guidelines, workflows and protocol throughout the evaluation design and implementation as well as external consultations with management and other key stakeholders. IEvD's quality protocols, workflows and internal guidance are regularly updated and stakeholders note that they are currently being expanded and refined.

Internal guidance is available for defining and rating evaluation criteria, acknowledging the differences between investment projects and technical cooperation projects. Internal guidance notes and checklists at various stages of the evaluation process draw upon international best practice. Protocols that help promote quality are embedded into the evaluation process, including, inter alia, internal processes to ensure that at least two evaluators are assigned to each evaluation, a storyline meeting to ensure the coherence and flow of the report, internal and external peer review and quality assurance process, and a "One Stop" meeting to discuss the comments received on evaluation from the broader bank ecosystem and how to potentially reflect them.

In terms of peer review, there are multiple touchpoints both internally and externally – internally, there is a peer review at the approach paper stage, at the intermediary stage (storyline meeting), and at the final report stage (One Stop Meeting); there is also one external (to EBRD) peer-review.

Element 8.3.2

Evaluations use appropriate methodologies for data collection, analysis and interpretation.

Evaluation design is in line with international standards. Methodologies, and associated guidance, have been developed. While in 2019 the Kirk Report (2019) pointed out that there were concerns regarding the lack of use of multiple data sources, this has been addressed by ensuring multiple sources of data and information, use of new methods and systematic triangulation of information as per the new IEvD protocols and recent Approach Papers.

This element is rated as **satisfactory** based on IEvD's efforts to align evaluation methods to established good practices across MDBs, including feedback from stakeholders on the perceived quality of reports.

In 2019, the Kirk Report assessed former EvD's reports against the ECG Good Practice Standards pertaining to methods. The overall quality of design and methodology was found to be satisfactory. However, the report identified a few challenges, including: (i) constraints related to the evaluability of operations, including missing results frameworks and data; (ii) limited data available on "downstream" results and inadequate systems to track impacts; (iii) more limited use of data sources such as OPAs for special studies; and (iv) the need for increased engagement with external clients.

The updated 2023 Evaluation Policy affirms that IEvD "develops methods to be used for independent evaluation and validation of self-evaluation at EBRD on the basis of best professional judgment, appropriately drawing on established international standards and methods, and taking due account of any specific circumstances that may exist in the EBRD's context."

Identifying and applying robust methodological approaches and technologies has been incorporated into IEvD's medium-term Strategic Plan as part of its priority to deliver high-quality, useful evaluation insights. This is supported by monitoring of internal sharing of lessons and insights as well as staff professional development.

Evaluation questions for operation evaluations are designed around the OECD Development Assistance Committee (DAC) Criteria: relevance, coherence, effectiveness, efficiency, impact and sustainability. For special studies, evaluation questions may relate to fulfilment of objectives, sector or country strategies, additionality and transition impact. Every evaluation produced by IEvD looks to identify objectives and results at three levels: outputs, outcomes, and impacts. Overall performance is assesses based on the criteria of relevance, effectiveness, efficiency, and where relevant, coherence and sustainability.

Evaluation reports produced over the past 3-4 years rely on multiple sources of data, mixed-methods approaches, and counterfactual analysis to provide impact assessments in line with good practice. Increasing use has been made of evaluability assessments to ensure that future evaluations will be equipped with the appropriate tools and data to assess contribution to outcomes and impacts, helping to address some of the challenges raised in 2019 alongside initiatives by management to improve the measurement of results, discussed in KPI 7.

IEvD's processes and protocol help ensure that evaluation methodology is robust. Each IEvD evaluation commences with a conceptualisation meeting, often translated into a concept note that discusses the broad objective and scope of the evaluation. Subsequently, an Approach Paper is developed setting out purposes and methods. The Approach Paper is consulted with Management to promote transparency and ownership. At this stage, each evaluation also undergoes an internal peer review aimed at reviewing and strengthening the methodology and approach.

Since 2022, IEvD has implemented perception surveys of Board members, senior management and other staff on a range of issues, including the perceived quality of IEvD's reports (including the quality of the methodology and overall clarity). The 2022 survey, presented in the Annual Evaluation Review (AER), noted that 65.4% of Board members noted that the quality of IEvD's reports had improved over the past two years alongside 33.3% of Senior Management and 27.9% of other staff. For the latter two groups, however "don't know" was the most common response. The survey presented in the 2023 AER identifies that over 90% of Board members note the quality of IEvD reports to be "good" or better alongside 70% of Senior Management and 48.4% of other staff. For each group, fewer than 10% of respondents noted that the quality of IEvD reports was below average.

Element 8.3.3

Evaluation reports present the evidence, findings, conclusions, and where relevant, recommendations in a complete and balanced way.

Throughout the assessment period, IEvD's reports have been clearly structured, with logical connections between evaluation questions, evidence, findings and conclusions. Recommendations are limited in number, clear, realistic and actionable. The clarity and coherence of evaluation reports is ensured through IEvD's internal quality processes and engagement with management.

This element has been rated **satisfactory** on the basis that IEvD's reports reflect established good practices across MDBs, reinforced by renewed internal quality control processes.

The 2019 Kirk Report found that the presentation of findings, lessons and recommendations for former EvD reports was generally satisfactory, including reports that are clearly structured, findings and conclusions that follow logically from evaluation questions and evidence. Recommendations were limited in number, and generally realistic and actionable.

The report credits EvD's engagement of stakeholders throughout the process to promote greater uptake, ownership and use of evaluation evidence, insights and recommendations. This includes the establishment of Management Focal Points to help organise engagement, consultation on the selection of evaluation topics and approach papers, consultations throughout the process and formal review and feedback by external stakeholders. The report credits former EvD with reducing the number of recommendations for each report and ensuring these are clear and actionable, integrating these principles into its internal guidance notes.

Since this time, ensuring the logical coherence of evaluation reports and the quality of evaluation recommendations has remained an ongoing priority. For example, in 2021, former EvD and management agreed on an action plan to improve the quality of recommendations and strengthen the follow-up process for validating their implementation (See MI 8.6).

Three key elements of IEvD's overall internal control process continue to support the overall coherence and clarity of final evaluation reports. A storyline meeting (pre-draft final report stage) and one-stop meetings (before sharing final draft with Management) to ensure the quality of flow of the report an internal and external peer review of the draft final report, and meeting to discuss the comments received on the draft final report from the broader bank ecosystem and how to potentially reflect some of them. Furthermore, IEvD and Management have a technical meeting on recommendations to ensure that the draft recommendations are clear and uniformly interpreted by both sides, that there is a clear clink between findings and recommendations, and that the recommendations are actionable.

In 2023, IEvD subjected its recommendations from evaluation reports to external review. The outcome of this analysis revealed that recommendations were limited in number, pertinent to the evaluation's object and purpose, grounded in findings and evidence, were subjected to a peer review process as part of IEvD's standard processes and were well-reflected in each evaluations Executive Summary. Areas for improvement include the use of clearer, more plain language and better facilitating the assessment of progress.

Element 8.3.4

The methodology presented incudes the methodological limitations and concerns.

Although previously evaluation reports rarely included information on methods or limitations, recent reports have consistently provided a detailed assessment of risks and limitations.

This element has been rated **satisfactory** on the basis that IEvD's practices now align to established good practices across MDBs.

The 2019 Kirk Report reviewed a sample of former EvD evaluations, noting that despite generally satisfactory evaluation design and methodology, few of the evaluation reports reviewed for the study included information on methods or limitations. This information was found to be available in Approach papers as per internal guidance, but concern was raised that few readers of the final reports would access these.

Since 2021, evaluation reports now include a detailed assessment of methodological risks and potential limitations to identify implications for the quality of each report. Mitigation actions are proposed and identified as part of evaluation approach papers, which are available publicly. Scrutiny of methodological limitations and concerns is part of IEvD's internal quality assurance process. Stakeholders from management are also routinely engaged around evaluation methodology.

Element 8.3.5

A process exists to ensure the quality of all evaluations, including decentralised evaluations.

IEvD implements internal processes to ensure the quality of its evaluations. Until the redesign of EBRD's self-evaluation function, IEVD also validated a subset of self-evaluations.

This element has been rated as **satisfactory** on the basis that IEvD's internal processes now reflect established good practices across the MDBs.

The 2019 Kirk report presented analysis of a sample of former EvD reports, concluding that these were generally of good quality. Since that time, emphasis on quality has been renewed in both the 2023 Evaluation Policy as well as IEvD's medium-term strategic planning.

Delivering high quality independent evaluations is one of three priorities identified in IEvD's 2021-25 Strategic Plan. IEvD delivers this through: (i) a relevant work programme and products; (ii) robust quality protocols and practices; (iii) solid and innovative methodologies; and (iv) ongoing engagement with management and the Board.

IEvD implements a series of protocols and workflows to ensure the quality of its evaluations, supported by internal guidance which are currently being refined and expanded. These protocols include having at least 2 evaluators assigned to each evaluation, identifying internal and external peer reviewers to review interim and final products, involvement of external consultants, quality assurance of reports and consultations with broader Bank staff, including discussion on how to reflect the comments received in the final report.

The internal peer review process is implemented at several stages in the process, including a review of the approach paper, a story line meeting at the intermediary stage and a meeting to discuss the final report (One Stop Meeting). In addition, IEvD engages international experts to provide independent technical guidance and reviews to deliver its products with the best standards of quality. The Chief Evaluator is responsible for approving all evaluation reports.

IEvD engages EBRD management in the selection and design of evaluations, solicits management feedback on reports and engages them through a technical meeting on recommendations to ensure that they are clear, that there is a clear link to recommendations and that the recommendations are actionable.

As described in 8.2.5, above, validation of self-evaluations plays an important role in ensuring their quality. These reports provide an important data foundation for subsequent evaluations. A long-standing validation process has been implemented to check the quality and completeness and challenge the realism of self-evaluation ratings. However, implementation of this process as initially designed has been impeded over much of the evaluation period by a lack of sufficient resources to conduct such reviews for a representative sample of self-evaluations. The 2019 Kirk Report called for additional staff and resources to support self-evaluation quality assurance.

EBRD's self-evaluation function is in the process of being redesigned, including the piloting of SPAs. IEvD's approach to validation of SPAs and other self-evaluation products is still being determined.

MI 8.4: Mandatory demonstration of the evidence base to design new interventions.

- Element 8.4.1: A formal requirement exists to demonstrate relevant knowledge and lessons from past operations are incorporated into the design of new investments and other operations.
- Element 8.4.2: Clear feedback loops exist to feed lessons into the design of new investments and other operations.
- Element 8.4.3: Lessons from past interventions inform new interventions and strategies, with incentives to promote uptake.
- Element 8.4.4: Incentives exist to apply lessons learned to new investments and other operations.
- Element 8.4.5: Processes exist to ensure uptake of lessons from past investments and other operations are incorporated into new strategies, with uptake being monitored by the MO.

Table 118. KPI 8 – MI 4 ratings

MI / Element	Rating	Score	Confidence Level
MI 8.4	Satisfactory	2.60	Medium
MI 8.4.1	Satisfactory	3	Medium
MI 8.4.2	Satisfactory	3	Low
MI 8.4.3	Satisfactory	3	Medium
MI 8.4.4	Unsatisfactory	2	Medium
MI 8.4.5	Unsatisfactory	2	Medium

MI 8.4 Evidence documents

- EBRD (2021), *Country Strategy Delivery Reviews 2021*, EBRD, London.
- EBRD (2021), *Information Session: EBRD Self-Evaluation Enhancement Project Phase 3 Report*, EBRD, London.
- EBRD (2022), *Approach to a Knowledge Management System: Management Action Plan to the IEvD Study on LKM*, EBRD London.
- ERBD (2023), *Joint Action Plan for the Implementation of Kirk Report Recommendations - Progress Report, Q4 2021 - Q4 2022*, EBRD, London.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- IEvD (2013), *Evaluation Policy*, EBRD, London.
- IEvD (2019), *Annual Evaluation Review 2019*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395292144732&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), Annual Evaluation Review 2020, www.ebrd.com/sites/Satellite?c=Content&cid=1395298964059&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.
- IEvD (2023), *Evaluation Policy*, EBRD, London, www.ebrd.com/EBRD-evaluation-policy-EN.pdf.
- Kirk, C (2019), *Independent external evaluation of EBRD's evaluation system*, EBRD, London, https://www.ebrd.com/what-we-do/evaluation-full-report.pdf

MI 8.4 Analysis

Element 8.4.1

A formal requirement exists to demonstrate relevant knowledge and lessons from past operations are incorporated into the design of new investments and other operations.

Since the 2019 Kirk Report, the Bank and IEvD have implemented a number of initiatives to strengthen the enabling environment for learning and knowledge management. However, formal requirements to ensure lessons are incorporated into the design of new operations remain limited.

This element is rated as **satisfactory** on the basis that EBRD has set out a clear institutional vision for learning and knowledge management and have implemented a number of new initiatives in line with a Joint Action Plan. However, there are opportunities to further reinforce accountabilities and incentives in this area and accelerate progress in implementing this institutional vision. These are institutional challenges that extend beyond IEvD.

In 2019, the Kirk Report found that EVD has implemented a number of actions to help promote uptake and support for institutional learning. These include: (i) engagement with stakeholders around the selection of evaluation topics, the design of evaluations and evaluation recommendations to promote uptake; (ii) establishment of management focal points to facilitate organisational engagement and channelling of lessons; and establishment of a Lessons Investigation Application database, a searchable catalogue of evaluation lessons.

However, the use of available platforms and uptake of lessons from evaluation to support new operations was found to be relatively limited. The report recommended that former EvD conduct a review of Learning and Knowledge Management (LKM) to examine the existing organisational culture and incentives.

Former EvD completed this work in 2020. Its report identifies important organisational challenges underpinning the LKM culture at EBRD, including:

- LKM is not embedded in the EBRD's core institutional processes and was largely seen as a peripheral activity;
- There are limited resources and no clear strategy to support LKM;
- LKM's objectives and value proposition are not clearly defined;
- Absence of needed top-level leadership;
- Opportunities to better embed learning into behavioural competencies and HR systems, including through staff mobility; and
- Absence of standardised processes and approaches.

Overall, the report recommends that management define a clear value proposition for LKM, prepare, approve and implement an enhanced approach, commit adequate human and financial resources to delivering it and establish a system comprising a TOC, case studies and performance metrics for delivering on LKM to feed into budgeting and the SIP process. Under each recommendation, the report identifies a series of short-term, medium-term and long-term for their implementation.

In 2021, as part of a Joint Action Plan to implement the recommendations of the Kirk Report, a KML Working Group was established to help ensure the evolution of the evaluation function to provide stronger support for learning. This includes supporting stronger dissemination of evaluation findings and lessons, strengthening feedback loops for operations, improving the usefulness and effectiveness of existing systems, continuing existing initiatives such as the Communities of Practice and the Policy Academy and collaborating with both IT and HR to strengthen systems. Among the key actions planned is the development of a Knowledge Management Action Plan.

The 2023 updated evaluation policy reflects this enhanced commitment to learning, with the overall purpose of evaluation at the Bank identified as "to support institutional accountability and promote institutional learning for enhanced impact." [Evaluation policy 2023] It is acknowledged that "evaluation plays a key role in generating evidence and learning about what is working well and what is not, as well as looking at the drivers of each. These learning loops help identify better ways of doing things, inform course correction, ensure that lessons are learned during the development process and that resources are allocated to where they are most effective. This also helps increase the ability to respond to change. Ultimately, all these factors help enhance a culture of evaluation in the EBRD." [Evaluation policy 2023]

Both management and independent evaluation play a role in ensuring that evaluation supports learning and uptake of lessons for new operations, noting that use of independent evaluation findings is a key means through which the Board exercises institutional oversight and accountability. IEvD is noted as being responsible for ensuring that relevant evaluation findings and lessons feed into an effective learning loop across EBRD and are adequately reflected in matters placed before the Board. To facilitate this, the updated Evaluation Policy (2023) states that "IEvD attends senior level management committees as an observer at the invitation of Management, which IEvD may request."

The SIP 2023-2025 confirms that EBRD is implementing a phased approach to Learning and Knowledge Management (LKM). This approach is being taken to improve KM practices within the Bank, achieved by laying the foundation for LKM through a data strategy, digital transformation agenda, further enhancing the knowledge management function, disseminating products to improve learning and developing external outreach on impact issues. Stakeholders noted that work is ongoing to development a management-led platform to support KLM.

One opportunity to ensure formal requirements and systematic processes are in place to ensure new operations consider and implement lessons from evaluation is to ensure that self-evaluation processes assess the uptake of lessons in reviewing the relevance of the investment design. OPAVs completed between 2016 and 2022 consistently identify relevant lessons for future operations. Furthermore, the uptake of lessons is one of the criteria considered in assessing the relevance of the investment design, but it not highly visible. This issue is further subsumed within overall ratings for relevance, making it challenging to present a picture of lessons uptake across the institution.

Beyond the self-evaluation system, the governance and accountability structure around LKM remains limited. There remains no institution-wide policy statement or targets around LKM, development of systems remains ongoing and it is unclear what progress has been made in integrating objectives for LKM into performance objectives of staff and senior management. Interviews with stakeholders point to a range of persistent challenges, including insufficient resources, senior management ownership.

Element 8.4.2

Clear feedback loops exist to feed lessons into the design of new investments and other operations.

Feedback loops exist to collect lessons to feed into new investments. However, the actual use of lessons to feed into new investments and other operations is not clear.

This element addresses the extent to which mechanisms for collected lessons are embedded into operations processes to feed into the design of new operations. This element is rated as **satisfactory** on the basis of multiple entry-points for learning and feedback loops across operations. Demonstrating actual uptake, however, remains challenging.

The Bank's Operations Manual identifies several touchpoints where staff are directed to identify potential lessons for future operations both in the context of operations and evaluation. These include:

- In the case of a partial cancellation of an operation, documentation is meant to include a "lessons learned" paragraph which identifies any implications of the cancellation on the structuring of other operations.
- The risk management team performs an independent review of the credit quality of Bank operations, including feedback to the Credit Transaction Analysis Unit on lessons learned from the portfolio experience;
- The Country Strategy Delivery Reviews identify an overview of lessons learned and outline ways forward in the subsequent year based on the challenges and enablers experienced.
- Under the previous self-evaluation regime, during the sign-off of OPAs, the Portfolio Team requests that the Sector / Origination Team responsible for designing the investment identifies relevant and applicable lessons, specifying the corresponding design stage of the project; and
- Respective Directors are responsible for further dissemination of applicable lessons from OPAs with their teams.

The Operations Manual guides staff to the Annual Evaluation Review and OPAVs as a source of lessons from specific operations evaluations and special study reports that have implications for wider operations. As noted above, a review of 53 OPAVs produced over the evaluation period demonstrates that lessons are identified for each operation and, furthermore, that investment design is scrutinised for the uptake of lessons from previous operations.

The Bank-wide Knowledge Management System will reinforce existing knowledge platforms within the Bank meant to encourage the transfer of knowledge and lessons among staff. These include Communities of Practice that provide horizontal and flexible networks for EBRD staff with expertise and experience in a subject of interest for the bank that facilitate a knowledge sharing culture. In addition, furthermore, the EBRD Policy Academy, which includes learning modules that expose Bank staff to relevant internal/external lessons from key investments and policy operations.

EBRD is in the process of strengthening platforms for aggregating lessons identified from operations. The Lessons Investigation Application (LIA) is EBRD's internal repository for lessons learned. It contains over 1,700 lessons (and growing) mostly at the project level, harvested mainly from self-evaluations. The platform is owned by management with support from IEvD. The majority of the content comes from project self-evaluation. The lessons are tagged with project data allowing for search capabilities by country, region, sector and product type. This is then available to operational staff to inform future projects in the same sector or country. However, the 2019 Kirk Report indicated that this platform is seldom used by staff.

In implementing recommendations from the Kirk Report, the Bank plans to develop a centralised Knowledge and Lessons Database, including enhancing searchability and improving LIA's architecture with new IT tools. New functionality would include matching lessons with target audiences, autosuggestion of lessons and reports, and a fully-fledged knowledge management system. This will be complemented by e-learning, new self-evaluation reports, Impact Paper Series and case studies.

Stakeholders report that this initiative is ongoing and sometimes competes for attention with other ongoing processes to strengthen IT platforms.

Element 8.4.3

Mechanisms exist to regularly collect lessons from past investments and other operations systematically to inform new investments and other operations and communicate them to staff.

Work is currently under way to scale up platforms and tools to support more systematic dissemination of lessons to teams and promote uptake.

This element is rated **satisfactory** in recognition of the different initiatives underway and IEvD's work in establishing Evaluation Knowledge Management and Evaluation Capacity Development functions. Some of these activities remain in the early stages of implementation.

The elements above identify some of the key mechanisms in place for collecting lessons from operations in a systematic way and communicate these to staff. These include:

- Identification of lessons from past investments through OPAs and OPAVs;
- Assessment of the uptake of lessons from past assessments with respect to the relevance of investment design;
- The Lessons Investigation Application (LIA); and
- The EBRD Policy Academy and Communities of Practice.

In response to the 2019 Kirk Report, follow-up work conducted by former EVD in 2020 and 2021 identified some important challenges that weakened the LKM culture at EBRD and called for better integrating an LKM perspective into EBRD's processes, identifying a clear strategy and resources to support LKM, strengthening top level leadership, embedding LKM into behavioural competencies and performance objectives and identifying a more consistent organisation-wide approach.

Implementation of a subsequent 2021 Joint Action Plan through the KML Working Group is ongoing, which planned initiatives including strengthening existing initiatives such as the Communities of Practice and Policy Academy and collaborating with IT and HR to strengthen systems as part of a broader Knowledge Management Action Plan. This has been complemented by the creation of the Impact and Partnership teams to strengthen the identification and dissemination of lessons from operations. Development of a IT platform to better support the dissemination of lessons is still in the early stages of implementation five years after the Kirk Report.

The 2023 Update to EBRD's Evaluation Policy, reinforces IEvD's mandate to support KML across the organisation. This is reinforced by IEVD's 2021-25 Strategic Plan, which commits to enhancing outreach to disseminate lessons and insights across the Bank through new products, approaches and workstreams.

A new Evaluation knowledge Management (EKM) unit has been created and the phase of outreach and dissemination has been included as part of the cycle for implementing evaluations. This team disseminates the results of the evaluations by producing reports that are clear and accessible and several knowledge products linked to them such as videos, blogs and articles. Examples include organize "EvalTalks" panel discussions and other events to ensure evaluations insights are disseminated. IEvD has also started developing new knowledge products such as the "Connecting the Dots" series, which provide high-level synthesis reports on issues of strategic relevance to the Bank and other stakeholders through a targeted and tailored approach. Evaluations now include a dissemination plan to help maximise opportunities to drive uptake and impact.

Evaluation Capacity Development (ECD) also plays an important role in IEvD's vision of enhancing the identification, communication and uptake of lessons from evaluation toward a stronger evaluative culture. This approach involves the provision of internal training and capacity development activities to complement the enhanced dissemination of evaluative knowledge. It is intended that these approaches will contribute to more effective means of sharing operational knowledge and lessons as well as greater demand and better use of evaluative knowledge – reinforcing feedback loops. An initial budget allocation has been identified in IEvD's 2024-26 Work Programme and Budget, with IEvD committing to take stock and identify avenues for expanding these activities to target external stakeholders.

IEvD has implemented a client survey since 2022 to better understand the perceptions of key user groups and opportunities to enhance awareness, usefulness and uptake of independent evaluation across the Bank. These surveys examine the extent to which the Board, Senior Management and other staff are familiar with IEvD, use IEvD products and perceive them to be independent, relevant, timely and of high quality. This is a useful initiative to support ongoing efforts to foster a stronger evaluation culture throughout the Bank. A drawback, however, is that changes in the methodology year over year make it difficult to establish any clear trends.

In general, the surveys highlight good progress achieved in strengthening engagement, dissemination and uptake across Senior Management and the Board. Additional work, however, will be needed to enhance awareness and use of evaluation across other staff as well as engagement with dissemination products.

Highlights across these two surveys include:

- Over 95% of Board Representatives and Senior Manager report that they are familiar with the independent evaluation function. 45% of staff respondents note they are not at all familiar with IEvD.
- 90% of Board Representatives, 50% of Senior managers and 43% of other staff report using an IEvD report in the past 12 months.
- More than 85% of Board members report that IEvD reports are relevant, of good quality and timely. However, lower values were reported for Senior Management (55-70%) and other staff (32-40.5%).
- Over 90% of Board Representatives and 60% of Senior Management reported that IEvD's engagement with them has improved over time.
- 84.6% of Board Representatives and 60% of Senior Management reported that IEvD's communication activities have improved over time versus 34% across all staff groups.

- Whereas many stakeholders express positive views about specific dissemination products (including videos, events and blogs), a significant proportion (between 24 and 32%) have no opinion.

Element 8.4.4

Incentives exist to apply lessons learned to new investments and other operations.

Through its Knowledge Management and Learning working Group, EBRD has identified initiatives to create stronger accountabilities and incentives for learning. However, few formal incentives exist to apply lessons learned to new investments and other operations.

This element is rated as **unsatisfactory** because, although progress has been achieved in promoting a more robust approach to learning and knowledge management aligned to the Joint Action Plan, these activities have primarily influenced the supply of lessons. There is additional scope to incentivise and create demand for learning by strengthening accountabilities through formal requirements, including performance management structures, in line with good practice. This is an institutional challenge beyond the remit of IEvD.

Incentives to apply lessons were considered in terms of processes or governance structures that reward staff for applying lessons to new operations or require them to do so through accountability structures. This is distinct from supply-driven factor such as platforms that contribute to the supply of knowledge and lessons.

The 2019 Kirk Report noted that organisational learning is constrained by the lack of institutional incentives, including an enabling environment for evaluation and strong, consistent signals from senior management on the importance of evaluation, learning and knowledge management. Furthermore, it was found that most staff do not view self-evaluation as a source of timely, credible and comprehensive information and engage these systems with a compliance mindset.

IEvD's Special Study on Learning and Knowledge Management at the EBRD, implemented as part of the 2021 Joint Action Plan to address the recommendations of the Kirk Report, identified some potential actions that could be taken in collaboration with Human Resources to establish stronger accountabilities for learning and knowledge management, including":

- Ensuring EBRD behaviour competencies that are essential for LKM are consistently transposed into business departmental objectives and individual performance objectives;
- Designing a set of incentives for staff to perform LKM tasks that are recognised on par with the main business tasks;
- Identifying an LKM leader at ExCom level who will consistently lobby for the function, its adequate resourcing and incentives;
- Making sure that staff skills audit include skills and qualifications relevant for LKM; identify LKM skill pools across the Bank; and
- Ensuring that job descriptions and postings refer to skills and qualifications relevant for LKM systematically.

It is not clear, however, what progress has been achieved in implementing these initiatives.

As noted in 8.4.1 and 8.4.2, above, several initiatives have been undertaken to support self-evaluation and promote the creation of feedback loops such that lessons can be harvested and taken up to inform new operations. IEvD's budget for 2024 includes a set amount to be used for evaluation capacity development to develop an online training for EBRD staff to strengthen the understanding of evaluation benefits and the evaluation and learning culture.

However, there remain few formal requirements in place to ensure that new policies, strategies and operations build upon lessons from previous operations. Uptake of lessons to inform the design of operations is one of multiple criteria considered in assessing the relevance of investment design. Although this is tracked, it is not highly visible, an institution-wide perspective is not available and it is not clear what efforts are taken to monitor this indicator or take action on poor performance.

Element 8.4.5

Processes exist to ensure uptake of lessons from past investments and other operations are incorporated into new strategies, with uptake being monitored by the MO.

Although included in the evaluation policy, there are no processes in place to monitor the incorporation of lessons into new strategies. However, the 2023 revision of the Evaluation Policy invokes stronger language on Management's role in ensuring lessons feed into an effective learning loop.

This element is rated **unsatisfactory** on the basis of little monitoring and evidence available to demonstrate the uptake of lessons into new operations, promoting accountability and incentives for learning. This is a common challenge across MDBs.

Under the 2013 Evaluation Policy, management is to apply lessons to new policies and strategies. There is clear evidence of the use of lessons to inform the development of new sector strategies (Energy, Financial, Agribusiness, Property & Tourism, and Transport) and thematic strategies (GET 2.1, SPGE 2021-2025, EOS 2021-2025). Country strategy documents include a section on the lessons learned from the implementation of the previous strategy.

However, an IEvD study on Learning and Knowledge Management found that discussion of lessons does not occur at the level of priorities/objectives. The discussion of lessons is therefore at a relatively general level, without specifying how they are expected to affect the implementation of the strategy in the individual priority areas.

As noted in the sections above, part of the response to the findings of the Kirk Report, EBRD is strengthening "the 'feedback loops' for [its] operations, including for individual transactions, frameworks, technical cooperation activities and policy engagements in order to systematically integrate the lessons from evaluations of existing operations into the design of new projects and policy engagements". [Joint Action Plan for the Implementation of Kirk Report Recommendations – Progress Report Q4 2021 – Q4 2022]

The revised Evaluation Policy (2023) more clearly articulates that "Management is responsible for ensuring that relevant evaluation findings and lessons feed into an effective learning loop across EBRD and are adequately reflected in matters placed before the Board". [Evaluation Policy 2023]

However, despite this progress achieved, stakeholders confirm there are no formal requirements to demonstrate uptake of lessons to inform new strategies nor formal mechanisms for assessing uptake.

MI 8.5: Poorly performing interventions proactively identified, tracked and addressed.

- Element 8.5.1: A system exists to identify poorly performing interventions.
- Element 8.5.2: Regular reporting tracks the status and evolution of poorly performing interventions.
- Element 8.5.3: A process for addressing poor performance exists, with evidence of its use.
- Element 8.5.4: The process clearly delineates the responsibility to take action.

Table 119. KPI 8 – MI 5 ratings

MI / Element	Rating	Score	Confidence Level
MI 8.5	Satisfactory	3.00	Medium
MI 8.5.1	Satisfactory	3	Medium
MI 8.5.2	Satisfactory	3	Medium
MI 8.5.3	Satisfactory	3	Medium
MI 8.5.4	Satisfactory	3	Medium

MI 8.5 Evidence documents

- EBRD (2018), *Transition Impact Methodology Update*, EBRD, London.
- EBRD (2019), *Environmental and Social Policy*, EBRD, London, www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html.
- EBRD (2022), *Operations Manual*, EBRD, London.
- EBRD (2023), *Financial Report 2022*, EBRD, London, www.ebrd.com/financial-report-2022.
- EBRD (2024), *Operations Manual,* EBRD, London.
- IEvD (2019), *Special Study: EBRD Country Strategies*, EBRD, London.
- IEvD (2020), *Evaluability assessment of EBRD's Transition Qualities*, EBRD, London, www.ebrd.com/documents/evaluation/2020-discussion-paper-evaluability-assessment-of-ebrds-transition-qualities.pdf.

MI 8.5 Analysis

Element 8.5.1

A system exists to identify poorly performing interventions.

Systems are in place to identify poorly performing projects (investments and TA), facilitated by monitoring, annual project reviews, corporate recovery and project self-evaluation (now called Summary Project Assessments).

This element is rated as **satisfactory** on the basis that EBRD's practices for identifying and addressing poorly performing projects is in line with established good practices across MDBs. There is scope, however, to make it more clear what action is taken to address projects at risk of not delivering on their transition objectives and impact.

This element considers monitoring of transition-related results performance as well as ongoing credit risk monitoring. Projects are monitored annually by credit risk officers and through the TIMS system until completion / repayment.

Operation Leaders are responsible for reviewing operations' progress against appraisal objectives and expectations. For non-sovereign operations, this monitoring tends to focus on financial success of the business venture, credit performance and inspection to protect against fraud. For sovereign operations, this process focuses on physical implementation, achievement of institutional development objectives and sector / policy transformation.

With respect to transition impact, Operation Leaders review the implementation status of both quantitative and qualitative TI indicators, taking into account data on the baseline, target and intermediate results. A PTI score is then calculated by former EPG. If a project is underperforming under its TI quality, it is flagged for remedial action. The articulation of the TOMS and TIMS process can identify performance deviations. However, some stakeholders expressed concerned around the limited use of TIMS information for initiating corrective actions and for broader learning.

Integrity and financial due diligence are undertaken during project preparation and thereafter monitored, assisted by project integrity experts in OCCO based on internal guidelines.

Risk management maintains and regularly updates a watch list of operations with above average risks or that are experience adverse trends. Investments are put on the watchlist if Risk Management determines that above-average risks or adverse tends may result in an operating becoming non-performing (Category 4 and 3). If an investment becomes non-performing, it is then upgraded to a Category 1 or 2 as determined by the Director, Corporate Recovery, in cooperation with Banking. Monitoring intensity is determined by the severity of the deterioration, with severity increasing from Category 4 to Category 1: Category 4 for projects that need quarterly reporting and Category 3 for those needing monthly reporting. Interviews indicated that Risk Management meets monthly to review all movements and payments for all NPL and Watchlist cases. This Problem Asset Review Forum is attended by the Banking Portfolio team and Risk Management. The minutes of these meetings are reviewed by the External Auditors.

EBRD monitors projects for environmental and social considerations through the life of a project, commensurate with the associated environmental and social risks of that project. This is done, in part, through the review of annual environmental and social reports on E&S performance, implementation of ESAP, and compliance with the environmental and social covenants. These reports come from the clients, though EBRD reserves the right to verify the monitoring information provided through site visits.

Element 8.5.2

Regular reporting tracks the status and evolution of poorly performing interventions.

Transition impact is monitored at the corporate level through QPRs. Portfolio level reporting indicates the breakdown of projects that are on track to meet their transition objectives. Non-performing loans and investments on the watchlist are subject to enhanced supervision.

This element is rated as **satisfactory** on the basis that EBRD's reporting practices are in line with established good practices across MDBs.

The Quarterly Performance Report (QPRs) indicates at the portfolio level the percentage of projects that are on track, partially on track, or not on track to achieve their transition impact. Likewise, the Country Strategy Delivery Reviews indicate performance towards transition impact objectives at a portfolio level for the country by communicating the number of projects that are on track to meet their transition impact.

Since 2018, the EBRD is developing an IT solution to track-and-trace actions that have been taken in order to set projects back on track to achieve their TI objectives.

Operations that are determined to have higher risk or deteriorating performance are flagged by the Risk Management Team and subject to enhanced monitoring. Monitoring intensity is determined by the severity of the deterioration, with severity increasing from Category 4 (projects needing quarterly reporting), Category 3 (projects needing monthly reporting), Category 2 (NPLs that remain under the responsibility of the OL), and Category 1 (NPLs where responsibility is transferred directly to the corporate recovery case handler). Interviews indicated that Risk Management meets monthly to review all movements and payments for all NPL and Watchlist cases.

Element 8.5.3

A process for addressing poor performance exists, with evidence of its use.

Processes are in place to address poor performance from the perspective of financial performance, transition impact and environmental and social performance.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs.

For poor performance on transition impact, a track-and-trace system, discussed in Element 8.5.2, is used. As noted above, the Corporate Recovery and Equity Special Assets team implement a process to protect the Bank's financial position for non-performing loans or potentially non-performing loans through restructuring or exit.

If a deal has been found to be non-performing within two years of signing, a report is compiled to identify causes and lessons learned to be applied to new operations. Monthly meetings are implemented to closely monitor all projects on the watchlist.

For Environmental and social performance, if a client fails to comply with the environmental and social commitments outlined in financing agreements, EBRD may agree on remedial actions to be taken. Failing to comply with these remedial measures may result in the Bank exercising such rights and/or remedies as set out in the financial agreements.

Element 8.5.4

The process clearly delineates the responsibility to take action.

Responsibility to take action is clear.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs.

The responsibility for action is defined through the escalation process for poor-performing operations. The process has three levels: i) Operation Leads will be alerted for under-performance at the project level; ii) Operation Leads Managers will be alerted when the Portfolio Transition Impact rating of a project underperforms; and iii) Economics, Policy and Governance department will be alerted at higher levels of underperformance. As a response to the escalation process, the Operation Lead will establish the problems and lay out the next steps to address them.

Similarly, for poor financial performance, there are clear responsibilities in place, including oversight by Corporate Recovery and the MD Risk Management for all watchlist operations and non-performing loans.

MI 8.6: Clear accountability system ensures responses and follow-up to and use of evaluation recommendations.

- Element 8.6.1: Evaluation reports include a management response (or has one attached or associated with it).
- Element 8.6.2: Management responses include an action plan and/ or agreement clearly stating responsibilities and accountabilities.
- Element 8.6.3: A timeline for implementation of key recommendations is proposed.
- Element 8.6.4: An annual report on the status of use and implementation of evaluation recommendations is made public.

Table 120. Ratings

MI / Element	Rating	Score	Confidence Level
MI 8.6	Satisfactory	2.75	Medium
MI 8.6.1	Satisfactory	3	Medium
MI 8.6.2	Satisfactory	3	Medium
MI 8.6.3	Satisfactory	3	Medium
MI 8.6.4	Unsatisfactory	2	Medium

MI 8.6 Evidence documents

- EBRD (2019), *Independent External Evaluation of EBRD's Evaluation System – Management Comments*, ERBD, London.
- IEvD (2013), *Evaluation Policy*, EBRD, London.
- IEvD (2021), *Annual Evaluation Review 2020*, www.ebrd.com/sites/Satellite?c=Content&cid=1395298964059&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2022), *Annual Evaluation Review 2021*, EBRD, London.
- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.
- IEvD (2023), *Evaluation Policy*, EBRD, London, www.ebrd.com/EBRD-evaluation-policy-EN.pdf.
- Kirk, C (2019), *Independent external evaluation of EBRD's evaluation system*, EBRD, London, www.ebrd.com/what-we-do/evaluation-full-report.pdf.

MI 8.6 Analysis

Element 8.6.1

Evaluation reports include a management response (or has one attached or associated with it).

Evaluation reports include management responses. Ongoing efforts have been made throughout the assessment period to enhance evaluation recommendations, management responses and follow-up.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs and substantial progress has been made jointly between IEvD and management in addressing previously identified issues.

Evaluation reports produced throughout the assessment period have included a management response. The 2013 Evaluation Policy notes that "Management will comment in writing on evaluations as a matter of general practice, indicating areas of agreement and disagreement, unresolved issues, prospective follow-up actions, and potential resource considerations." Furthermore, management is required to "regularly inform the Board of actions taken." This has taken the form of a progress report presented twice per year to the Audit and Risk Committee on management follow-ups in response to evaluation recommendations. After an evaluation is completed, Management provides a Management Response assessing its recommendations as fully agreed, partially agreed, or disagreed. This response is deliberated by EBRD's Audit and Risk Committee (ARC). Following the committee discussions, Management formulates a comprehensive Management Action Plan. IEvD provides feedback on this plan, which is reviewed by a Senior Management committee, and discussed with the ARC as needed. Once finalised, the MAP is recorded in the "One SumX" (OSX) tracking system. Implementation progress is tracked in OSX, with Management recording completed actions and IEvD evaluating implementation.

The revised 2023 Evaluation Policy has built on the existing practice, noting that management is responsible for "provid[ing] and present[ing] to the Board within the envisaged timeline, for all IEvD evaluation reports, a Management Response and a Management Action Plan (MAP) for the implementation of recommendations from independent evaluation that Management agreed or partially agreed upon."

Substantial efforts have been undertaken to improve the quality of recommendations, management responses and action plans and the follow-up process for management response over the assessment period in response to external reviews through joint actions by former EVD / IEvD and management.

The 2019 Kirk Report confirmed that all evaluations contain management responses and identified improvement in their quality over time but noted some important challenges. At times, management responses were framed in a way that the ultimate action to be taken was either uncertain or did not address the entire scope of the recommendation. The report notes that some stakeholders from management complained about the feasibility of certain recommendations or recommendations reflecting pre-conceived views. It was recommended that a follow-up audit be conducted of implementation of MAPs and follow-up on former EvD's recommendations.

A 2021 internal audit of follow-up on former EvD evaluation recommendations noted additional challenges related to: (i) ensuring full completion of template fields in MAPs; (ii) enhancing the clarity around partially agreed recommendations; (iii) enhancing the clarity of management responses and ensuring they address the entire scope of recommendations; and (iv) resolving disagreements between management and former EvD through a clear process. This audit generated a joint action plan agreed between Management and former EvD.

Since that time, several actions have been taken. IEvD as issued stronger guidance and protocol supporting the development of clear recommendations and limited the number of recommendations for each evaluation. More inclusive processes have been introduced throughout the evaluations, including management feedback on approach papers and technical meetings to discuss recommendations and the final report. Actions were also taken to improve MAP templates and the clarity of responses where management partially agrees with recommendations.

Element 8.6.2

Management responses include an action plan and/ or agreement clearly stating responsibilities and accountabilities.

Management develops an action plan for the implementation of recommendations and communicates progress to the Audit and Risk Committee.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs and substantial progress has been made jointly between IEvD and management in addressing previously identified issues.

Management responses include an action plan which explains how it intends to implement the recommendations it has accepted or partly accepted.

The process for issuing a management response is laid out in the Operations Manual. Following clearance of Operations Evaluations and Special Studies, the final report is circulated to management reviewers. For Operations Evaluations, Management Focal Points are responsible for producing a management response in 10 working days through coordination with relevant counterparts within the portfolio and Sector teams prior to delivery to the Chief Evaluator for Review. Any further discussion of unresolved issues occurs at the Operations Committee. For Special Studies, management action plans are produced within 25 working days, with disagreements brought for discussion to the Executive Committee.

A 2021 internal audit of follow-up on former EvD recommendations identified that Management Action Plans (MAPs) largely follow SMART principles; however, there is room to strengthen quality control to identify necessary resources and activities that have been implemented more consistently. A joint action plan was formulated by EvD and Management to address this and other challenges.

In 2023, IEvD and management agreed to continue their collaboration around improving the formulation, implementation and monitoring of management action plans which is ongoing. A new approach to developing MAPs is being piloted whereby management includes a draft plan in their Management Comments to evaluation reports that are discussed by Executive Directors during the ARC meeting. This new approach is intended to enhance accountability and provide an opportunity to address potential weaknesses of MAPs ahead of implementation.

Element 8.6.3

A timeline for implementation of key recommendations is proposed.

Currently, there is a system in place where Management has 60 days to develop an action plan. Specific timelines are outlined in the Operations Manual.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs.

In 2023, IEvD conducted an external review of their recommendations and follow-up through MAPs, looking back to evaluations completed after 2019. Building upon a 2021 audit that fund that most MAPs align with SMART principles including "timebound," the review found that 73% of recommendations were implemented "on time," with about 12% implemented after a period of 1 year or more. However, stakeholders from IEvD note that MAPs may or may not include a defined timeline.

As of 2023, the follow-up process occurs over a three-year window. As of November 2023, some recommendations from 2020 had remained open and 50% or more of more recent evaluations had not yet been fully implemented. The review recommended further clarifying the governance of follow-up to recommendations and the role of different stakeholders and to ensure IEvD and management engage jointly in this process under the oversight of the ARC.

Element 8.6.4

An annual report on the status of use and implementation of evaluation recommendations is made public.

While there is tracking of management actions on an internal platform and progress reports are presented to the ARC at least annually, these reports are not publicly available.

This element is rated as **unsatisfactory** on the basis that not having publicly available reports on the follow-up to evaluation recommendations is not aligned with established good practice, despite progress achieved in strengthening follow-up and reporting.

The process through which follow-up on evaluation recommendations is conducted has changed over the assessment period. Under the current system, tracking of the implementation of management actions is conducted in the OneSumX (OSX) system with progress reports produced periodically. The response is recorded in OSX no later than 60 days following the discussion of a report. Progress reports are periodically produced and are available on internal platforms but are not made publicly available. IEvD can request additional information from stakeholders in management as needed.

The 2019 Kirk Report identified that the process for tracking management responses and follow-up to former EvD recommendations had improved over time. Management reported to the Board's Audit and Risk Committee twice per year on progress with former EvD providing supplementary comments. However, issues were noted with respect to management responses not being comprehensively documented and unvalidated, raising risk of compliance failures.

A follow-up audit conducted in 2021 found that some key evidence supporting status updates was not properly recorded in the system and that some key field in templates were at times left blank or included incorrect information. Feedback from former EvD indicated that the system may not be ideal for capturing manual exchanges inherent to the process such as email exchanges and discussions. As part of their joint action plan, management and EvD agreed to strengthen templates and the use of OSX, including through ongoing systems training.

An external review has underscored the importance of a more collaborative system to track the implementation of management actions. At the closure of tracking, IEvD assesses how well a recommendation has been addressed. An external review found that 25% of all actions completed between

2013 and 2020 did not satisfactorily address the recommendation and was only partly satisfactory for an additional 17%. As such, follow-up stops after a three-year period even where the recommendation has not been fully addressed.

Since the 2019 Kirk report, updates on the implementation of MAPs are now presented annually to the Board, but the format allows for a more substantive discussion and verification of the progress presented. The process for following up on the implementation of management actions is in the process of being strengthened jointly with management in line with the Board of Directors' appetite for increasing the rigor of this process.

MI 8.7: Uptake of lessons learned and best practices from evaluations.

- Element 8.7.1: A complete and current repository of evaluations and their recommendations is available for use.
- Element 8.7.2: A mechanism for distilling and disseminating lessons learned internally exists.
- Element 8.7.3: A dissemination mechanism to partners, peers and other stakeholders is available and employed.
- Element 8.7.4: Evidence is available that lessons learned and good practices are being applied.

Table 121. KPI 8 – MI 7 ratings

MI / Element	Rating	Score	Confidence Level
MI 8.7	Satisfactory	2.75	Medium
MI 8.7.1	Satisfactory	3	Medium
MI 8.7.2	Satisfactory	3	Medium
MI 8.7.3	Satisfactory	3	Medium
MI 8.7.4	Unsatisfactory	2	Medium

MI 8.7 Evidence documents

- EBRD (2019), *Agribusiness Sector Strategy 2019-2023*, EBRD, London, www.ebrd.com/documents/agribusiness/agribusiness-strategy.pdf.
- EBRD (2021), *Information Session: EBRD Self-Evaluation Enhancement Project Phase 3 Report*, EBRD, London.
- ERBD (2023), *Joint Action Plan for the Implementation of Kirk Report Recommendations - Progress Report, Q4 2021 - Q4 2022*, EBRD, London.
- IEvD (2021), *EvD Work Programme & Budget 2022*, EBRD, London.
- Kirk, C (2019), *Independent external evaluation of EBRD's evaluation system*, EBRD, London, www.ebrd.com/what-we-do/evaluation-full-report.pdf

MI 8.7 Analysis

Element 8.7.1

A complete and current repository of evaluations and their recommendations is available for use.

A public repository exists for thematic evaluations and studies, but only summaries of operation evaluations are available online.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs.

Thematic evaluations as well as other studies are available on IEvD's external website. Summaries of operation evaluations are likewise available online. Operations evaluation summaries available online, which articulate high-level findings and project ratings. High-level findings from self-evaluations and validations are reported in the Annual Evaluation Review; however, Operations Performance Assessments are not available publicly.

Element 8.7.2

An internal mechanism for distilling and disseminating lessons learned exists.

Internal mechanisms for distilling and disseminating lessons exist and are being enhanced.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs. There is a need to accelerate the introduction of refreshed IT systems to support the dissemination of lessons five years after the release of the Kirk Report. This challenge extends beyond the remit of IEvD.

Outreach and dissemination are a key part of boosting the culture of evaluation and learning in EBRD through Evaluation Knowledge Management, one of EvD's Strategic priorities for 2021-25. Evaluation Knowledge Management includes: (i) evaluation knowledge dissemination and outreach; (ii) Evaluation Capacity Development (discussed in 8.7.4); and Evaluation Partnerships (discussed in 8.7.3).

The Lessons Investigation Application (LIA) is EBRD's internal repository for lessons learned. It contains over 1,700 lessons (and growing) mostly at the project level. The challenge of lessons produced by the EBRD is that these lessons are generally at the activity-level rather than the strategic-level. The Kirk report noted, however, that this system was seldom used by staff.

As part of the implementation of the Kirk Report recommendations, the EBRD plans to improve the mechanisms to collect lessons learned. These include enhancing searchability and improving LIA's architecture with new IT tools. This process is remains ongoing.

New functionality would include matching lessons with target audiences, autosuggestion of lessons and reports, and a fully-fledged knowledge management system. A new Knowledge and Lesson Learned Database is currently in the early stages of implementation which will provide a centralised platform to capture and collate lessons from multiple sources, facilitating the incorporation of lessons into new operations. Progress Reports further indicate that there have been increased efforts to link KM and Self-evaluation to improve feedback loops.

Dissemination and uptake are further supported by Evaluation Knowledge Management dissemination plans, which have been introduced into existing templates and applied for each evaluation. Core dissemination channels include meetings, workshops and learning events.

IEvD has also developed new products to enable dissemination of lessons learned. These include Evaluation Synthesis, Info Notes (short briefings on IEvD's reports for Board and Management), EvalTalks (a webinar series), "Connecting the Dots" (short knowledge products around evidence-based lessons emerging from evaluation work undertaken by independent evaluation offices of other IFIs / MDBs on high priority topics), as well as videos, blogs and articles. IEvD's perception survey indicated that a majority of respondents (over 50%) were not familiar with these new products, however. Those who did know of the products, responded positively about them.

Going forward, IEvD plans to continue diversifying communication channels to increase the dissemination of evaluation findings by producing more synthesis products, upgrading the visual presentation of reports, participating in webinars and conferences and outreach to Resident Offices. Insufficient resources to support dissemination activities is identified in IEvD's budget as a potential risk that would weaken the uptake of evaluation lessons and insights.

Element 8.7.3

A dissemination mechanism to partners, peers and other stakeholders is available and employed.

During the assessment period, the audience of evaluations has been both internal and external. While the primary audience of evaluations is the Board of Directors to assist decision-making (as identified by the Kirk Report), IEvD has also engaged in widespread efforts to disseminate its work both within and outside of the Bank.

This element is rated as **satisfactory** on the basis that EBRD's practices are in line with established good practices across MDBs.

IEvD's Strategic Plan identifies partnerships and networks as a key means of sharing evaluation lessons and knowledge as well as learning from others.

In 2022, this culminated in representation of IEvD staff in 12 conferences and events to share evaluation findings and expertise such as the Asian Evaluation Week of the Asian Development Bank, the 14th Biennial Conference of the European Evaluation Society, and the Spring and Fall Meetings of the Evaluation Cooperation Group (ECG). Similarly, in 2023, IEvD was represented at 13 conferences organised by external parties.

IEvD also utilises the Evaluation Cooperation Group and OECD DeRec publication databases as well as social media tools such as Linkedin to disseminate findings to external audiences.

The Department is part of external evaluation working groups such as the Real-time Evaluation Working Group of ECG. IEvD's EvalTalks seminars target both internal and external audiences to discuss IEvD's findings as well as evaluation challenges.

This is in line with its strategic plan and 2022 work programme, which specified that IEvD aims at extending the audience of its knowledge products to external stakeholders "by creating a specialist Evaluation Knowledge Management (EKM) support unit and improving outreach and interaction with different stakeholders". As of the 2022 Annual Evaluation Review, the new lead of this unit had been selected and the unit has been working on the implementation of both internal and external outreach activities.

According to the Kirk Report EvD IEvD's although evaluations are published, their main audience is internal. In its 2022 work programme, EvD IEvD aims at extending the audience of its knowledge products to external stakeholders "by creating a specialist Evaluation Knowledge Management (EKM) support unit and improving outreach and interaction with different stakeholders". As of the 2022 Annual Evaluation Review, the new lead of this unit had been selected and was working on the implementation of both internal and external outreach activities. Indications from the progress report on the Joint Action Plan for the Implementation of Kirk Report Recommendations indicates that EBRD continues to have active membership in the IFI knowledge management community of Practice and has continued bilateral outreach to key institutions to explore knowledge partnerships.

Element 8.7.4

Evidence is available that lessons learned and good practices are being applied.

There is limited evidence of the application of lessons, but work is being done improve uptake.

This element is rated as **unsatisfactory** on the basis of an absence of evidence that lessons are being applied to new operations, linked to limited monitoring and follow-up. This is an institutional issue that extends beyond the remit of IEvD and requires collaboration with management. Lack of awareness of IEvD's work among some targeted user groups is an important risk to uptake. Properly resourcing IEvD's planned Evaluation Capacity Development activities will be important going forward.

There is some evidence of the application of lessons across the EBRD, including in the creation and update of new strategies. However, according to the Kirk Report "the uptake and application of lessons drawn from the evaluation are weak" and "lessons tend to be 'granular' and focused on activities rather than pitched at a more strategic level". [Kirk Report]

In its response, Management highlighted that, since 2016, it has increased its focus on knowledge management, working closely with IEvD, including through the establishment of fie communities of practice and creation of the policy academy.

In response to the external evaluation, Management committed to promoting a more robust and comprehensive Bank-wide agenda for KM and learning (See MI 8.4). Management indicated that it would continue to work with IEvD to improve the dissemination and the use of lessons through a comprehensive outreach and communication strategy, potentially including increasing the prominence of IEvD in onboarding and training, periodic spotlight sessions on evaluation and learning, improved dissemination of findings, and increasing awareness of the Lessons Investigation Application.

Work is being done to improve the uptake of lessons. To date, EBRD has increased efforts to link KM and self-evaluation to improve feedback loops from learning, finished the Bank-wide rollout of Office 365 to improve collaboration and information sharing, formalised of KM under the newly formed Impact team, introduced of a new data strategy that lays the foundation to enhance linkages between data to information to knowledge, and approved a KM approach and action plan.

As noted in 8.4.3, a critical challenge remains that a large proportion of potential users of IEvD products who would potentially take up and apply lessons are not aware of IEvD or their learning products – or have no opinion. Awareness is an essential prerequisite to use.

Another important aspect of IEvD's response involves cultivating an enabling environment for evaluation across the EBRD through Evaluation Capacity Development (ECD). These activities aim to enhance: (i) awareness of the evaluation function; (ii) understanding of the key principles stated in the EBRD Evaluation Policy; (iii) familiarity with key evaluation criteria, approaches and methodology; and (iv) recognition of the importance of using evaluation findings to strengthen learning loops. In its 2024-26 Work Programme, IEvD outlines a gradual approach to scaling up ECD activities across the Bank, including through the development of training courses. Fostering this awareness is considered a key part of enhancing familiarity, understanding and use of IEvD's reports.

As noted above, a lessons learned database is in the very early stages of implementation that will centralise lessons from multiple sources (SPAs, TIMS, evaluation studies, etc.) Annual Evaluation Reviews are being used to identify instances where evaluation recommendations and lessons have been taken up as well as the associated impact.

RESULTS

Achievement of relevant, inclusive and sustainable contributions to humanitarian and development results are achieved in an efficient manner.

KPI 9 The MO achieves impact and financial sustainability and results contribute to cross-cutting goals.

Table 122. KPI 9 ratings

KPI / MI	Rating	Score
KPI 9	Satisfactory	**2.92**
MI 9.1	Satisfactory	2.75
MI 9.2	Satisfactory	3.00
MI 9.3	Satisfactory	3.00

MI 9.1: The MO achieves targeted development outcomes.

- Element 9.1.1. The MO's clients and projects supported with investments demonstrate good financial performance.
- Element 9.1.2 The MO's investment portfolio demonstrates overall financial profitability.
- Element 9.1.3 The MO has performed well in executing/handling investment projects and advisory services.
- Element 9.1.4 The MO's clients are satisfied with the services and support received from the institution.

Table 123. R KPI 9 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
9.1	Satisfactory	**2.75**	Low
9.1.1	Satisfactory	**3**	High
9.1.2	Satisfactory	**3**	Low
9.1.3	Satisfactory	**3**	Low
9.1.4	Unsatisfactory	**2**	Medium

Evidence documents

- EBRD (2015), *EBRD Client and Potential Client Survey 2014: The next steps*, EBRD, London.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
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www.ebrd.com/news/publications/financial-report/financial-report-2021.html.

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- EBRD (2023), *Sustainability Report 2022*, EBRD, London, www.ebrd.com/sustainability-report-2022.
- EBRD (2023), *Transition Report 2023-24*, EBRD, London, www.ebrd.com/news/publications/transition-report/transition-report-202324.html.
- EBRD (2024), *Interim Financial Report 2023,* EBRD, London.
- EBRD (2024), *Strategy Implementation Plan 2024-2026*, EBRD, London, www.ebrd.com/ebrd-strategy-implementation-plan-202426.pdf.
- IEvD (2017), *Annual Evaluation Review 2016,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395257046790&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2020), *Cluster Review: Mining Operations in Mongolia,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395290673617&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2020), *Special Study: EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395290103978&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), *Cluster Evaluation: Evaluation of Hydrocarbon Projects*, EBRD, London, www.ebrd.com/documents/evaluation/2021-cluster-evaluation-evaluation-of-hydrocarbon-projects.pdf.
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Preamble

EBRD's self-evaluation processes have changed considerably over the assessment period. Until 2016, all operations were subject to an Operations Performance Assessment (OPA) and a representative sample of Operations Performance Assessments were validated independently by EVD through a desk review exercise with input from Operations Leaders as needed. The results of this validation exercise were compiled to provide an overview of the extent to which EBRD's operations were demonstrating satisfactory performance with respect to additionality, sound banking (financial performance) and transition impact at 95% confidence with a margin of error of +/- 5%. The ratings and criteria were based on the ECG Good Practice Standards for Private Sector Evaluation.

As detailed in KPI 7 and 8, this system has undergone a number of changes, including revision of the OPA template and absence of full coverage as well as the move to a more limited purposive sample of validations conducted by EVD. These changes have made it extremely challenging to reflect the performance of projects representatively across the institution for most of the assessment period. Following the 2019 Kirk Report, EBRD's self-evaluation has gone through a process of renewal. This transition is now stabilising with a system identified for mandatory Summary Project Assessments to be produced for each project with work underway to finalise the process and templates and integrate these into the Monarch system for greater automation.

Over the assessment period, the number of available Operations Performance Assessments (OPAs) and Validations (OPAVs) produced annually has declined despite growth in EBRD's overall portfolio. This makes it very challenging to obtain a representative picture of institutional performance in key areas aligned to the ECG Good Practice Standards. The number of OPAs and OPAVs available over the period are identified in Table 124, below.

Table 124. Availability of OPAs and OPAVs

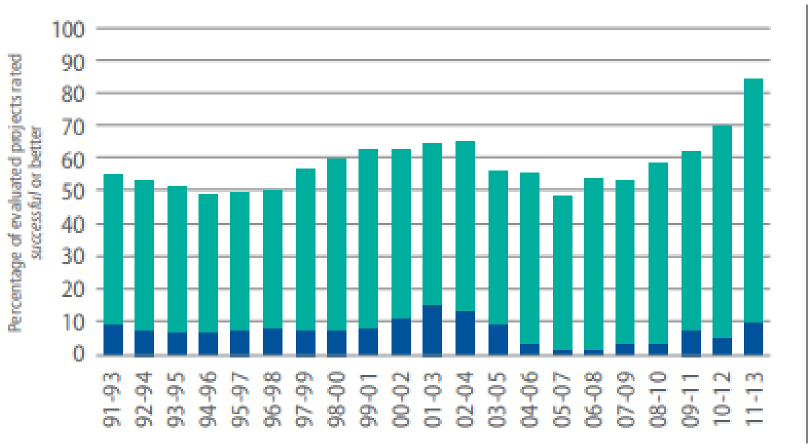
Year	Number of OPAs produced	Number of OPAVs produced
2016	67	54
2017	114	9
2018	92	14
2019	78	17
2020	102	15
2021	41	33
2022	44	9
2023	33	0

Source: EBRD Management

<u>Overall performance of operations (2016-2020)</u>

EBRD's Annual Evaluation Review (AER) provides an overview of the performance of EBRD's operations across different dimensions. In 2016, this review was conducted based on a representative sample of validated Operations Performance Assessments. At the outset of the assessment period, approximately 85% of operationally mature investments approved between 2011 and 2013 were rated as "successful" against the criteria of additionality, sound banking and transition impact (See Figure 48).

Figure 48. Overall performance of EBRD operations (2016)



Source: 2016 Annual Evaluation Review

Over subsequent years, management data from unvalidated OPAs are provided alongside ratings from a purposive sample of validated OPAs. Validated OPAs suggest that most EBRD operations were relevant, efficient and effective over the assessment period. This is notwithstanding noted limitations to the self-evaluation system (See Table 125).

Table 125. Overall performance of operations – EVD and OPA scores for validated sample

Data Source	2017		2018		2019		2020	
	Number	Good or better	Number	Good or better	Number	Good or better	Number	Good or better
EVD validations	17	88%	22	68%	25	76%	8	75%
OPAs		88%		72%		96%		100%

Source: EBRD Annual Evaluation Reviews (2017-2020)

In 2021, former EVD recognised that, under the existing system, aggregate conclusions of validations: (i) cannot be used to draw conclusions about EBRD's wider portfolio performance; (ii) cannot be used to compare ratings from self-evaluations and validations to gauge the robustness of the self-evaluation system; and (iii) cannot be used to establish year over year trends. The AER for 2021 and subsequent report ceased presenting this high-level picture of validations.

Overall, there is uneven alignment between EBRD's self-evaluation system and those of other private sector-facing MDBs. AERs produced earlier in the assessment period report general ratings along the criteria of Relevance, Effectiveness and Efficiency, which reflect the OECD-DAC Criteria, but do not reflect the ECG Good Practice Standards. OPAs and OPAVs do provide individual ratings for most of the ECG GPS criteria, although this is less consistent for issues such as non-financial additionality and environmental and social performance. Furthermore, it is more difficult to ascertain portfolio performance for issues such as Bank handling and quality of design and potential relationships with results and Transition Impact.

MI 9.1 Analysis

Element 9.1.1

The MO's clients and projects supported with investments demonstrate good financial performance.

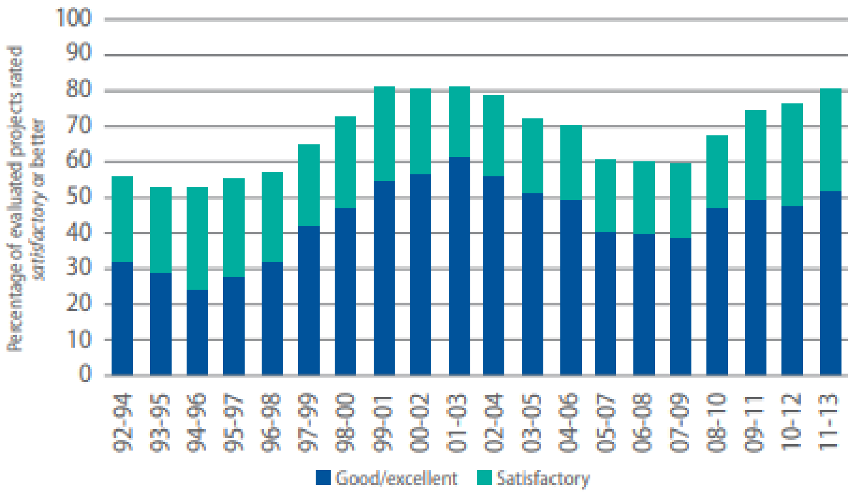
Evidence from self and independent evaluation suggests that most operations likely achieve their financial performance targets, but there is room for improvement.

This element is rated **satisfactory** given that different lines of evidence suggest slightly more than half of operations demonstrate standard or better financial performance. However, none of the available lines of evidence provide a fulsome view of performance across the portfolio over the assessment period, yielding a low evidence confidence rating. There is room for improvement on this indicator, including obtaining an understanding of key drivers (internal versus external) and applicable lessons as EBRD starts to operate in more challenging contexts.

Evidence from Annual Evaluation Reviews

The previous validation exercises conducted by EVD until 2016 demonstrated that the vast majority of operations demonstrated at least satisfactory finance performance. The 2016 AER found that 81% of operations approved between 2011 and 2013 that had reached operating maturity demonstrated at least satisfactory financial performance (Figure 49).

Figure 49. Financial performance of EBRD's operations by approval year (three-year rolling sample)



Source: EBRD 2016 Annual Evaluation Review

Annual Evaluation Reviews from 2017 to 2020 provide an overview of management-reported results from OPAs for this period; however, these reports do not always clearly state the proportion of projects that achieved their financial performance targets. EVD's assessment considers this criterion under efficiency, but the overall rating also covers other issues.

Table 126 presents the overall ratings and number of projects based on management-submitted OPAs and EVD validations. Due to non-representativeness of data and selection criteria, these data should not be interpreted as reflecting a year-over-year trend.

Table 126. Financial performance of operations – Management OPAs and EVD validations.

Data Source	2017		2018		2019		2020	
EBRD OPAs	Number	% Achieved	Number	% Achieved	Number	% Achieved	Number	% Achieved
Achievement of projected financial objectives	143	N/A	119	50%+ (exact number not provided)	114	79.8%	92	60%
EVD Validations	Number	Standard or better	Number	Standard or better	Number	Standard or better	Number	Standard or better
Efficiency	17	9 (52.9%)	19	14 (73.7%)	25	22 (88%)	8	5 (62.5%)

Source: EBRD AERs 2017-2020.

Evidence from Operations Performance Assessment Validations

To help provide a more fulsome picture of institutional performance with respect to the financial proportion of operations, the assessment team reviewed a random sample of 53 OPAVs produced over the assessment period. Across this sample, it was found that 50 OPAVs were able to provide a rating for financial performance of the operation. Of these, 52% reported Satisfactory (or Standard) performance or better.

Evidence from Sector, Thematic and Country Evaluations

MOPAN conducted a review of evidence from Sector, Thematic and Country evaluations to complement evidence from the Annual Evaluation Reviews and our review of Operations Performance Assessments to help address gaps in the robustness and reliability of this information.

Table 127, below, provides an overview of evidence available from evaluations. With the exception of the projects in the mining sector and trade facilitation projects, most projects demonstrate satisfactory financial performance. However, some evaluations demonstrate the vulnerability of projects in some sectors to external shocks, including the impact of the pandemic, the war in Ukraine and fluctuating global commodity prices, such that performance cannot be attributed to EBRD's activities and management alone.

Table 127. Evidence on financial performance from evaluations.

Evaluation	Year (Coverage)	Rating	Financial Performance
Financing for Innovation – An Evaluation of the Venture Capital Investment Programme I	2023 (2012-2019)	**Positive**	The financial performance of the VCIP I as it stands now is strong, particularly given its first-time VC fund nature. Based on net fair value, the latest available (year-end 2022) money multiple is 2.7x. The latest available data on the net internal rate of return (IRR) from September 2021 was 27 per cent. The expectation at the approval was a gross IRR of 20 per cent. According to Invest Europe's latest benchmarking report, as of year-end 2021, the net IRR of European VC funds by vintage years 2011, 2012, 2013 and 2014 are 40 per cent, 28 per cent, 28 per cent and 30 per cent, respectively.
Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-2023)	**Positive**	Out of 14 evaluations, 11 projects (or groups of projects with the same client) were rated Good overall reflecting their generally strong relevance, the achievement of key operational objectives, as well as typically strong financial performance. The317ou317nceial performance of the large majority of companies, borrowers under the Evaluated Projects, has been in line with or in excess of the Bank's projections.

			Retailers have done particularly well during the pandemic but most of the processors have also improved their results, while traders and primary agro-producers have benefited from raising prices of agrocommodities. However, most of them expect deterioration in 2022 and beyond.
EBRD's Health-focused Interventions	2021	**Negative**	Still, five out of eight projects co-financed by the Bank faced substantial financial distress. One of the main reasons of this outcome was out-of-proportion variation orders issued by the MOH. These orders requested significant variations to the size of most of the hospitals prior to and especially during the construction phases. While some variations (including to equipment, some facility adjustments, etc.) can be expected, major increases in bed size suggest weakness in the original specifications and project preparation. Of the eight EBRD-financed PPP hospitals, four have been constructed and are operating with favourable reports, whereas the other four have experienced significant problems and have been in distress.
Cluster evaluation: Projects Supporting Cross-Border Connectivity (Regional Integration)	2020	**Mixed**	Half of the projects performed well financially, while the other half encountered financial problems, mainly due to political instability in the given region or country, which affected the clients' business performance. Overall, the performance of the cluster projects has been mixed. One project was assessed as Outstanding (Gdansk DCT) due to its strong relevance, as well as physical, transition and financial results, which exceeded the projections.
Cluster Review Mining Operations in Mongolia	2020 (2007-2019)	**Mixed**	At the time of EBRD project completion, around half the clients within the mining portfolio in Mongolia underperformed on a financial level. Over performing projects were approved in the earlier period between 2007 and 2010 (except 318ou Tolgoi) and incorporated commercial performance as transition benchmarks. Repeat projects with clients that over performed initially often did not perform well in the second project, due to shifts in commodity prices, particularly during the global commodity shock of late 2014.
Cluster Evaluation – Solar Power Operations	2022	**Positive**	Our evaluation of ten solar projects (two each in Egypt, Jordan, Kazakhstan and Cyprus and one each in Ukraine and Uzbekistan) points to their relatively good performance, with most rated overall Good and only one rated Acceptable. Their physical implementation generally went well, although some experienced delays and technical faults, which have however been rectified…The financial performance of most of the solar operations was good; meeting or exceeding forecasts at approval.
Cluster Evaluation – Evaluation of Hydrocarbon Projects	2021	**Mixed**	Four cluster projects (66%) achieved "partly satisfactory" financial results because they fell well short of the expectations projected at approval. Nevertheless, their performance was satisfactory in the context of a difficult external environment and they serviced the Bank's debt. Only the MOL/Slovnaft project was assessed "fully satisfactory", while Serious was on the other side of the spectrum, rated as "largely unsatisfactory". TANAP was not rated for efficiency, as it was only recently completed and was not planning to generate a positive cash flow until 2020.
EBRD Trade Facilitation Programme	2021	**Positive**	TFP returns relative to other bank operations are low. In 2019 TFP margins were about 50% of FI non-sovereign loan rates and 30% of EBRD's non-sovereign margins (excluding TFP). It is difficult to obtain reliable estimates of return on capital for TFP instruments relative to other EBRD debt instruments.

Equity Operations	2017	**Negative**	There is no set of financial statements for equity investments and associated EBRD resources, and this creates significant problems in assessing changes in the size and composition of the equity portfolio and underlying profitability. There is a risk that successful projects are exited and reported early, whereas less successful projects remain active and largely unreported, creating an upward bias in reported results. There is no set of financial statements for equity investments and associated EBRD resources, and this creates significant problems in assessing changes in the size and composition of the equity portfolio and underlying profitability. These findings present an uncertain view on performance, yet overall it is clear that results are far below the original 20-30 per cent IRR target, and they indicate the opportunity cost and actual cost of the equity portfolio for the EBRD increased substantially in both absolute and relative terms over the last decade. Management has acknowledged the original cost of equity target of 20-30 per cent is no longer realistic and, in the 2017 report (internal, not published), it indicated that the target rate of return for future investments will be 15 per cent per annum. This figure also appears unrealistic, however.

Element 9.1.2

The MO’s investment portfolio demonstrates overall financial profitability.

EBRD has demonstrated profitability throughout the assessment period, with the exception of 2022 due to the impact of the war in Ukraine. Furthermore, OPAVs suggest that most projects demonstrate satisfactory bank investment profitability. Expected portfolio returns and margin on performing assets and equity gains have been largely in line with institutional benchmarks.

The available evidence underscores the ongoing profitability of EBRD’s portfolio, even as major external challenges have materialised over the assessment period. This element is rated as **satisfactory** with strong confidence.

EBRD’s Overall Financial Results:

EBRD’s overall financial results have fluctuated due to external pressures, particularly the war in Ukraine, but have consistently demonstrated a profit over the assessment period (Table 128).

Table 128. EBRD’s net profit/ (loss) from financial reports

Year	2018	2019	2020	2021	2022	2023
Profit / (loss) (EUR millions)	340	1432	290	2502	(1117)	2098

Source: EBRD Interim Financial Report Q4 (2023); EBRD Financial Report (2022)

Three additional perspectives were considered: (i) Non-Performing Loans (NPL) ratio relative to key ratings agencies thresholds; (ii) average margin on performing assets and equity gains; and (iii) expected portfolio returns in terms of Risk-adjusted Return on Capital (RAROC) and Debt return on Required Capital.

Bank Investment Profitability:

Across a sample of 53 OPAVs produced during the assessment period, 71% were reported as demonstrating satisfactory (or Standard) or better performance with respect to Bank Investment Profitability. This rating reflects the extent to which the Bank will achieve its expected return on the investment, linked to cancellations, restructuring and track record in loan repayment.

Non-Performing Loans:

EBRD's NPL ratio (non-performing debt assets compared to total debt operating assets) has evolved over the assessment period and has generally trended upward from 3.9% in 2017, reaching a high of 7.9% in Q4 2022 in the wake of the pandemic and the war in Ukraine. In 2023, NPL ratio stood at 7.9%, unchanged from 2022 (See Table 129).

Table 129. NPL ratio (2019-2023)

Year	2017	2018	2019	2020	2021	2022
NPL ratio	3.9%	4.7%	4.5%	5.5%	4.9%	7.9%

Source: EBRD Financial Statements 2023

EBRD monitors its NPL ratio against key asset ratios from Fitch and Moody's. In 2022, Fitch's adjusted NPL ratio for EBRD increased to 6.6%, primarily due to the impact of the war in Ukraine and was adjusted to 6.3% at the end of 2023. [EBRD Fitch Ratings 2023] Fitch applies a "high risk threshold" of 6% for its assessments.

Evidence from evaluations indicates that risks are generally higher in Early Transition Countries (ETCs) due to higher credit risks and specific challenges in the investment environment, including higher volumes of NPLs in specific sectors such as industry, commerce and agribusiness.

Margin on Performing Assets and Equity Gains

EBRD assesses portfolio performance from the perspective of contractual margins on new signings (forward-looking) and imputed margins on performing stock (net interest income). Contractual margins for new signings had been decreasing since 2019 due in part to the pandemic and the war in Ukraine, falling from 2.5% in 2019 to between 2.0 and 2.3% between 2020 and 2022. In 2023, contractual margins on new signings have rebounded to 2.6%.

Imputed margins on performing stock have seen a slight downward trend from 2.6% in 2019 to 2.3% in 2023. This is the result of lower margin projects in previous years flowing through into current operating assets and the increasing sovereign share (primarily from prior year signings) is also placing some pressure on the overall imputed margin. (Table 130)

The equity portfolio recorded 18.8% return in 2023, ahead of a planned SIP target of 6%. This rebound in equity performance reflects an overall rebound in equity markets overall following the pandemic and war in Ukraine.

Table 130. Margin trends (2019-2023)

Year	2019	2020	2021	2022	2023
Contractual margins on new signings	2.5	2.0	2.3	2.1	2.7
Imputed margins on performing stock	2.6	2.5	2.4	2.4	2.3

Source: EBRD SIP 2021-23, SIP 2022-24, SIP 2023-25, SIP 2024-26.

Expected Portfolio Returns

With respect to Risk-adjusted Return on Capital (RAROC), which provides insights into expected debt non-sovereign portfolio returns given a dynamic risk outlook, EBRD's RAROC currently sits at 14.4% (Table 131). Portfolio-level projected RAROC varies across regions, notwithstanding year on year, from 3.8% in Central Europe & Baltics to 25.6% in Central Asia. The 2023 Portfolio RAROC result is based on the latest update to the Bank's probability default rates (PDs) and loss given default (LGDs) rates.

Table 131. Table 9.7 Portfolio RAROC (debt non-sovereign only) (2020-2023)

Year	2020	2021	2022	2023
Portfolio RAROC	11.8%	12.7%	11.7%	14.4%

Source: EBRD unaudited data

The Debt Return on Required Capital (RoRC) sits at 16.8% at the end of 2023, improving from -10.5% in 2022 (primarily driven by impairments arising from the Ukraine crisis), exceeding a minimum institutional threshold of 12% reflected in the Corporate Scorecard. This out performance was largely driven by the net release of impairment. All 2023 results are based on unaudited results.

Element 9.1.3

The MO has performed well in executing / handling investment projects and advisory services.

Available evidence suggests that most projects demonstrate satisfactory execution and handling; however, it is not possible to obtain a representative picture of institutional performance.

This element is rated **satisfactory** with low confidence, reflecting the fact that available reporting demonstrated that the majority of projects demonstrate good performance while recognising the inability to provide an institution-wide perspective in line with good practice.

Challenges in assessing this indicator stem from the lack of an institution-wide perspective on the quality of up-front work and execution and handling due to ongoing changes in the self-evaluation function throughout the assessment period. Nevertheless, positive ratings across the majority of OPAVs have contributed to a satisfactory rating for this element with low confidence.

The ECG Good Practice Standards identify as a criterion measuring the quality of the IFI's pre-commitment work and on-going monitoring and supervision. This criterion is commonly assessed as part of the self and independent evaluation system of comparator institutions and provides an overall assessment of an IFI's performance in managing operations to deliver results.

Pre-approval, this concept is reflected in the quality of up-front work to demonstrate: (i) the relevance of the operation to corporate, country and sector strategies; (ii) the quality of the assessment of the sponsors, company, management, country conditions and market dynamics; (iii) the appraisal of the financial plan and underlying assumptions; (iv) the assessment of political and environmental and social risks, with the inclusion of appropriate requirements in legal agreements; and (vi) investment instrument selection, structure, pricing and exit.

Post-approval, this concept is reflects: (i) the completeness of supervision reports in documenting project status and risk; (ii) the monitoring of client company's terms of the investment; (iii) the monitoring of the client's environmental and social performance; (iv) the adequacy of timeliness of the IFI's response to emerging problems or opportunities; (v) client's satisfaction with service quality; and (vi) the contribution made by the IFI representative on the client company's board (where relevant). These issues are not addressed systematically by AERs or Independent Evaluations.

Evidence from Annual Evaluation Reviews:

While lessons have been drawn from OPAs and evaluations year-to year, AERs do not provide an indication of the quality of execution and handling across the portfolio as these issues are sub-criteria under broader ratings for relevance and efficiency.

Evidence from existing Operations Performance Assessments:

EBRD's OPAs provide two sub-ratings reflecting the relevance of the investment design and Bank Execution Performance. The first criteria reflects: (i) the appropriateness of the instruments and investment structuring; (ii) the plausibility of the vertical logic and transition impact; (iii) the quality of risk identification and mitigation; and (iv) demonstrated uptake of lessons from previous operations. The second criterion reflects the quality of the relationship with the client, supervision of the investment during implementation and responsiveness to identified issues.

The vast majority of operations were demonstrated satisfactory (standard) or better performance for the relevance of the project design (75%) and Bank execution performance (83%). Projects that received a rating of unsatisfactory or lower or were unrated for either of these criteria were more likely to demonstrate below satisfactory performance for project outcomes and impacts, including Transition Impact; however, this relationship should be tested with a representative sample across the institution.

Evidence from Independent Evaluations:

This issue is not covered systematically in evaluations and is often addressed from different perspectives, making it challenging to learn lessons in a systematic way. Overall, evaluations provide a mixed perspective on this issue which is not fully reliable – given the absence of standard ratings, it is not clear if this issue is covered routinely or if issues are identified only when deemed relevant.

Issues observed from available evaluative evidence include: (i) slow decision-making relative to local banks and rigid management of loan covenants; (ii) need for more flexible project and contract design for infrastructure projects to address risks related to unforeseen events, scalability and currency fluctuation; (iii) need for greater rigour in demonstrating the transition impact of projects. An overview of evaluative evidence is provided in Table 132.

Table 132. Evidence from evaluations on executing and handling.

Evaluation	Year (Coverage)	Rating	Financial Performance
Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries	2022 (2017–2022)	**Negative**	Several direct financing clients indicated that EBRD pricing was not competitive compared with the local bank offerings and "decision-making is slower than at local banks" despite other features of the offering including for example longer tenor, or more flexible repayment structures. "EBRD takes weeks to reach basic decisions on issues related to loan supervision. It is quite rigid in managing loan covenants" (i.e., less flexible than local banks). The Bank's procedures are perceived as overly bureaucratic (some requiring HQ approval), time consuming and involving charges that local banks do not impose.
EBRD Public Sector Operations: Mobilising Private Sector Participation in Infrastructure	2022	**Mixed**	Project designs can be made more flexible to accommodate unforeseen events. Projects need to be modular so that capacity meets actual demand, and capable of adjustment to accommodate unforeseen events. Flexibility in contract design will enable the scaling of projects to match demand. Given these requirements, it would be better to structure projects so there are clear requirements for competitive tendering of changes in scale or scope of projects built into contracts. Flexibility of project structures can be enhanced by using variable interest rates so breakage costs are not artificially inflated. Perhaps most importantly, projects need to make use of LCY financing when possible to reduce project costs and mitigate risks of economic shocks
EBRD's Health-focused Interventions	2021	**Positive**	International advisory projects supported these enterprises in designing and executing business plans that could potentially help them reach their ambitious goals. To this end, for each project, the Bank brought together a project team consisting of a team coordinator, a senior industry advisor and one or a few specialists.

			The operations of the enterprises have been successful following the completion of the advisory projects. According to the reports on the follow-up visits, three out of five enterprises increased their staff count and the remainder maintained theirs. Similarly, with the exception of Dobra Syla LLC, all the enterprises managed to increase their market share to varying degrees. The vast majority of EBRD clients realised their original ambitions (expanding clinics in main urban centres, renovating rehabilitation facilities or introducing new products). This is typically accompanied by an increase in employment as well as market share. Additionally, COVID-19 enhanced clients' willingness to undertake transformation programmes focused around introduction of information technologies and digitalization in private clinics – the core of ASB's delivery in the sector. In this context, ASB clients introduced services for remote control and treatment of most prevalent diseases and maintained or increased revenues under pandemic conditions.
Cluster Review Mining Operations in Mongolia	2020 (2007-2019)	**Mixed**	EvD reviewed the design of the projects in the Mongolia mining portfolio from the perspective of transition impact objectives. Selected inputs and benchmarks lacked ambition, clarity and adequacy. For example, completion of a feasibility study was a transition benchmark in 4 projects but was used in each project to address a different transition objective including: setting of standards, transfer of skills, private sector development and demonstration effect. This made it difficult to assess the extent to which impact objectives were contributed at the cluster level. Corporate Recovery has been effective at working down substantial amounts owed to the Bank…there were a number of examples of concrete successes – for example, where Corporate Recovery used a novel approach to recover substantial amounts of money (overall circa EUR 100 million) owed to EBRD at the same time as assisting client restructuring of significant amounts of other debt and also delivering some transition impact by demonstrating best practice restructurings in a local market.
Equity Operations	2017	**Negative**	70 per cent of projects approved over the evaluation period were smaller than €25 million. These projects will consume large amounts of staff time compared with the magnitude of expected transition impacts. The EBRD's organisational structure needs to balance incentives carefully to manage various forms of financing instruments and maximise transition impact potential. The provision of both debt and equity within a single management structure creates the potential for conflicts of interest between transition, banking and investment roles. However, the volume incentives for bankers create the risk of developing an approvals culture at the expense of the staff managing the equity portfolio, who are measured on the basis of transition impacts and financial results. The EBRD has developed a compromise where bankers are incentivised to originate equity investments, whereas the Equity Group is allowed to participate in this origination process. This structure can only work effectively if the Equity Group and the Equity Risk Areas team are given the right to veto equity proposals, and they are made accountable for the performance of the equity portfolio. An important corollary of this requirement is the need for adequate resources for due diligence and administration of the equity portfolio.

Element 9.1.4

The MO’s clients are satisfied with the services and support received from the institution.

The issue of client satisfaction is not addressed systematically through client surveys, in OPAs, thematic/sector evaluations or special studies. Available evidence, including a high number of repeat clients, suggests most clients are satisfied with the services they receive.

This element is rated as **unsatisfactory** based on the lack of up-to-date and comprehensive client feedback data in line with good practice.

The available evidence is not a substitute for a client survey to provide a more fulsome picture of the extent to which clients are satisfied with EBRD’s services, how services are used both individually and in combination and insights into how advice and technical cooperation are applied by clients to contribute to results. This element has been rated satisfactory with low confidence.

EBRD’s last “Client and Potential Client Survey” was implemented in 2014, prior to the assessment period. This survey, implemented by Ipsos MORI, demonstrated a generally high level of client satisfaction with EBRD’s range of products and services offered. EBRD’s reputation is highly valued among clients and was found to be a key reason why clients choose to work with EBRD. More attenuated results were found for client satisfaction with EBRD’s processes, yet the majority of clients reported being satisfied. Higher levels of neutral responses were found for issues such as documentation requirements (Türkiye and SEMED), handling of regulatory issues (SEMED) and speed of processing and approval (Ukraine). Clients in Ukraine and the Energy sector were more less likely to say that EBRD was “easy to do business with” (fewer than 50% positive).

In 2015, it was proposed that a full client survey be launched every 3-4 years. A Terms of Reference demonstrated EBRD’s intent to launch a follow-up survey in 2022. These plans were overtaken by the war in Ukraine and this survey was not launched. Furthermore, client satisfaction is not addressed systematically in OPAs or OPAVs.

<u>Repeat clients:</u>

Beyond the client survey, EBRD applies a “revealed preference approach”, whereby strong client satisfaction is strongly correlated with a strong pipeline of repeat clients. On this basis, EBRD tracks the share of existing clients in EBRD’s private sector ABI (discussed further in MI 5.7).

The share of existing clients among Private Sector ABI (in terms of numbers of projects) has risen steadily across the assessment period from 70% in December 2016 to 84% in December 2023. These repeat clients suggest a high level of satisfaction with the services EBRD provides. However, OPAVs and evaluations suggest that high levels of repeat clients also involve some risk that non-financial additionality may diminish after the initial transaction.

<u>Evidence from Independent Evaluation</u>

A limited number of evaluations cover the extent to which clients were satisfied the support provided by EBRD and the extent to which it aligned to their needs. Overall, evidence from relevant independent evaluations is generally positive and indicates a high level of client satisfaction in terms of responsiveness to client needs, ease and flexibility of engagement, speed of decision-making and the range of products and services offered. (See Table 133).

Table 133. Client satisfaction reflected in available evaluations.

Evaluation	Year (Coverage)	Rating	Client Satisfaction
Moving the needle : the EBRD in Uzbekistan	2017-2022	**Positive**	Clients also recognised the support of the EBRD during the COVID-19 pandemic, with the provision of liquidity support via the Solidarity Package (SP). The perception of clients was that the EBRD was a responsive partner in offering support when other DFIs were restricting lending. A strong relationship with clients in-country has underpinned these transactions. Clients emphasised the ease and flexibility of engagement with the EBRD, with the overriding impression that the EBRD is perceived as a more active and efficient partner than other DFIs even when they are client shareholders or have other significant formal relationships in place.
Evaluation of the Shareholder Special Fund	2022	**Positive**	Funding can be requested at any time – in short, SSF funding is readily available when the work is ready, and not the other way around. Some interviewees said a by-product of this is greater ability to prepare sound funding requests and greater Bank responsiveness to meet clients' needs.
EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account	2020 (2014-2019)	**Positive**	There was consensus that the EBRD's performance in administering the Ukraine MDA is strong and consistent, aligned with all rules and procedures, and implemented in the most prompt and flexible manner. The lean administrative structure allows for quick decision-making, with key bankers and policy specialists being directly responsible for managing the MDA's projects.
Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries	2023 (2017-2022)	**Negative**	Client feedback from case study countries reveal a progressive weakening of the Bank's financial additionality for direct financing and frequent instances of non-agile client interaction. Several direct financing clients indicated that EBRD pricing was not competitive compared with the local bank offerings and "decision-making is slower than at local banks" despite other features of the offering including for example longer tenor, or more flexible repayment structures. Some clients also indicated that risk management practices and standards seem unreasonably high (e.g., collateral requirements for repeat clients). EBRD's pipeline in ETCs is limited by its restricted risk appetite in countries with higher credit risks despite RO staff reporting that their deep local market knowledge had enabled them to identify high potential clients for direct financing whose EBRD loan applications were rejected during the credit review process.
2022: EBRD Public Sector Operations: Mobilising Private Sector Participation in Infrastructure	2022	**Positive**	Links to clients' needs in terms of investment were largely well described, as well as scope for technical cooperation where relevant. Client-level expectations in institutional strengthening and formalisation of contractual arrangements were often met, with the exception of tariff equalisation which was universally not achieved.
EBRD Trade Facilitation Programme	2021	**Negative**	While TFP has capacity to provide long tenors, and finance large transactions, in practice this capacity is not valued by clients. Most TFP transactions over the evaluation period have a tenor of less than 9 months, and a transaction size of about €1.0 million.
EBRD Policy Engagement in SEMED	2020	**Positive**	Both public and private clients value the combination of investment and policy work; they especially value work to increase

			implementation capacity and would like greater knowledge transfer.
Evaluation of the Legal Transition Programme	2020	**Positive**	Clients valued LTP experts for their coaching and trouble-shooting role throughout project implementation, as well as its ability to offer "Transition to Transition" opportunities, when countries can learn directly from their peers' practical experience. LTP is well integrated into international networks. Cooperation on the ground is good in most cases, with a few exceptions, but it is largely ad hoc and personality-led. There is a need for more planning and structure in this area when moving into new countries or areas of operation.
Evaluation of the EBRD's Investment Climate Support Activities	2018	**Positive**	Clients often see the EBRD as a reliable presence and partner, staying on through challenges and, in some cases engaging more deeply in the face of a crisis. It commits to financing the projects which nobody else would dare to and prompts private sector investors to join through syndication and risk sharing. In Egypt one of the clients noted: "EBRD is more effective than IFC on deals. It is more innovative in following the process and minimizes time. The teams are professional." While one of the international partners said "the EBRD is one of the strongest donors on the technical assistance perspective, along with GIZ and USAID" (who have worked in the country for many years). Stakeholders noted that the EBRD's strongest role is in providing business development services directly to the clients and building the capacity of SMEs. It was recommended that the Bank should "focus on building the capacity of the local providers of capacity building services"

MI 9.2: The MO supports the achievement of project objectives in its work with clients.

- Element 9.2.1. The MO's investments and advisory services have achieved expected transition outputs and contribute towards expected transition outcomes and impact.
- Element 9.2.2. The MO's operations, fund portfolios and sub-portfolios have contributed to its strategic objectives with respect to cross-cutting themes (e.g., gender and climate).

Table 134. KPI 9 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
9.2	Satisfactory	3.00	Low
9.2.1	Satisfactory	3	High
9.2.2	Satisfactory	3	Low

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Element 9.2.1

The MO's investments and advisory services have achieved expected transition outputs and contribute towards expected transition outcomes and impact.

Despite notable challenges in demonstrating contribution to transition impacts at country level and reporting on institution-wide performance, the available evidence suggests that the most of EBRD's operations at least partly achieve expected transition outputs and contribute to transition outcomes and impacts.

Based on the available evidence, particularly evidence from OPAVs and Portfolio Transition Impact, this element is rated **satisfactory** with low confidence. The confidence rating reflects important challenges related: (i) to the lack of a representative institutional perspective on transition impact of operations; (ii) challenges linked to the evaluability of transition impact and the vertical logic of projects early in the assessment period; and (iii) challenges related to the evaluability of the transition qualities and linkages to EBRD's operations.

This element has been assessed from 5 perspectives: (i) EBRD's ongoing measure of Portfolio transition impact; (ii) Assessment of Transition Qualities and linkages to operational results; (iii) project-level evidence from Annual Evaluation Reviews; (iii) project-level evidence from Operations Performance Assessment Validations; and (iv) evidence from relevant independent evaluations.

Portfolio Transition Impact

For projects under implementation, EBRD assesses PTI, which reflects the probability of delivery against transition impact commitments and targets identified at origination and allows teams to manage the delivery of transition impact during implementation and monitoring. These data are compiled based on the EBRD's Transition Impact Monitoring System (TIMS). Evolution in PTI is reported in EBRD's Quarterly Performance Reports to the Board.

Assessed portfolio PTI has evolved over the assessment period, generally increasing across different transition qualities and exceeding an institutional target of 68% (See Table 135). Presenting PTI scores in aggregate carries some limitations in terms of comparability across projects and analysis of the relationship to transition impact ex-post, as has also been observed for other IFIs with similar systems. However, the constituent data remain available.

Table 135. Average Portfolio Transition Impact (2020-2023)

Year	2020	2021	2022	2023
Average Portfolio Transition Impact	71.4	72.8	76.4	75.4

Source: EBRD SIPs 2022-2024, 2023-2025, 2024-26

The PTI measure is completed by a portfolio reporting of the proportion of mature projects (at least 2 years into implementation) that are "on track" to achieve their transition objectives. Across the portfolio, the majority of projects have generally been rated as being "on track," with tis proportion increasing across the assessment period (See Table 136). In 2023, an assessment of 206 completed projects determined that 85.9% ultimately achieve their objectives.

Table 136. Projects: Proportion of mature operations "on track" to achieve transition objectives (portfolio and transition qualities)

Year	2020	2021	2022	2023 (June)
Portfolio				
Competitive	78%	78%	84%	84%
Well-Governed	71%	78%	80%	84%
Green	77%	86%	87%	87%
Inclusive	82%	87%	90%	90%
Resilient	80%	85%	90%	90%
Integrated	80%	80%	84%	85%

Source: EBRD SIPs 2022-2024, 2023-2025

Assessment of Transition Qualities

EBRD's annual Transition Report presents progress achieved in addressing transition challenges and tracking structural reform against the six transition qualities in EBRD's COOs. In addition to providing an analysis of key changes, drivers and challenges, it provides a numerical rating for each country on each of the transition qualities over time, building upon a range of internal and external data sources. Positive progress has generally been achieved over the assessment period across all transition qualities, although fluctuations can be observed year to year depending on external factors. For example, the 2023-2024 Transition Report notes a decline in governance scores linked to reduced compliance with standards aimed at tackling money laundering and the financing of terrorism (AML/CFT standards) as well as the erosion of press freedom and increases in perceived corruption.

The Assessment of Transition Qualities provides an important overview of changes and drivers underpinning transition in EBRD's COOs, ultimately playing an important role in informing country strategies and operations, even though the ATQ is not intended to provide insights into whether EBRD's operations in aggregate are contributing to transition.

Evaluations provide a critical source of insights into how EBRD's operations contribute to transition in different contexts and sectors. However, no ratings are provided and EVD has often raises critical challenges in this regard, including:

- Absence of a clear linkage between project and country-level indicators and the assessment of transition qualities at the corporate level;
- Challenges around the evaluability of projects with respect to projects pertaining to a weak or unclear Theory of Change or absence of clear reporting;
- Transition impact indicators that are output-driven and/or lack necessary baselines and targets to assess contribution to outcomes (however, TI indicators entered into Monarch must now how baselines and targets); and
- With respect to policy engagement, absence of necessary monitoring and appropriate indicators to examine outcomes.

These challenges reflect known issues raised by EVD in its 2020 report on the Evaluability of EBRD's Transition Qualities, which raised the following issues:

- Limited plausible connections and causal linkages between operations and transition qualities that illustrate how key changes are expected to happen in context;
- Lack of clear connection between operations, policy dialogue and country-level transition priorities and objectives;
- Limited integration of policy dialogue and investment activities;

- Monitoring of project results until completion, whereas transition may take several years to materialise;
- Limited measurement of external /induced effects and demonstration effects; and
- Conflation of transition objectives and outputs.

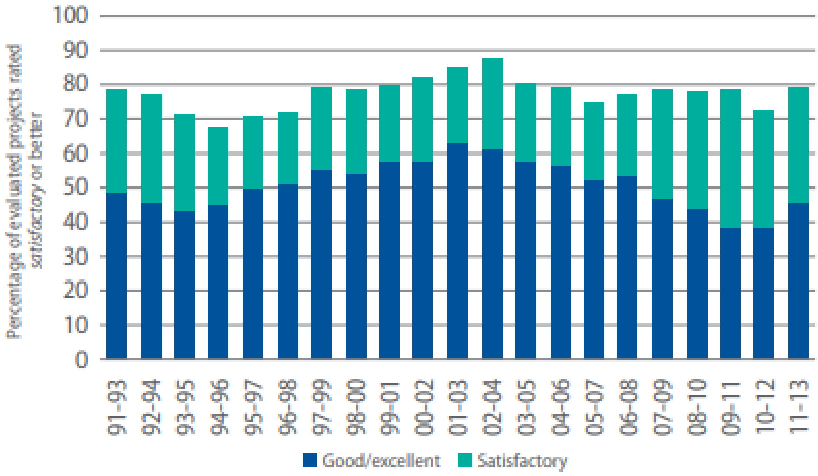
Whereas the existing system is useful in demonstrating alignment to needs and potential value addition of EBRD support in transition context, there have been challenges in evaluating EBRD's overall contribution to transition outcomes despite the relevance of its activities throughout most of the assessment period.

Evidence from Annual Evaluation Reviews

As noted above, changes to EBRD's self-evaluation system have had implications for the availability of institution-wide reporting on performance, including delivery of expected transition outputs and outcomes across operations.

The last review of a representative sample of validated assessments was conducted in 2016. It determined that 78% of projects that had reached operating maturity in 2016 (approved between 2011 and 2013) demonstrated at least satisfactory performance in delivering expected transition outputs and outcomes (Figure 50).

Figure 50. Proportion of projects rated satisfactory or better for transition impact.



Source: AER 2016

As noted above, following changes to EBRD's self-evaluation system and EVD validations, Annual Evaluation Reviews provide a high-level management assessment of OPAs alongside a validation of a non-purposive sample of OPAs until 2020 when this practice ceased. Data from this period indicate that most operations at least partially deliver expected transition outcomes (Table 137). The majority of OPAs over this period are not validated, however, and results should be interpreted with caution.

Table 137. Contribution to transition outcomes – Management OPAs and EVD validations.

Data Source	2017		2018		2019		2020	
EBRD OPAs	Number	% Achieved	Number	% Achieved	Number	% Achieved	Number	% Achieved
Delivery of transition outputs and outcomes	143	34%	119	28%	114	27%	92	38%

		(60.5% partially achieved)		(63% partially achieved)		(67% partially achieved)		(55% partially achieved)
EVD Validations	Number	Standard or better	Number	Standard or better	Number	Standard or better	Number	Standard or better
Effectiveness	17	76%	19	79%	25	68%	8	50%

Source: EBRD AERs 2017-20.

Evidence from Operational Performance Assessment Validations

Across a sample of 53 OPAVs produced over the assessment period, 70% demonstrated Satisfactory (Standard) or better performance in delivering expected investment outputs and 66% demonstrated Satisfactory (Standard) or better performance in delivering expected investment outcomes. However, only 51% of OPAVs demonstrated Satisfactory (Standard) or better performance for Transition Impact, with 10% of OPAVs reviewed being unable to provide a rating for this criterion with the available evidence.

Evidence from Evaluations

Most evaluations note that progress has been achieved in delivering outputs and outcomes as specified in project documents. However, many evaluations also note important challenges in terms of the appropriateness of indicators for examining contribution to market impacts and maintain that the linkage to transition at the country level remains difficult to demonstrate conclusively.

Nevertheless, evaluations also raise important achievements with respect to demonstration effects, and expanding the scale of capital venture capital investment, implementation of the Extractive Industries Transparency Initiative in the Mongolian mining sector and expansion of Trade Finance in underserved markets.

The most recent Uzbekistan Country Evaluation, a pilot product, makes an important contribution, providing a picture of how EBRD operations have contributed to transformative change in different sectors, linking projects and policy engagement to overall market changes.

Measuring the contribution of policy engagement to is an important challenge. Whereas evaluation reports often emphasise the critical importance of policy engagement for delivering transition at the country-level, these activities are sometimes not well documented and results measurement does not go beyond output delivery.

An overview of available evidence from evaluations is available in Table 138.

Table 138. Evidence from evaluations on contribution to transition impacts.

Evaluation	Year (Coverage)	Rating	Transition Impacts
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Mixed**	The EBRD's SME credit lines and support to 331 commercialization and private sector participation in state-dominated sectors have had a clear role in contributing to systemic changes related to enhancing competitiveness. Lending to SMEs has increased significantly due in part to the combination of EBRD's financing and TC support with PFIs. In the energy sector, the Bank's financing and policy dialogue in support of private-sector renewable energy generation also constitutes a significant systemic change with respect to private sector participation. In addition to increasing the role of the private sector, the Bank's renewable energy support has had a clear role in helping to promote green energy.

			However, there are no clear signs of systemic change from support to resource solutions, with limited implementation across MEI projects in particular. The Bank's support to increasing regional and international cooperation and integration is centred on trade facilitation. These projects achieved their project-level outcomes but there is limited data to assess whether there were any wider systemic changes. Currently the direct support provided to private sector businesses via the ASB Programme is unlikely to have meaningfully contributed towards systemic change. The ASB has engaged with over 400,000 SMEs, but this constitutes less than 0.1 per cent of the total SME population. However, there is limited data available to draw conclusive judgments on how the wider trade finance market has developed.
Evaluation of the Shareholder Special Fund	2022	**Positive**	Without the SSF, the Bank's transition impact and business growth would have been weaker. The Fund strongly supports countries and regions facing higher transition challenges, funds most of the EBRD's priority policies and backs a number of the Bank's flagship products. There appears to be unanimous appreciation (especially across its users) of the critical nature of the SSF to help the Bank to deliver. The vast majority of interviewees consulted as part of the evaluation, along with the OIs' survey results, 27 point to the Fund's instrumental role in both project preparation and implementation as well as funding non-transactional work. The SSF has (co)funded most of the Bank's policy priorities. From available data in the Business Performance Navigator (BPN) (which details priority policy objectives for 2018 and 2019), the SSF (co)funded 80 percent of these objectives in Central Asia, 75 per cent in eastern Europe and the Caucuses, 70 per cent in SEMED and 60 per cent in Türkiye.
EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account	2020 (2014-2019)	**Positive**	Most MDA projects are aimed at strengthening institutional capacity, building dialogue between the public and private sectors, and enhancing standards of corporate governance – core elements of the well-governed transition quality. In total, 28 out of 29 outputs were fully achieved and only one partly achieved. 19 out of 21 outcomes were fully achieved, one partly achieved and one not achieved – in a project related to delivering AML training to Ukrainian banks, where it was too early to state the result.
Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries	2023 (2017-2022)	**Mixed**	Transition outcomes in ETCs based on mature (completed) TQ indicators for investment operations approved during 2017-19 show a variation in the achieved rate from 81 per cent ('resilient') to 47 per cent ('well governed') and is strongest for 'resilient' and 'green'. This data does not include non-transactional policy reform work that may have a critical impact on closing transition gaps. It is not clear from the information provided to EvD how many indicators would be required to narrow a transition gap. The data do not reveal the extent to which an indicator addresses the gap or the size of the investment project and its potential impact on the market. Objectives set out at project approval, expressed as market level outcomes, appear to lack causal linkage with 332ommercializ indicators. From 2017 to 2021, the transition gap for 'competitive' improved only very slightly. Accelerating the transition journey – Evaluation of the EBRD's

			approach to Early Transition Countries (2017–2022) across all ETCs.
Supporting Green Transformations in Municipalities: The EBRD Green Cities Programme interim evaluation	2022 (2016–21)	**Mixed**	Monitoring that is available does not provide crucial information on the programme outcomes and impact along the benchmarks agreed at the outset with the Impact team. This situation also points to the inadequate quality assurance of the transition reporting on the side of Impact. Given the size, visibility and flagship status of the Programme, the expectations for the quality of the reporting on the mandate of the Bank are currently not being met. There are some emerging results in Well-governed but many expected targets are delayed. Given the relatively recent addition of other secondary TQs, Well-governed is the only secondary TQ where results targets would have been expected for the projects signed in the first half of the evaluation period. This evaluation reviewed the internal monitoring for all projects signed in the first three years of GrCF implementation (2016-18), for which their targets were generally supposed to have been achieved by 2021 or earlier. Of these 15 operations, only six have reported achieving at least one of their WG targets. Implementation delays are the main reason for non-achievement so far, so it is possible that more will still be achieved. While the Transition Impact monitoring is reasonably well designed to substantiate the achievement of intended objectives, the actual monitoring is not carried out nor reported beyond outputs. The transition monitoring of TQ Green covers the appropriate basic proxy indicators to substantiate the delivery and achievement of the ultimate overall objective.
Financing for Innovation – An Evaluation of the Venture Capital Investment Programme I (2012 – 2019)	2023 (2012-2019)	**Positive**	In the last decade, the landscape of available VC financing changed in some EBRD economies in a stark fashion. In most EBRD economies, as a share of GDP, available VC financing grew markedly after 2011. At present, companies with innovative technologies or business models are raising more capital earlier in their life cycle to accelerate their growth and capture the market opportunity faster. EBRD's interventions contributed to this change. In CEB, Greece and EEC the growth rate of VC investments over the last decade has been above 300 per cent; these regions outpaced the United Kingdom, Germany and France. In SEE though, the growth of VC investments as a share of GDP has been sluggish. During 2015 and 2018, EBRD's share in all VC investments in a number of CEB, SEE and EEC countries and Greece oscillated close to 10 per cent and reached 16 per cent in 2016. Investments under VCIP I constituted 45 per cent of EBRD investment. The balance came from the Bank's indirect investments through VC funds.
2023: Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-2023)	**Mixed**	Overall, the evaluability of agribusiness project results was mixed. Many had several components/ tranches, with five having the provision of working as a principal objective. The use of proceeds in such projects was often only generally defined (e.g., for day-to-day operations or for the purchase of inputs). It was not ring-fenced from general operations, even if the key project purpose was financing niche-type operations (e.g., purchase of organic commodities by mainly traditional crops trader). Therefore, the use of proceeds in such operations was challenging to trace. The definition of capex investments was better, although in some

			cases it could have been more precise (e.g., better describing the equipment to be acquired). Benchmarks related to Competitive and Well governed were sufficiently well defined, often in terms of profitability and specific corporate governance measures/certifications, etc. Green TQ-related TI benchmarks were also typically clear, but clients sometimes monitored them differently. Integrated TQ-related metrics were often defined in terms of amount of export growth to specific new countries. In the event, exports often grew within the region but not to the target countries. Finally, Inclusion targets were often complex because they had several targets that were not always clear. The evaluability of policy dialogue was generally better than that of investment projects, with terms of reference that were usually detailed and that clearly described the objectives of each assignment. EvD evaluated 13 policy dialogue projects in the 5 main countries where such activities were conducted in the agribusiness sector – Ukraine, Egypt, Tunisia, Türkiye and the Kyrgyz Republic. Most activities benefited from relatively good reporting, recounting activities and listing key outputs. However, most reports rarely referred to outcomes.
EBRD's Health-focused Interventions	2021	**Negative**	No effective framework is now in place to assess healthcare service projects' transition potential. As now articulated health objectives cannot be effectively mapped to the Bank's Transition Qualities. The Bank's internal systems (Transition Objective Measurement System, Compendium of Standardised Indicators, and Assessment of Transition Qualities) do not enable projects to be assessed ex ante for potential contribution to healthcare system accessibility and resilience. The Assessment of Transition Qualities (ATQs) does have several indicators directly related to health, such as those measuring gender and regional equality in healthcare service access. But these are specified as country-level measurements and lack project-level connections. So even if a project would indeed promote gender equality in access there is no clear mechanism to assess its potential to do so.
Cluster evaluation: Projects Supporting Cross-Border Connectivity (Regional Integration)	2020	**Negative**	They point to some common characteristics of the Bank's road projects, which include long delays (in some cases twice the time planned), frequent cost overruns, problems with tenders and contractors but generally a completion of the road. At the same time, the projects usually failed to deliver on their transition impact expectations as road sector financing reforms, maintenance funding, outsourcing and especially that involving the private sector have rarely 334ommercializ. Provisions to streamline customs and immigration procedures have been incorporated into some projects but have not been implemented in practice. Traffic has been reported as increased but clients were rarely able to demonstrate this with the provision of exact numbers. The physical implementation of most of the cluster projects has been achieved, albeit often with very long delays and in some cases with cost overruns. However transition impact components were much more difficult to achieve and in two cases 334 ommercialis only marginally, while most of the other projects achieved them only partially.

EBRD Policy Engagement in SEMED	2020	**Mixed**	Most sector teams make consistent use of policy engagement for transition impact at the project level, especially power and energy and Municipal and Environmental Infrastructure. About 45% of SEMED investment operations between 2011-2018 included policy elements; about 30% claimed expected transition impact from this policy engagement. Policy benchmarks were an important expected contributor to estimated transition impact in about 85% of sovereign projects; the comparable figure for private operations was about 25%, concentrated in renewable energy. The mechanisms underpinning the contribution of policy work to Expected Transition Impact is not transparent, and it is not clear whether this contribution affects operational decisions.
Evaluation of the Legal Transition Programme	2020	**Negative**	LTP contributes to delivery of country strategic priorities and priority policy objectives (PPOs). Uptake of LTP reforms is significant in many countries and some achieved substantial break-through. Evidence suggests long-term engagement with multiple partners enhances reform prospects. Ops, when prepared, only included activities and output-level indicators, such as the number of TC projects to be delivered, corporate governance action plans (CGAPs) to be completed, events to be organised, etc. No intended outcomes or impact were specified, nor any results chain relating activities to the Bank's policy dialogue agenda. Reporting provides no logical flow from inputs (TC and core funding mobilised, staff time) to activities to results and impacts. This form of presentation serves badly at substantiating the use of (insufficient) resources to deliver an ever-increasing portfolio. The reporting framework has become less detailed and informative over the evaluation period. As the team shifted from three-year Ops to annual plans and finally no plan, the departmental report has changed as well. It became annual as of 2018 and from a detailed word format evolved into a PowerPoint presentation showing projects implemented and activities performed during the calendar year, with some illustrative cases. There are highlights in terms of the list of laws approved, trainings organised, CGAPs prepared/reviewed, events and publications. Reports aggregate data by key streams of LTP activities and do not compare achievements directly with OGC scorecard or LTP OP objectives. They report on the "key activity streams" mentioned in Ops, plus corporate governance and training and capacity building. They make no direct reference to the relevant OP or the OGC scorecard, do not report against declared objectives, so any comparison of planned and implemented activities must be compiled manually. The presentation of achievements is not always consistent with the list of annual targets identified in the OP.
Cluster Review Mining Operations in Mongolia	2020	**Positive**	Implementation of EITI was the greatest achievement for a well-governed mining sector with limited progress across other areas. The EBRD has supported competition by investing only in private sector mining companies or contractors; the EBRD's biggest investment in Oyu Tolgoi copper mine involves a joint venture with the government of Mongolia (34%) and Rio Tinto (66%).

			An array of new technologies, products and processes were implemented through EBRD mining projects. A world class water recycling scheme was introduced at Oyu Tolgoi resulting in 85% of water being recycled. No progress on opening up further opportunities for women to work in mining in Mongolia (currently 16% of mining workforce is women). The EBRD has not been able to participate in any privatisation or commercialisation of state owned mining assets due to the challenging political environment, lack of commitment to reform, legacy corruption or lack of transparency, financial issues and environmental legacies. Ongoing policy dialogue with Mongolia's Ministry of Environment and Green Development on environmental standards has had limited success.
2021: Cluster Evaluation – Evaluation of Hydrocarbon Projects	2021	**Mixed**	Most projects had a very complex transition structure, with TI benchmarks ranging from 7 to 32, some of them with vague or absent linkages to the project's components. The transition-related results of most projects were relatively modest. Some hydrocarbon projects (PICO, Energean, TANAP, MAK I Mongolia) included policy dialogue components, which objectives were typically partially achieved, contributing to regulatory improvements in the hydrocarbon sector, health and safety regulations in line with EU directive and the implementation of EITI. Private sector expansion in an industry dominated by state enterprises was often the main transition objective. It was achieved in most cases but its impact was more questionable in Tunisia and Egypt, where hydrocarbon extraction concessions were majority-held by state companies, which benefited from JVs with private partners.
2022: Cluster Evaluation – Solar Power Operations	2022	**Mixed**	Backward linkages of solar projects to the local economy have been relatively weak as there are no large-scale solar equipment manufacturers in the Bank's COOs (equipment, usually imported, accounted for about 85% of capital expenditure in most projects), while employment at solar plants is low. Sustainability of results in most of the evaluated projects seems reasonably assured as all benefit from 12-25 year PPAs and all the relevant governments have ambitious commitments to increase RES/reduce GHGs under their international agreements and strategic plans (although the recent war on Ukraine threatened the projects there – in March 2022 there was a missile attack on Yavoriv military training ground, which is adjacent to the solar plant financed by the Bank)
EBRD Trade Facilitation Programme	2021	**Mixed**	There is no linkage between outputs and outcomes, and no clear objectives that can be used to draw conclusions on targeted changes in trade in COOs arising from the TFP outputs. The TFP operational TI indicators imply there will be expansion of TF in underserved markets such as ETCs, intra-regional trade, and SMEs in COOs, via private sector banks. Underserved markets has been interpreted by EVD as SMEs in ETC, SEMED and more recently countries such as Greece and Cyprus. Resilience and GET became targets from 2016 and mobilisation will be important moving forward.

			Turnover data indicates TFP has moved away from ETC countries over time, towards non-transition regions of SEMED, Cyprus and Greece. While effects of the GFC gradually declined after 2007, the level of TFP allocated to intra-regional trade grew, reaching 30% of TFP in 2019. No data is collected on SME usage of TFP products and how it has changed over time.
Evaluation of the EBRD's Investment Climate Support Activities	2018	**Mixed**	Evaluating the results of the EBRD's IC support faces fundamental challenges due to limitations in Bank methods and processes, including benchmarking, monitoring and reporting of non-financial information. While Bank activities have evident effects on some industries and sectors in the countries of operation strong causal links are difficult to find. Tracing the outcomes and impacts in the country back to the Bank's inputs is only possible in some cases, mostly in relation to TC projects and policy dialogue. Likewise, it is often impossible to establish meaningful forward-looking result chains. At the outcomes level the success is more tangible and the EBRD's contribution is more substantial. The Bank was crucial for improving access to finance by supporting systemic reforms in banking and non-banking sectors (joint work of banking teams and LTT), offering affordable financial products to local companies and gearing them up to address key challenges (high energy intensity, low technical standards, inadequate quality for export markets) (joint work of banking, ASB team and TFP team). The Bank was critical for unlocking the potential for energy efficiency in KR –the adoption of framework law, secondary regulations and built capacity enables thousands of businesses and municipal entities to invest in modern technologies and the best available equipment, and enhance their productivity by reducing losses and waste.
Equity Operations	2017	**Negative**	Transition impacts are not clear and there is no set of financial statements based on profit and loss, cash flow and balance sheet that can be used to provide a clear, standardised, reconcilable review of the structure and performance of the portfolio over time. In many cases, transition impacts for equity investments were not directly defined, but were conflated with financial performance. While there are data available on financial returns from equity investments that have been exited, the lack of specific transition impact objectives and defined exit strategies makes it difficult to determine what was achieved, or to compare actual versus expected performance, to provide lessons for the future. In 2017, Management reported that 48 projects out of 210 investments (23 per cent) in the current portfolio were one year or less in age, and 77 (37 per cent) were aged from 7 years to greater than 20 years, and accounted for 27 per cent of investments by fair value. As these investments exceed the maximum expected date, coupled with the nature of transition impacts, it seems likely that many of these investments are no longer generating transition impacts. There is little detail in management reports on the actual transition impacts that were expected from equity investments presented in Board documents. Previous evaluations, such as a study in 2014 (EBRD, 2014a), indicated that improvements to corporate governance and shareholder interaction were at the heart of the EBRD's justification for equity investment.

Element 9.2.2

The MO's operations, fund portfolios and sub-portfolios have contributed to its strategic objectives with respect to cross-cutting themes (e.g., climate and gender).

EBRD does not provide separate performance ratings for cross-cutting themes addressed through its operations, similar to other MDBs. Evidence from evaluations and sustainability reporting suggests that EBRD is expanding the reach of its investments with respect to Green Economy Transition and Gender and is moving toward ex-post results reporting. Evaluations demonstrate examples where EBRD has contributed to outcomes and impacts related to cross-cutting issues.

This element is rated **satisfactory** with low confidence. Low confidence ratings reflect the absence of project-level ratings for support to cross-cutting issues and the absence of relevant thematic evaluations covering the period.

The rating takes into consideration the progress made by EBRD in reporting on the reach of its operations with respect to GET and gender and steps made toward ex-post reporting on outcomes. However, like other MDBs, EBRD is not able to present a full picture of the outcomes it contributes to for cross-cutting issues.

This analysis primarily focuses on the extent to which EBRD's operations have contributed to results in the areas of gender and climate, reflecting the most mature of EBRD's cross-cutting themes. In particular, this element reflects the extent to which EBRD can demonstrate its results for these cross-cutting themes, notably at the outcome level. In assessing this element, we considered evidence from corporate reporting and available evaluations.

A review of OPAVs demonstrated that separate performance ratings are typically not provided for cross-cutting issues. Therefore, it is not readily possible to report on the proportion of projects that deliver on expected outputs and outcomes related to cross-cutting issues. This is a challenge demonstrated across most MDBs, but points to an important challenge in providing an institution-level picture of how operations are contributing to results for cross-cutting themes and any relevant lessons.

Green Economy Transition:

In addition to reporting on overall GET Finance, the EBRD reports annually on a series of GET Impact indicators that aggregate the expected impact of projects assessed prior to investment, reflecting the impact and reach that projects are expected to have once they become fully operational. The ex-ante impact of GET finance is presented in Table 139, below. Overall, these data suggest that EBRD is making a contribution to its strategic objectives with respect to Green Economy Transition.

Table 139. EBRD Ex-Ante GET Impact Indicators

Impact	2018	2019	2020	2021	2022
CO_2 emissions reduced (kiltonnes / year)	7,120	4,797	3,711	6,994	11,141
Primary energy saved (GJ / year)	26,610,703	59,876,902	28,223,568	36,259,038	58,436,216
Water saved (m^3/year)	125,821,617	52,333,946	42,583,167	20,033,035	21,495,103
Materials reduced (tonnes / year)	496,631	379,692	6,470	66,269	159,431
Renewable energy – capacity installed (MW)	877	2,249	1,484	1,979	4,652
Renewable energy heat produced (GJ / year)	282,871	3,034,026	1,476,610	26,137	185,526
Renewable energy electricity produced (MWh/year)	2,308,834	5,365,724	3,025,530	4,855,286	12,789,152
Drinking water supplied (m^3 / year)				16,094,705	37,926,237

Drinking water – number of people connected				205,457	550,597
Wastewater treated				18,294,065	27,728,364
Wastewater reduced				7,655,595	4,737,742
Waste treated / disposed of (tonnes / year)				1,180,991	857,797
Waste recovered, recycled or reused (tonnes / year)				109,625	16,438
NOx Reduced (tonnes / year)				2,391	8,486
PM reduced (tonnes / year)				206	5,490
SO2 reduced (tonnes / year)				1,522	20,739
VOC reduced (tonnes / year				7,002	1
Ecosystem (ha)				9,320	6,523

Source: EBRD Sustainability Report 2022

EBRD stakeholders acknowledge that these measures do not yet reflect actual achievement of outcomes ex-ante. In 2021, a new monitoring, reporting and verification approach was introduced that will help EBRD track and verify actual impacts as projects are implemented; however, these data are not yet available.

Relevant evidence from evaluations suggests that project-level outcomes related to Green Economy Transition have been achieved. However, a major gap in the available evidence is linked to the fact that EBRD has only recently started producing country-level evaluations that consider GET-related impacts at the country level. Furthermore, no specific thematic evaluation has been conducted of EBRD's GET activities. In total, five evaluations were considered.

Available evidence is provided in Table 140.

Table 140. Contribution to GET outcomes from available evaluations

Evaluation	Year (Coverage)	Rating	Contribution to GET Outcomes
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Mixed**	In the energy sector, the Bank's financing and policy dialogue in support of private-sector renewable energy generation also constitutes a significant systemic change with respect to private sector participation. In addition to increasing the role of the private sector, the Bank's renewable energy support has had a clear role in helping to promote green energy. EBRD projects are unlikely to have had any macro-effect on energy or resource efficiency. Several private sector projects have goals related to improving energy and resource efficiency. Some of these projects have faced delays in implementation or have any only recently started. Where projects have achieved their project-level outcomes, given their size and EvD observations, it is unlikely that they have had any wider macro-effect on energy or resource efficiency or have catalysed systemic changes. The introduction of GEFF financing lines provides another avenue by which the Bank has supported resource solutions. With less than USD 20 million disbursed between 2018-22 under GEFF credit lines, despite having achieved their project-level outcomes the financing is unlikely to have made a significant contribution to systemic change or nationwide energy efficiency. However, the introduction of GEFF financing lines has helped PFIs consider green

			financing as a market offer, although it is not clear if they would consider it as a viable standalone option without the support and subsidies provided as part of it.
Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-23)	**Positive**	Some positive results were achieved under Green TQs, e.g., the reduction in CO2 emissions in Migros stores by 23 per cent per square mile of sales area. Also, Kernel in Ukraine utilised its biomass boilers to a certain extent, reducing CO2 emissions (although five time less than benchmarked, largely due to the war, which prevented normal operations). However, the verification of the achievement of Green TQ-related objectives was often challenging due to the client's use of different metrics/monitoring, e.g., Migros measured CO2 reduction per square mile of sales area rather than by store, the benchmark set in the Board report
Evaluation of the Shareholder Special Find	2022	**Positive**	Evidence shows that the SSF has supported projects and initiatives which have driven the Bank's impact under SCF 2016-20 – particularly in green and well-governed. Though the SSF has contributed to the Bank's inclusion work, inclusion features less heavily as an area of SSF support than other TQs. The SSF has been the backbone of several Bank flagship investment and advisory projects, and there is convincing evidence of its catalytic role in enabling investment and policy work and demonstrating new areas for donor support (for instance, in green, inclusion and digitalisation). In addition, some assignments under this category underpinned projects by the Financial Institutions team – for instance, support of local banks in scaling up small and medium-sized enterprises (SMEs) and/or green lending and capacity building linked to the Bank's trade facilitation programme.
Supporting Green Transformations in Municipalities: The EBRD Green Cities Programme interim evaluation	2022 (2016–21)	**Positive**	For both bankers within EBRD and municipal stakeholders, the preparation work for GCAP, its implementation and regular monitoring/reporting represent a firm basis for investment planning. Instead of commissioning a detailed technical and financial analysis prior to each potential project, stakeholders can now refer to a politically approved and administratively implemented Action Plan and accompanying documents. This clearly sets the city's multiannual priorities for investing in green infrastructure, and the policy and regulatory measures aimed at enhancing the investment climate in green municipal infrastructure. Incoming potential financiers have more reassurance that the appropriate process will be followed and priority projects truly reflect the city's needs and its leaderships' commitment, including regulatory and financing attributes.
Cluster Review Mining Operations in Mongolia	2020	**Negative**	Ongoing policy dialogue with Mongolia's Ministry of Environment and Green Development on environmental standards has had limited success. The EBRD is unable to directly help reduce impact of coal burning on air pollution as it has not engaged in coal projects since 2013. The first

			smokeless coal plant in Mongolia was thanks to an EBRD project in 2007

Gender / Equality of Opportunity:

In the case of Equality of Opportunity, corporate reporting on gender alignment and outcomes is the most mature. However, to date, corporate results reporting has typically occurred at the input or output level only. This primarily reflected in the number and proportion of operations that are identified as gender SMART. In 2022, EBRD also began to report on other indicators at a corporate level, including the number of gender-related policy interventions delivered and EBRD's reach in terms of the number of women with enhanced skills and economic opportunities linked to knowledge and skills development delivered through EBRD's operations, showing a clear increase. Similar reporting is now taking place more broadly across operations supporting other dimensions of Equality of Opportunity.

However, stakeholders acknowledge that these data do not reflect outcome-level achievement. An important challenge lies in the quality of project-level indicators, which tend to be output-driven, aggregation of these data at the country level and unclear linkages to country-level gender gaps or progress in promoting inclusion as a transition quality. EBRD's Gender and Economic Inclusion team is working through the Gender SMART process to address this challenge over time. Nevertheless, the available evidence demonstrates EBRD's expanding reach for gender-related activities.

Evidence from Independent Evaluations

As with GET-related outcomes, evaluations provide relatively limited evidence of contribution to gender outcomes. However, this evidence must be treated with caution as coverage of the issue is inconsistent across evaluations. Furthermore, there has been no specific thematic evaluation covering EBRD's support to gender equality, although an evaluation is now in progress at the time of writing.

This could be better captured through expanded country-level evaluations that consider the accumulated impacts of gender-related interventions across projects and sectors (See Table 141, below).

Table 141. Contribution to Gender / EoO outcomes from available evaluations.

Evaluation	Year (Coverage)	Rating	Contribution to gender equality Outcomes
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Positive**	There are also positive signs of changes with financing directed towards women-led businesses. Data from the CBU suggests that loans to support women's entrepreneurship have outpaced the wider growth in SME lending. Furthermore, loans to female entrepreneurs demonstrated the fastest growth from 2020- 22, which coincides with the EBRD's introduction of WiB facilities.
Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-23)	**Negative**	Gender equality was also targeted but with limited success. For instance, the Bank's TC was to help Eurocash in gender-sensitive recruitment during the pandemic, however this TC has not taken place (ironically due to the pandemic, as consultants were prevented from traveling). In the case of Migros, the company stated that its gender equality programme was in place long before it started cooperating with the Bank, therefore this component may be seen as having limited added value. In the event, the number of female employees at Migros increased but the share of women employed stayed the same at the company level and increased only slightly in management.

			Objectives related to the Inclusive TQ were more difficult to achieve and they failed in a few cases. One reason was the suspension of several TCs supporting these more ambitious objectives during the pandemic. Another, also related to COVID, were increased uncertainty and a competitive environment, which put pressure on clients to focus on core production and activities only. Expected outcomes related to Inclusive TQ-supporting training programmes by accredited academies usually did not happen as such accreditations proved difficult to achieve (as explained in the previous section). Where training was provided (accredited or not, e.g., Eurocash, Kernel), its results were measured usually by the number of people trained (output) rather than by the effects of the training on the behaviour of those trained or on the performance of the business. Moreover, companies seemed concerned that accredited education could result in employees seeking better employment elsewhere. Instead, some clients provided their employees with short-term training, sometimes a single day/virtual only. Such training was useful but, as it was not certified, it could not help employees attain other employment opportunities.
EBRD's Health-focused Interventions	2021	**Negative**	There is also a gap between TOMS and inclusion goals. Assessment of Transition Qualities (ATQ) has a number of indicators to capture the degree of regional and gender inequalities in accessing healthcare services. But these remain country-level measurements without any operational implications for the Bank. This is because these dimensions are not operational under the TOMS. Thus, even if a project promotes gender equality in accessing healthcare service the Bank does not have a transparent rule-based mechanism in place to assess the project's transition potential.
Cluster Review Mining Operations in Mongolia	2020	**Negative**	No progress on opening up further opportunities for women to work in mining in Mongolia (currently 16% of mining workforce is women)
Evaluation of the Legal Transition Programme	2020	**Positive**	Another area where LTT's push achieved some specific results is the gender diversity on corporate boards. The policies and practices across a range of banking sectors (including the SME sector) and geographies (including SEMED where gender inclusion has the greatest gap with the best standards and practices) are gradually improving. The EBRD's position as a significant institutional investor in many CoOs allows it to set up higher standards with regard to gender diversity, by stimulating clients to approve and implement nomination and recruitment policies that ensure gender balance.

MI 9.3: The MO's investments and other operations demonstrate Environmental and Social Performance.

- Element 9.3.1 The MO's investments demonstrate adherence to the ESG Standards of the organisation and have promoted high standards.

Table 142. KPI 9 – MI 3 ratings

MI / element	Rating	Score	Confidence Level
9.3	Satisfactory	3.00	High
9.3.1	Satisfactory	3	High

MI 9.3: Evidence documents:

- EBRD (2023), *Global Reporting Initiative (GRI) disclosure report 2022*, EBRD, London, www.ebrd.com/documents/environment/gri-report-2022-sustainability-disclosures.pdf?blobnocache=true.
- EBRD (2023), *Quarterly Performance Report Q2 2023*, EBRD, London.
- IEvD (2020), *Cluster Review: Mining Operations in Mongolia,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395290673617&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2022), *Cluster Evaluation: Solar Power Operations*, EBRD, London, www.ebrd.com/documents/comms-and-bis/cluster-evaluation-solar-power-operations.pdf.
- IEvD (2022), *Special Study: EBRD Public Sector Operations: Mobilising Private Sector Participation in Infrastructure*, EBRD, London, www.ebrd.com/documents/evaluation/ebrd-public-sector-operations-mobilising-private-sector-participation-in-infrastructure.pdf.
- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.

MI 9.3 Analysis

Element 9.3.1

The MO's investments demonstrate adherence to the ESG Standards of the organisation and have promoted high standards.

Evidence from evaluations suggest that EBRD maintains an appropriate level of compliance with ESG standards throughout their operations. However, evidence around environmental and social performance remains fragmented across different sources and it remains challenging to obtain a full picture of institutional performance.

This element is rated **satisfactory** with medium confidence. Although a representative picture is not available across the institution, available evidence from OPAVs and evaluations suggests satisfactory performance in addressing ESG risks throughout operations. Furthermore, available audits suggest appropriate compliance with relevant processes despite opportunities to strengthen the audit trail.

Quarterly operations reports and EBRD's Sustainability reporting does not reflect the overall level of compliance across operations with respect to environmental and social risk management standards, nor implementation of Environmental and Social Action Plans (ESAPs). However, serious incidents, including cases raised to IPAM are reflected when they arise.

Evidence from Annual Evaluation Reviews:

This issue has not been covered systematically in AERs. The 2022 AER, however, noted the importance of close monitoring and engagement to address emerging environmental issues among projects as a general lesson.

Evidence from Operations Performance Assessment Validations:

Most, but not all, OPAVs provide a rating for Environmental and Social Performance in line with the ECG Good Practice Standards. These ratings reflect the degree of compliance with the requirements of the Bank's Environmental and Social Policy.

Of the 53 reports reviewed, 18 did not provide overall ratings for this criterion. It is not clear to what extent this is due to the fact that there were minimal E&S concerns versus inadequate data to assess compliance. For projects that were rated, 91% demonstrated Satisfactory (Standard) or better performance.

Evidence from Internal Audits:

Additionally, the Internal Audit Department has reviewed specific and thematic topics relating to the Bank's compliance with ESG standards and best practices. Evidence from relevant audits indicate that procedures for managing environmental, social and governance risks are implemented consistently.

However, there are opportunities to enhance the consistency and documentation of these activities with respect to:

- Identifying a single, verified source of validated ESG data to strengthen the audit trail and transparency.
- Strengthening processes around data validation to promote integrity and traceability.
- Simplifying guidance and methodology, clarifying roles and responsibilities at working level and enhancing quality assurance for key "green processes" subject to external reporting (e.g., GET attribution, Paris alignment, climate risk and green MRV); and
- Enhancing the comprehensiveness and flexibility of processes for identifying and responding to governance risks in direct equity investments.

These processes contribute to an enabling environment for demonstrating the ESG performance of EBRD's portfolio.

Evidence from Evaluations:

Evaluations do not report on ESG performance in a standardised way and do not contain ratings, making it challenging to present a portfolio-wide perspective and capture any unintended consequences of projects.

Available evaluative evidence indicates that EBRD provides clients with support in developing and implementing ESAPs and promoting compliance with good standards around public disclosure and consultation and responsiveness to emerging challenges. This is particularly apparent in the case of large infrastructure, extractives and energy generation projects. (Table 143)

Table 143. Evidence from evaluations on EBRD's ESG Performance

Evaluation	Year (Coverage)	Rating	Environmental and Social Performance
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Positive**	In addition to financing, clients provided evidence of EBRD's additionality via both capacity building and EBRD attributes. The Bank's due diligence process and ESG requirements, both of which were more stringent than local private sector clients were used to, helped to raise standards, whilst the EBRD provided support on wider corporate governance standards (e.g., the introduction of IFRS accounting). Clients also noted the reputational benefits of a project with the EBRD.
EBRD Public Sector Operations: Mobilising Private Sector	2022	**Positive**	ESD provides support to implement ESAPs. Most assistance is project linked, and mainly delivered through PMUs. ESD is trialing a new form of assistance where it provides guidance and training to

Participation in Infrastructure			government officials after project disbursements to support monitoring of ESAPs and their implementation.
Cluster evaluation: Projects Supporting Cross-Border Connectivity (Regional Integration)	2020	**Positive**	AIIB commented that their team, as well as other IFIs highly appreciated EBRD consultant's coordination of environmental and social performance monitoring of this complex project. The client also stressed that IFIs coordinated their contacts with them, e.g. combining visits and meetings, thus minimising the clients' workload. Benefiting from common IFI monitoring of environmental and social performance was possible because harmonisation of E&S policies among IFIs has been a long-standing priority since at least the 2005 Paris Declaration on Aid Effectiveness; this has largely been achieved and is now regularly monitored during the E&S policy update cycle of each IFI. At that time, Asya Port did not operate under any documented management systems, policies, plans or procedures for environment, health and safety (EH&S) or social aspects. No planned stakeholder engagement activities were in place. The EBRD designed and covenanted the Environmental and Social Action Plan (ESAP). Via the ESAP implementation, the project was constructed and operated in compliance with the Bank's environmental standards. The EBRD assisted the Port in developing resource efficient solutions, which since than have been implemented on site.
2020: Cluster Review Mining Operations in Mongolia	2020	**Positive**	In Category A projects, performance was generally strong in completed projects, with thorough due diligence, international standard impact assessments and constructive public disclosure throughout implementation. One project did not meet expectations due to financial impairment and non-implementation. Environmental and social performance monitoring and compliance monitoring has been extensive, leading to the Bank being responsive in addressing emerging problems.
Cluster Evaluation – Solar Power Operations	2022	**Positive**	The additionality of both projects rested on three components: the inclusion of an ESAP, EBRD policy dialogue, and the limited availability of long-term project financing.

KPI 10: The MO's investments and other operations demonstrate alignment with needs with respect to key principles of private sector development, including: (i) financial and non-financial additionality; (ii) alignment with country and sector strategies; and (iii) cross-cutting themes.

Table 144. KPI 10 ratings

KPI / MI	Rating	Score
KPI 10	Satisfactory	3.00
MI 10.1	Satisfactory	3.00
MI 10.2	Satisfactory	3.00
MI 10.3	Satisfactory	3.00

MI 10.1: The MO's investments demonstrate additionality (as defined per the MDB harmonised framework for additionality).

- Element 10.1.1: The MO's investments demonstrate financial additionality in terms of not crowding-out private sector sources, access to finance, terms of finance or mobilisation.

- Element 10.1.2: The MO's investments demonstrate tangible non-financial additionality (in terms of reduction of risk, improvement of business practices or improvement of operations design demonstration effects, replicability to other markets or larger scale), particularly where financial additionality is more limited.

Table 145. KPI 10 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 10.1	Satisfactory	3	Low
10.1.1	Satisfactory	3	Low
10.1.2	Unrated		

MI 10.1: Evidence documents:

- EBRD (2023), *Country Strategy Delivery Review 2023,* EBRD, London.
- IEvD (2017), *Annual Evaluation Review 2016*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395257046790&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2018), *Annual Evaluation Review 2017*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395273814845&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2019), *Annual Evaluation Review 2018*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395282159394&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2019), *Annual Evaluation Review 2019*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395292144732&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2020), *Cluster Review: Mining Operations in Mongolia,* EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395290673617&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2020), *Special Study: EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395290103978&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), Annual Evaluation Review 2020, www.ebrd.com/sites/Satellite?c=Content&cid=1395298964059&pagename=EBRD%2FContent%2FDownloadDocument.
- IEvD (2021), *Cluster Evaluation: Evaluation of Hydrocarbon Projects*, EBRD, London, www.ebrd.com/documents/evaluation/2021-cluster-evaluation-evaluation-of-hydrocarbon-projects.pdf.
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- IEvD (2022), *Cluster Evaluation: Sustainable Infrastructure Operations in Advanced Transition Countries*, EBRD, London, www.ebrd.com/documents/evaluation/sustainable-infrastructure-operations-in-advanced-transition-countries-.pdf
- IEvD (2022), *Special Study: EBRD Public Sector Operations: Mobilising Private Sector Participation in Infrastructure*, EBRD, London, www.ebrd.com/documents/evaluation/ebrd-public-sector-operations-mobilising-private-sector-participation-in-infrastructure.pdf.
- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.

- IEvD (2023), *Corporate Evaluation - Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries (2017-2022)*, EBRD, London, www.ebrd.com/etc-evaluation-early-transition-countries.pdf.
- IEvD (2023), *Programme Evaluation: Supporting Green Transformations in Municipalities – The EBRD Green Cities Programme interim evaluation (2016-2021)*, EBRD, London, www.ebrd.com/green-transformations-municipalities.pdf.
- IEvD (2023), *Sector/Programme Evaluation - Financing for Innovation – An Evaluation of the Venture Capital Investment Programme I (2012 – 2019)*, EBRD, London, www.ebrd.com/documents/evaluation/financing-for-innovation-an-evaluation-of-the-venture-capital-investment-programme-i-20122019-.pdf.
- IEvD (2024), *Annual Evaluation Review 2023*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.

MI 10.1 Analysis

Element 10.1.1

The MO's investments demonstrate financial additionality in terms of not crowding-out private sector sources, access to finance, terms of finance or mobilisation.

All projects are required to demonstrate financial additionality when approved. Financial additionality is confirmed for the majority of projects ex-post.

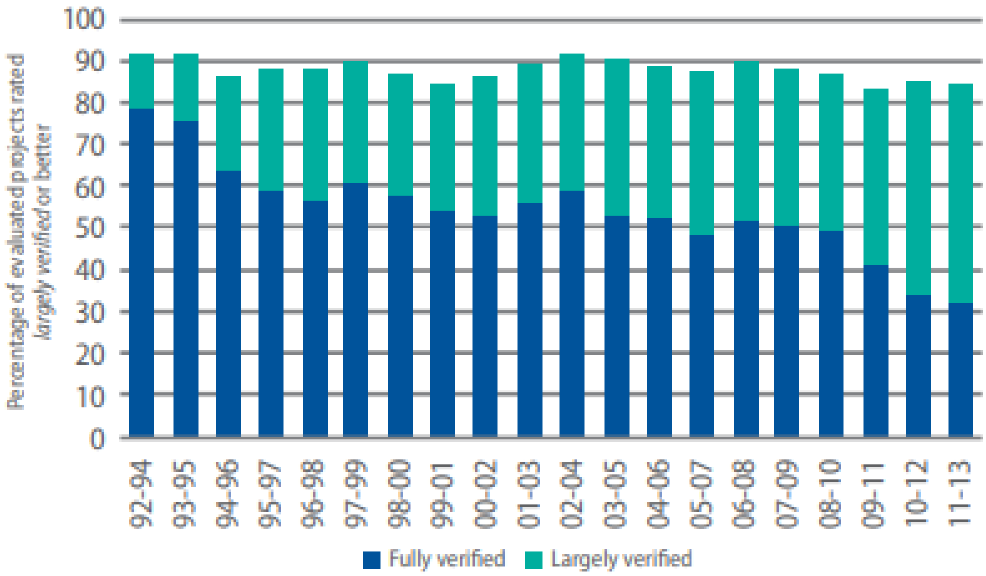
This element is rated as **satisfactory** with low confidence, reflecting that most operations realise expected financial additionality, while recognising the inability to provide a full institutional perspective.

In order to assess this element, MOPAN considered available evidence from Annual Evaluation Reviews, Operations Performance Assessment Validations and Independent Evaluations, which each provide some relevant information.

Evidence from Annual Evaluation Reviews:

The last representative picture of portfolio performance provided in 2016 indicated that additionality was "largely verified" or better for at least 85% of operations approved between 2011 and 2013 that has reached operating maturity (See Figure 51).

Figure 51. Operations for which additionality is rated "largely verified" or better.



Source: AER 2016

As noted in sections above, following changes to EBRD's self-evaluation system and EVD validations, Annual Evaluation Reviews provide a high-level management assessment of OPAs alongside a validation of a non-purposive sample of OPAs until 2020 when this practice ceased. Data from this period indicate that financial additionality is confirmed ex-post for the majority of operation. A major constraint lies in a shift in EVD's validations to assess "relevance," which does not directly align with verified financial additionality. Furthermore, the majority of OPAs over this period are not validated, however, and results should be interpreted with caution. (See Table 146)

Table 146. Verified additionality ex-post – Management OPAs and EVD validations.

Data Source	2017		2018		2019		2020	
EBRD OPAs	Number	% Achieved	Number	% Achieved	Number	% Achieved	Number	% Achieved
Achievement of projected financial objectives	143	N/A	119	84.9%	114	90.3%	92	84%
EVD Validations	Number	Standard or better	Number	Standard or better	Number	Standard or better	Number	Standard or better
Relevance	17	100%	19	63.1%	25	92%	8	100%

Source: EBRD AERs 2017-2020

Evidence from Operations Performance Assessments:

Operations Performance Assessments report systematically on the ex-post confirmation of additionality claims made ex-ante. In most cases, this rating is driven by demonstrated financial additionality. Of the 53 OPAVs reviewed, 69.8% of projects received a rating of Satisfactory (Standard) or better for additionality. This criterion potentially has an important linkage to the achievement of outcomes and transition impact. Projects that received an unsatisfactory rating were more likely to receive unsatisfactory ratings for outcome achievement and transition impact. However, OPAVs themselves do not cover a representative sample of operations.

Evidence from Independent Evaluations:

Across available independent evaluations, financial additionality is covered more consistently across sector and project cluster evaluations. Although coverage of the portfolio remains an important issue, most evaluation indicated that the majority EBRD's investments were additional.

However, financial additionality, in terms of the proportion of projects for which additionality could be verified ex-post, is not rated. Challenges were raised with respect to: (i) trade facilitation activities; (ii) financial additionality for sustainable infrastructure investments in Advanced Transition Countries (ATCs); and (iii) constraints on grant financing and/or ability to mobilise concessional resources to support infrastructure investment in Early Transition Countries.

The latter two issues are strategically relevant with respect to providing enhanced support to Early Transition Countries and, on the other hand, identifying market segments with the Bank's investments are likely to be additional in Advanced Transition Countries, consistent with the Policy on Graduation of EBRD Operations and a Post-Graduation Operational Approach.

Selected excerpts on financial additionality from evaluations is provided in Table 147.

Table 147. Financial Additionality of EBRD investments

Evaluation	Year (Coverage)	Rating	Financial Additionality
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Positive**	There is evidence that neither DFIs nor international commercial banks are able to provide financing to private sector businesses in Uzbekistan at the same rate as the EBRD. None of the local private sector clients interviewed by the EBRD had experience with or exposure to other DFIs, and limited exposure to international commercial banks. These interviews demonstrated the EBRD's unique capacity to reach smaller, private-sector clients, particularly through mechanisms such as the Risk-Sharing Framework (RSF) that help to support transactions that are smaller than the Bank would normally envisage. Client interviews showed that they perceived EBRD's financing as additional. High investment needs municipal infrastructure ensure high financial additionality in a sector with many financiers. All operations in the sector are sovereign. In this context IFI finance continues to bridge the infrastructure financing gap and is neither crowding out nor duplicating efforts with others.
EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account	2020 (2014-2019)	**Positive**	"The MDA as a crisis response mechanism proved to be efficient and effective. Among the key contributing factors are… its ability to quickly mobilise a critical amount of donor resources"
Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries	2023 (2017-2022)	**Negative**	EBRD's financial additionality in offering direct financing in ETCs depends on whether local banks can provide financing on more competitive terms in market conditions. Client feedback from case study countries reveal a progressive weakening of the Bank's financial additionality for direct financing and frequent instances of non-agile client interaction. Financial additionality in the form of mobilisation of external commercial financing in ETCs remained low from 2017 to 2022... Commercial financing in ETC private sector projects (ICA and FI) has remained low. There has been only one B loan for a manufacturing project in Belarus that increased volume in 2019. The EBRD's limited grant financing and ability to mobilise concessional financing is a constraint to doing infrastructure projects in ETCs and limits its activities compared with other IFIs.
2023: Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-2023)	**Positive**	The Bank's financial additionality was generally good. Interviews with market participants in all countries confirmed that local banks were generally uncomfortable with seasonality and the unpredictability of risks (weather, diseases, etc.) and thus still reluctant to provide financing to agribusiness operations (at reasonable margins and especially for longer tenors). The Bank was particularly additional when providing financing with local banks under RSF in Central Asia, secured by an inventory-backed collateral – an innovative structure in these markets. Furthermore, the Bank's sharing in collateral monitoring costs further encouraged local banks to participate in such financing.

			In Ukraine, financing for capex projects was also longer than available from local banks. Similarly, the Bank's financial additionality was strong in Türkiye, as local banks were typically unwilling to lend for more than a one-to-two-year tenor. However, in SEMED, the Bank was unable to compete in local currency financing (due to the high cost of currency swaps and subsidised state financing available to SMEs). But the EBRD was highly additional in hard currency financing as local banks had no access to it, while exporters needed hard currency (e.g., to purchase packaging, seeds and other inputs).
Evaluation of the Shareholder Special Fund	2022	**Positive**	Additionality of investment operations supported by EBRD loans combined with capex grants funded under CRS Pillar I was generally strong. As noted during interviews with the RO team in Amman and corroborated by local experts from the EU Delegation, the Department for International Development/Foreign and Commonwealth Office, and Agence Française de Développement, "Jordan was a pretty crowded place with other donors like AFD, EIB, KfW, USAID and WB during the crisis." To ensure the affordability of projects, the ceiling for grant intensity of investment operations was set high (85 per cent) outright. It eventually reached 44 percent on average for all 12 investment operations supported under the CRS. In line with what was envisaged under the MR3 Framework, grant intensity turned out to be higher for the water and waste sectors than for other sectors, such as transport. It is conceivable that for many future operations in Ukraine following the devastation of its infrastructure by Russia and the depleted finances of local municipalities, grant intensity would be at least as high as in Jordan and Türkiye.
Sustainable Infrastructure Operations in Advanced Transition Countries	2022	**Mixed**	Financial additionality in the sector has been decreasing in ATCs overall. In Croatia there are sufficient commercial and public sources for co-financing of EU grants, while the exemption of these from the limits on municipal borrowing also lowered EBRD's financial additionality. The regional framework for secondary PPPs was underutilised by about a half for various reasons including high liquidity in the markets and unfavorable context for relevant bond issuances, as well as adverse contextual developments in Turkey.
Cluster evaluation: Projects Supporting Cross-Border Connectivity (Regional Integration)	2020	**Positive**	The expected additionality of the project was to be derived from the EBRD's terms, as the sector's financing needs could not be met entirely by one single financier. The investment programme was coordinated with the World Bank and ADB to ensure efficient and complementary engagement in the sector. All projects were rated at least fully satisfactory for additionality.
2020: Cluster Review Mining Operations in Mongolia	2020	**Positive**	Additionality based on provision of long-term debt tenors was demonstrated in around half the debt projects and in the case of Oyu Tolgoi, where IFC offered the same terms, EBRD was still additional due to the unprecedented size of the investment programme in Mongolia.

			Additionality based on equity, considered a novelty in Mongolia, was evident for SMEs in high risk exploration or drilling where financing would not be otherwise available. Half the debt projects had information about their existing debt financing tenors showing them to be lower than that provided by the EBRD. Only other IFIs provided longer tenors similar in length to that offered by the EBRD. Self-assessments of two projects confirm that the provision of longer-term financing by the EBRD was additional to that which was available on the local market.
Cluster Evaluation – Solar Power Operations	2022	**Positive**	The client informed EvD that the EBRD offered the most competitive financing terms, combined with an efficient and diligent financing process. Other stakeholders confirmed that commercial banks in Jordan have rarely been able to offer long-term financing to match the tenure of the renewable energy PPA because of the high provisioning requirements imposed by the Central Bank. Furthermore, the EBRD also approached the co-lenders, FMO and Proparco, mobilising additional sources of finance.
Cluster Evaluation – Evaluation of Hydrocarbon Projects	2021	**Inconclusive**	Additionality was questionable in the case of two corporate loans, which were with very strong clients – top two corporations in the region.
EBRD Trade Facilitation Programme	2021	**Negative**	While TFP has capacity to provide long tenors, and finance large transactions, in practice this capacity is not valued by clients. Most TFP transactions over the evaluation period have a tenor of less than 9 months and a transaction size of about €1.0 million. Given high levels of competition and liquidity in COOs, and ready availability of commercial TF training for banks, it is not clear why the TFP network and its outputs is a unique source of value to local importers and exporters. IAD found in 2018 that Risk Management had limited oversight of TFP pricing and TFP staff are incentivised to maximise TFP volumes transacted, rather than profitability. The combination of these factors creates strong incentives for TFP to set prices at below market rates, thereby reducing additionality.
Evaluation of EBRD's Investment Climate Support Activities	2018	**Positive**	The Bank's entry to Egypt during a very difficult time, while others were leaving or scaling down, is highly valued and appreciated. Through its work, the EBRD has been able to build a strong brand in the field. Its presence provides confidence to investors and contributes to the improvement of the investment climate. The Bank's activities, and internal and external cooperation, have been effective in delivering results across its different work streams. Likewise, the Bank steps aside when alternative financing from the private sector or other IFIs becomes available, when its additionality is no longer valid. This is a unique feature that greatly contributes to its strong and positive reputation as a financier and policy dialogue partner. For example, the entry of the Russian Kyrgyz Development Fund to the Kyrgyz financial market in 2016 dramatically reduced the cost of credit, which led to a loss of clients. However, the Bank was able to offer complementary advisory services to the Fund's clients, so a collaborative partnership was established.

Equity Operations	2017	**Negative**	In some of the Board documents for equity investments reviewed as part of this study, the argument was presented that as equity is not being provided by the market, the EBRD's equity participation is additional. Similarly, justifications based on additionality have largely occurred independent of an analysis of actual conditions on the ground within a country. This lack of analysis creates risks of large losses in circumstances where the EBRD has limited ability to mitigate the risks associated with weak institutions coupled with minority shareholdings. This view on additionality does not analyse the reasons why equity is not being provided by the market. In many cases, there are sound financial reasons why equity is not available, based on problems such as poor profit potential, lack of voice due to minority participation, or an inability to exit.

Element 10.1.2

The MO's investments demonstrate tangible non-financial additionality (in terms of reduction of risk, improvement of business practices or improvement of operations design demonstration effects, replicability to other markets or larger scale), particularly where financial additionality is more limited.

There are important challenges for demonstrating the extent to which EBRD's investments deliver tangible non-financial additionality due to gaps in monitoring and reporting, uneven evaluation coverage of this topic.

This element is rated as **unrated** on the basis of: (i) lack of consistent reporting on the realisation of non-financial additionality; (ii) lack of a clear definition guiding the assessment of non-financial additionality and the boundaries with other related issues; and (iii) uneven realisation of non-financial additionality across the evidence that is available. Overall, the available evidence is not sufficient to come to a clear conclusion on EBRD's realisation of non-financial additionality.

However, the available evidence demonstrated several cases, albeit non-representative, of how expected non-financial additionality has been realised. There are notable overlaps between how the realisation of non-financial additionality is assessed ex-post and other indicators of performance.

The ECG cross-organisational study confirms that monitoring challenges often affect the ability of MOs to demonstrate realisation of non-financial additionality ex-post. Whereas financial additionality is often verifiable following disbursement, claims related to policy, sector, institutional or regulatory change or capacity building and improvements in standards take time to be apparent and require specific monitoring. Like other DFIs, EBRD lacks a dedicated system to track and monitor the realisation of additionality, including non-financial additionality.

Where non-financial additionality is provided through Technical Assistance, there is associated monitoring, particularly where this is supported through donor assistance. However, the quality of monitoring in terms of reflecting outcomes or changes in behaviour is limited, including reliance on short, descriptive narratives and output and activity-driven reporting. Reporting does not include client perceptions around the role and contribution of project components that support non-financial additionality. Evaluation reports indicated that monitoring sometimes conflates, non-financial additionality with transition impact despite a distinction being made between these concepts in the Operations Manual. The 2017 Annual Evaluation Review notes:

> "The difference between non-financial additionality and transition impact is conceptually sound, but in practice is not well understood or applied consistently."

A broader challenge is lack of coherence between reporting platforms, systems and accountabilities to provide ex-ante reporting on non-financial additionality. This challenge is further specified by the 2020 Cluster Evaluation of Mining Operations in Mongolia:

> "One reason for the lack of supportive evidence for non-financial additionality is that whilst financial ratio conditions are almost always covenanted, other conditions are often not. Moreover, where they have been covenanted it is difficult to ascertain the extent to which these conditions have been enforced or waived, especially when a considerable proportion, of the projects have been impaired, pre-paid or largely cancelled."

Evidence from Annual Evaluation Reviews:

Non-financial additionality has not been covered systematically across AERs, with additionality ratings focusing primarily on demonstrated financial additionality. The 2017 AER noted that ex-post realisation of non-financial additionality is difficult to demonstrate and often depends on the Bank's appetite to enforce related loan conditions. The 2022 AER noted challenges pertaining to non-financial additionality across repeat clients, identifying a need for incrementally more ambitious transaction indicators in these instances. It also reaffirmed the challenge that operations leaders face in identifying appropriate evidence that expected non-financial additionality had been realised. This evidence is not conclusive on the extent to which the Bank's operations deliver expected non-financial additionality.

Evidence from Operations Performance Assessments:

As noted above, ratings for additionality from OPAVs often place emphasis on realisation of expected financial additionality. In total, 41 of the 53 OPAVs examined provided some information about realised non-financial additionality. Of these, 65% were able to identify evidence that anticipated non-financial additionality had been realised ex-post.

Key challenges include non-financial additionality being linked to loan covenants that are not enforceable, absence of monitoring and concerns that claims of non-financial additionality tend to diminish for repeat clients if new ambitions are not identified to enhance standards and processes (e.g., ESG frameworks). Additionally, there are important challenges related to overlap between demonstration of non-financial additionality and other criteria like transition impact, delivery of policy dialogue and ESG Performance.

Evidence from Independent Evaluation:

Similar to financial additionality, available monitoring and evaluation evidence does not address this issue systematically and does not provide ratings that identify the extent to which expected non-financial additionality was delivered ex-post. Whereas most evaluations do provide tangible examples of non-financial additionality delivered, it is not possible to determine conclusively the extent to which expected non-financial additionality is realised ex-post across the portfolio.

Relevant evidence from evaluations is provided in Table 148, below.

Table 148. Evidence of non-financial additionality from evaluations

Evaluation	Year (Coverage)	Rating	Non-Financial Additionality
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Positive**	In addition to financing, clients provided evidence of EBRD's additionality via both capacity-building and EBRD attributes. The Bank's due diligence process and Environmental and Social Governance (ESG) requirements, both of which were more stringent than local private sector clients, were used to helped to raise standards whilst the EBRD provided support on wider corporate governance standards (e.g., introducing International Financial Reporting System accounting). Clients also noted the reputational benefits of a project with the EBRD. In addition to financing, the EBRD has played a clear role in providing capacity building and technical assistance. The Bank has provided support as part of TC attached to frameworks such as the Green Economy Financing Facilities (GEFF), Financial Inclusion Facilities (FIF), TFP, and WiB, as well as more bespoke TC provision. In particular, the EBRD's role in supporting privatisation processes at Asaka, Ipoteka, and UzPSB have been carefully coordinated with IFC to avoid duplication. Clients also highlighted the specialist support provided by the EBRD in areas of climate corporate governance and treasury. The EBRD provides non-financial additionality on MEI projects through Corporate Development Programmes (CDPs). The provision of CDPs is a standard consultancy service that the EBRD employs. Through partnering with clients on developing CDPs, the EBRD provides another mechanism for delivering additionality.
EBRD-Ukraine Stabilisation and Sustainable Growth Multi-Donor Account	2020 (2014-2019)	**Positive**	Stakeholders highlighted the strongest advantages of the EBRD as fund manager: (i) its excellent credentials as a major investor in the country with a practical understanding of the challenges and opportunities of its investment climate; and (ii) extensive policy dialogue activities across many networks bringing together government and private sector actors. Joint statements and letters contributed to ceasing the reversal of reforms in banking (SOB management), energy (corporate governance reform in Naftogaz), privatisation and SOE management, land reform, public sector reform etc.
Supporting Green Transformations in Municipalities: The EBRD Green Cities Programme interim evaluation	2022 (2016-21)	**Positive**	The preparation work for GCAP, its implementation and regular monitoring/ reporting represent a firm basis for investment planning. Instead of commissioning a detailed technical and financial analysis prior to each potential project, stakeholders can now refer to a politically approved and administratively implemented Action Plan and accompanying documents. This clearly sets the city's multiannual priorities for investing in green infrastructure, and the policy and regulatory measures aimed at

			enhancing the investment climate in green municipal infrastructure. Significant non-financial additionality is created at programme level for member cities, primarily by developing GCAPs and the related networking, learning and experience-sharing opportunities...Support developing GCAPs for each city, a transformative approach to municipal infrastructure investment planning based on environmental diagnostics and systematic prioritisation is first and foremost.
Financing for Innovation – An Evaluation of the Venture Capital Investment Programme I	2023 (2012-2019)	**Mixed**	Commonly listed VCIP I attributes of non-financial additionality are related to “political protection”, and, to a somewhat lesser degree, a “quality stamp” and “familiarity with the local market”. The approval document was too vague in specifying VCIP I’s contribution towards innovation. On the one hand, the investment strategy envisaged explicit targets normally exhibiting a higher degree of innovativeness i.e., patent generation by investees and coverage of cleantech and the semi-conductors and materials sectors
Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-2023)	**Positive**	The Bank has also often demonstrated non-financial additionality through extensive policy dialogue, advisory projects and the ability to blend grants with commercial financing.
EBRD Public Sector Operations: Mobilising Private Sector Participation in Infrastructure	2022	**Positive**	The opportunity to engage with the public sector to encourage innovation and capacity building has high potential to add value. This type of interaction is particularly important in areas of market failure such as climate externalities. Apart from FAs, projects do not refer to policy dialogue and institutional capacity building activities, and similar to projects they are caveated by expectations on demand and subject to availability of TC. ESD provides support to implement ESAPs. Most assistance is project linked, and mainly delivered through PMUs. ESD is trialing a new form of assistance where it provides guidance and training to government officials after project disbursements to support monitoring of ESAPs and their implementation.
Sustainable Infrastructure Operations in Advanced Transition Countries	2022	**Positive**	EBRD brought non-financial additionality to its operations, most prominently through technical cooperation and policy dialogue. In Croatia MEI technical cooperation was the source of large part of its transition impact expectations. Non-financial conditionalities however were not enforced where not implemented, demonstrating the uneasy trade-off between financial and nonfinancial additionality.
Cluster evaluation: Projects Supporting Cross-Border Connectivity (Regional Integration)	2020	**Positive**	Other additional attributes were that the EBRD was willing to undertake the sector and political risk. It also had a well-established relationship with the Government, the MoTC and ARS on road sector issues, which would

			enable it to promote a reform agenda. Finally, the EBRD was one of the few IFIs operating in the road sector that was willing to engage in policy dialogue with the Government. The addendum at the end of 2017 noted that Additionality also stemmed from the financing and sector reform aspects of the Bank's project, which were coordinated with other IFIs active in the sector to ensure efficient and complementary engagement.
Evaluation of the Shareholder Special Fund	2020	**Positive**	Interviews with MDs and ROs highlighted the crucial role of such funding in ETCs, where clients may lack capacity and be unable to complete or fund such due diligence on their own given little/ no fiscal headroom. It is noteworthy that funding for all types of due diligence for private clients under the 2019-20 WP was far less common than for public clients. SSF funding for private clients, particularly larger corporates, has been the subject of great scrutiny and many Board Directors insist that SSF allocations be limited to well-justified cases. Due diligence for private clients may have accounted for about a quarter of all SSF funding allocated to due diligence under the 2019-20 WP. This often involved project preparation support of gender and economic inclusion projects and Green Economy Transition projects in the corporate sector, typically in the industry, commerce and agribusiness sector and most commonly in ETCs. These all benefited clients in the industry, commerce and agribusiness sector and sustainable infrastructure sectors. There were incidental cases where SSF-funded legal due diligence benefiting private clients related, for example, to project preparation support of gender and economic inclusion projects in the corporate sector or underpinned financial support for a corporate client in Uzbekistan who was severely affected by the pandemic.
EBRD Policy Engagement in SEMED	2020	**Positive**	The EA to Additionality potentially resolves one area previously unclear – where the project is designed to trigger a change in policy, sector, institutional or regulatory framework, or enhance practices at the sector or country level that improve substantially the business environment, this is described as a source of non-financial additionality. However, it remains to be seen how this is operationalised and if it provides a clearer distinction between policy engagement as additionality and policy engagement as transition impact. The Economic Policy Group tries to recognise the contribution of previous policy dialogue to an investment through both discussion as additionality and a manual uplift to its Expected Transition Impact, but this 'work around' is non-transparent and there is no certainty that such policy engagement will be captured.
Cluster Review Mining Operations in Mongolia	2020	**Negative**	One reason for the lack of supportive evidence for non-financial additionality is that whilst financial ratio

			conditions are almost always covenanted, other conditions are often not. Moreover, where they have been covenanted it is difficult to ascertain the extent to which these conditions have been enforced or waived, especially when a considerable proportion, of the projects have been impaired, pre-paid or largely cancelled.
Cluster Evaluation – Solar Power Operations	2022	**Positive**	During the early days of the pandemic, the EBRD has also acted as a broker between public and private parties when payments to RES producers were suspended in Jordan and Ukraine, and tariff reduction was announced in the latter. The Bank has contributed to the reinstatement of payments and the repayment of arrears in both countries (so far only partial in Ukraine). Its attempts to prevent retroactive tariff reduction in Ukraine were less successful.
EBRD Trade Facilitation Programme	2021	**Positive**	EBRD has established technical cooperation (TC) arrangements for supporting TFP with grants. These grants primarily support training and technical consulting for IBs, plus a small amount for first loss risk mitigation. The TFP annual report provides details on active TC facilities, but it is difficult to identify annual grant cash flows as there are no details reported on actual drawdowns from approved facilities.
Evaluation of the EBRD's Investment Climate Support Activities	2018	**Positive**	The Bank's strong experience as a private sector financier is the biggest credential noted by government officials. And its ability to talk on a par with the government, to be heard and to nudge for structural changes is the biggest credential mentioned by private sector counterparts: "The EBRD is the point of reference for the business community, it is a relevant voice among partners." The EBRD's role in supporting COOs in their drive to improve the IC is shaped by the quality standards and its focus on specific regulatory issues. Local counterparts really appreciate it as they can see concrete outcomes from working with the EBRD in a relatively short period of time. The Bank delivers high quality advice and individually tailored technical support, rooted in its capacity as a private sector investor which directly contributes to the real economy. This is the EBRD's strong relative competitive advantage vis-à-vis other IFIs - its support makes more sense to local counterparts, especially to private sector companies. It does not have policy conditions but is geared up towards achieving loan objectives/complying with covenants, which often contain regulatory/legal changes and a quality shift in corporate and public governance. Some counterparts expressed the view that the EBRD's pragmatic approach to policy dialogue and delivering TC projects brings higher benefits to countries in a shorter period of time, which is especially true in a time of crisis.

MI 10.2: The MO's investments and other operations demonstrate alignment with country and sector strategies.

- Element 10.2.1: The majority of the MO's approved investments and other operations reflect the key areas of support identified in country strategies and knowledge/analytical products.
- Element 10.2.2: The majority of the MO's approved investments and other operations reflect the policy priorities and impacts identified in relevant sector strategies.
- Element 10.2.3: The MO has systems and processes in place to review the rationale for providing blended concessional finance for individual transactions.

Table 149. KPI 10 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
MI 10.2	Satisfactory	**3.00**	Medium
10.2.1	Satisfactory	**3**	HIgh
10.2.2	Satisfactory	**3**	Medium
10.2.3	Satisfactory	**3**	High

MI 10.2: Evidence Documents

- EBRD (2023), *Country Strategy Delivery Review 2023,* EBRD, London.
- IEvD (2017), *Annual Evaluation Review 2016*, EBRD, London, www.ebrd.com/sites/Satellite?c=Content&cid=1395257046790&pagename=EBRD%2FContent%2FDownloadDocument.
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- IEvD (2023), *Annual Evaluation Review 2022*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.
- IEvD (2023), *Corporate Evaluation - Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries (2017-2022)*, EBRD, London, www.ebrd.com/etc-evaluation-early-transition-countries.pdf.
- IEvD (2023), *Programme Evaluation: Supporting Green Transformations in Municipalities – The EBRD Green Cities Programme interim evaluation (2016-2021)*, EBRD, London, www.ebrd.com/green-transformations-municipalities.pdf.
- IEvD (2023), *Sector/Programme Evaluation - Financing for Innovation – An Evaluation of the Venture Capital Investment Programme I (2012 – 2019)*, EBRD, London, www.ebrd.com/documents/evaluation/financing-for-innovation-an-evaluation-of-the-venture-capital-investment-programme-i-20122019-.pdf.
- IEvD (2024), *Annual Evaluation Review 2023*, EBRD, London, www.ebrd.com/annual-evaluation-review-2022.pdf.

MI 10.2 Analysis

Element 10.2.1

The majority of the MO's approved investments and other operations reflect the key areas of support identified in country strategies and knowledge/analytical products.

EBRD's investments and other operations largely reflect key priorities identified in country strategies.

This element was assessed by considering EBRD's Country Strategy Delivery Reviews (CSDRs) as well as evidence from OPAVs, available evaluations and stakeholder feedback. Based on the available evidence, this element is rated **satisfactory** with high confidence, reflecting a high degree of alignment between operations and Country Strategies.

Evidence from CSDRs and country stakeholders:

A review of CSDRs was conducted for the assessment's ten sample countries. In each case, the CSDRs clearly illustrated investment and activities aligned to each country's priority areas and objectives. However, loan volumes mapped to objectives and priorities as a proportion of the total portfolio could be reported more clearly. Overall, the CSDRs demonstrate a strong degree of alignment between investment, technical cooperation and advisory activities and country-level priorities and objectives. Results indicators also clearly reflect each priority theme and objective with progress achieved.

Country Office stakeholders within the assessment sample countries agreed that Country Strategies guide investment and policy engagement, with annual CSDRs serving as a tool for taking stock of alignment and adjusting operational approaches. These documents feed into ongoing discussion around where EBRD can add value in the context of existing priorities and take stock of bottom-up delivery on Country Strategy objectives.

Evidence from Operations Performance Assessment Validations:

Alignment of each investment to relevant country strategies is examined as part of ratings for its strategic relevance. This is a sub-rating that contributes to overall ratings for investment relevance. Nearly all OPAVs reviewed (86.5%) demonstrated Satisfactory (Standard) or better ratings for alignment to country strategies. There were a handful of cases where the case for alignment was found not to be plausible.

Evidence from Independent Evaluations:

The issue of alignment to country needs is addressed fairly systematically in EBRD evaluations but is unrated. Furthermore, the country evaluations have commenced in 2023 (under a pilot produced for

Uzbekistan) to further strengthen the ex-post assessment of alignment to country strategies and country needs in a systematic way. Across evaluations that address this issue, most note that EBRD's operations have been relevant to country needs and strategies. However, challenges were noted in ensuring that public sector infrastructure investments and investments in solar power aligned more broadly to public investment planning and the broader landscape for the sector.

An overview of relevant evidence available from evaluations is provided in Table 150, below.

Table 150. Alignment of EBRD operations to country needs and strategies.

Evaluation	Year (Coverage)	Rating	Alignment to country context and strategy
Moving the needle: the EBRD in Uzbekistan	2023 (2017-2022)	**Positive**	EBRD's priorities are well aligned with government of Uzbekistan objectives. The government of Uzbekistan's 2017-21 Development Strategy set out five pillars where the government was prioritising reforms. Key priorities under that strategy include improving the competitiveness of the economy, reducing the state's presence in the economy, increasing the share of renewable energy, and encouraging the development of small businesses. Relevance to the needs of Uzbekistan has been translated into operations. The Uzbekistan portfolio shows good alignment with the strategy. Mapping the portfolio onto the strategic priorities shows the most projects supporting competitiveness (47 per cent), followed by projects promoting green energy (28 per cent) and supporting integration (9 per cent). In terms of investment volume, support to green energy comes first, followed by competitiveness and then integration. Beyond the TFP, there is a gap in the portfolio with respect to supporting increased regional and international cooperation and integration. The only non-TFP project with a direct link to that strategic priority was the €315,000 Khiva Malika hotel project, financed under the ICHF.
Accelerating the transition journey Evaluation of the EBRD's approach to Early Transition Countries	2023 (2017-2022)	**Mixed**	Some stakeholders viewed the ETC designation as outdated and lacking relevance to operational realities, whereas others believe that it reflects some awareness of the challenges facing ETCs and the high dependency on donor funds to work in this space.
Supporting Green Transformations in Municipalities The EBRD Green Cities Programme interim evaluation	2022 (2016-2021)	**Positive**	Evaluative evidence suggests that GCAP is highly relevant for the municipalities and supports their aspirations to combat the most pressing climate challenges and achieve (sometimes) ambitious Net Zero goals that are aligned with national and international commitments. Priorities defined in GCAPs do match the cities' most acute environmental needs, with a growing focus on resilience, but there is space for using knowledge about the local context.
2023: Financing for Innovation – An Evaluation of the Venture Capital Investment Programme I (2012 – 2019)	2023 (2012-2019)	**Positive**	Prior to the inception of the VCIP I, the VC ecosystems in EBRD economies were either nonexistent or nascent. The share of risk financing for the commercialisation of innovative businesses in the overall economic activity was very low (and remains so in a number of these economies).

			Bootstrapping by start-ups was prevalent, and whenever entrepreneurs managed to access capital, it was typically sourced locally, of small ticket size and often relied heavily on public funding. The gap between EBRD economies and developed European markets was even wider in later-stage VC financing.
2023: Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-2023)	**Positive**	Out of 14 evaluations, 11 projects (or groups of projects with the same client) were rated Good overall reflecting their generally strong relevance, the achievement of key operational objectives, as well as typically strong financial performance. Key issues in the Strategy also reflected governments' priorities. The interaction between increased trade polarisation and the vulnerability of net importers to commodity price volatility was also noted by OECD-FAO as a key issue, particularly for countries in the SEMED region.
Evaluation of the Shareholder Special Fund	2022	**Positive**	At the country level, the SSF has enabled country strategy delivery. The Fund has been instrumental in developing projects with public sector clients in ETC countries, particularly in the field of sustainable infrastructure or where the EBRD asks the client to go beyond traditional requirements. It has also enabled the EBRD to develop and deliver its non-transactional work in new areas of SCF ambition and policy priorities. The SSF is a flexible tool that has proven adaptable to crises. It has contributed positively to the Bank's crisis response on several occasions (such as the Syrian refugee and Covid-19 crises).
2022: EBRD Public Sector Operations: Mobilising Private Sector Participation in Infrastructure	2022	**Negative**	Country investment needs, and EBRD's expected outputs, outcomes and their contributions to TI are unclear. ATQs are based on a mix of efficiency goals (ie institutional and structural reform), and effectiveness goals (ie inclusiveness and mitigating climate change). Goals are very high level and indicators do not provide insight on the changes occurring and expected net benefits. There is no TOC, and little contextual information such as the government's infrastructure plans, availability of LCY finance, or details on fiscal or institutional capacity of the government to support reforms.
Sustainable Infrastructure Operations in Advanced Transition Countries	2022	**Positive**	Likewise, links to clients' needs in terms of investment were largely well described, as well as scope for technical cooperation where relevant. Transport operations in Hungary were part of a regional framework, the rationale and objectives of which were not tied to individual countries' needs or government priorities. · The operations were in line with broader government objectives although these were not always coherent with actual government policy.
Cluster Evaluation – Solar Power Operations	2022	**Mixed**	In some countries EBRD did "things right" but it not always did the "right things". The Bank successfully implemented a holistic approach to solar power, but in some cases it contributed to network imbalances and even financial distress of off-takers in selected countries (most seriously in Ukraine). The Bank has been focusing on financing salient power generation projects but also on strengthening energy network

			capacity, as well as providing policy, legal and regulatory support for improved network management. However, in some countries, insufficient attention was paid early on to supporting electricity storage, decommissioning of thermal power and cross -border connections: in other words measures facilitating electricity network balance.
Cluster Evaluation – Evaluation of Hydrocarbon Projects	2021	**Positive**	Some country strategies did not refer directly to hydrocarbons. However, the need to improve energy security was often cited and constituted the main justification for the Bank to support hydrocarbon projects in a given country. Almost all diagnostic papers stressed inadequate or unstable regulatory, legal and institutional frameworks for supporting sustainable energy projects and in some cases specifically hydrocarbons (even in EU countries). However, very few projects addressed these areas. Project relevance ranged from adequate (partly satisfactory) to relatively strong (fully satisfactory) as all had important energy efficiency and/or environmental improvement components, which aligned them with the Bank's "green" ountry/sector strategies and initiative. However, being non-cash generating, these components were often delayed or not implemented.
EBRD Trade Facilitation Programme	2021	**Negative**	The case for relevance of TFP to meet COO requirements and EBRD objectives is weak. TFP does not directly map onto COO objectives as policy dialogue is not a feature of its operations, but it seems reasonable to assume that promotion of trade is important to COOs. Similarly, an ICC survey in 2020 provided evidence that SMEs in Central and Eastern Europe have difficulty accessing trade finance due to complex application processes and KYC requirements, but availability of finance did not feature as a constraint.
Cluster evaluation: Projects Supporting Cross-Border Connectivity (Regional Integration)	2020	**Positive**	These examples demonstrate that the Bank's country strategies for almost all countries referred quite extensively to connectivity issue as one of the transition challenges. Moreover, many CSs, particularly those most recent ones, set improving cross-border connectivity as one of Bank's strategic operational priorities. As a result, linkages to the "Integrated" transition quality in 10 out of 15 country strategies were assessed as "strong."
EBRD Policy Engagement in SEMED	2020	**Mixed**	The Bank is making it clearer what it is trying to achieve from policy engagement in relation to country strategies and how it works in a transition quality context. However, the Bank has not delivered on the ambitious commitments made under the Enhanced Approach. As noted earlier in this evaluation, a reset is needed – either ambitions have to be scaled back or resources increased.
Evaluation of the Legal Transition Programme	2020	**Positive**	LTP contributes to delivery of country strategic priorities and priority policy objectives (PPOs). Uptake of LTP reforms is significant in many countries and some achieved substantial break-through. Evidence suggests long-term engagement with multiple partners enhances reform prospects.

			Internally, the LTP plays an important role in driving forward policy reform dialogue in CoOs in close collaboration with other teams.2 It achieves this through its active participation in preparing and delivering country strategies, country diagnostics and flagship initiatives aimed at improving governance standards and the rule of law, for example in the framework of the Green Transition and Investment Climate and Governance Initiative (ICGI). LTP's legal assessments for sectors and regions provide valuable evidence for defining the most challenging elements of legal and regulatory regimes that inhibit investments and growth.

Element 10.2.2

The majority of the MO's approved investments and other operations reflect the policy priorities and impacts identified in relevant sector strategies.

Evaluation evidence suggests that EBRD's sector strategies guide the design of country strategies and operations.

This element was assessed based on evidence from Annual Evaluation Reviews, OPAVs and Evaluations. Based on the available evidence, this element is rated **satisfactory** with medium confidence. Although strong evidence is available, it remains challenging to obtain a comprehensive picture across the portfolio.

EBRD implements a number of tools ex-ante to promote alignment with Sector Strategies toward a broader Theory of Change for transition in countries. For example, EBRD's Compendium of Indicators facilitates the alignment of objectives at all levels of the hierarchy, reflecting a broader theory of change for EBRD's activities. This including project, country and portfolio-level indicators that reflect EBRD's sector strategies. Each operation is also required to demonstrate strategic fit through a "Strategic Fit Summary."

Evidence from Annual Evaluation Reviews:

As noted in MI 10.1, above, EVD validations provide ratings for relevance as a broader concept which includes strategic alignment and fit alongside other criteria. In the vast majority of EBRD's portfolio was found to demonstrate relevance at standard or above between 2017 and 2020. However, information on alignment to country and sector strategies is not analysed separately. This issue is not examined in detail in subsequent AERs.

Evidence from Operations Performance Assessment Validations:

Alignment of each investment to relevant sector strategies is examined as part of ratings for its strategic relevance. This is a sub-rating that contributes to overall ratings for investment relevance. Nearly all OPAVs reviewed (90.5%) demonstrated Satisfactory (Standard) or better ratings for alignment to sector strategies. There were a handful of cases where the case for alignment was found not to be plausible.

Evidence from Evaluations:

Evidence from independent evaluations is limited in scope as not all evaluations address alignment to sector strategies in detail and ratings are not provided.

The available evidence suggests that sector strategies do play a role in influencing the design of country strategies and operations, with strong evidence provided in the case of agriculture, but weaker evidence provided in the case of other sectors. There is a notable gap, however, with respect to evaluative evidence around the alignment of policy engagement activities.

Table 151, below, illustrates the scope of evidence available from evaluations.

Table 151. Alignment of operations to sector strategies.

Evaluation	Year (Coverage)	Rating	Alignment of operations to sector strategies
Evaluation of the Agribusiness Strategy 2019–23 and early results of its implementation	2023 (2019-2023)	**Positive**	The Strategy is broadly consistent with EBRD's cross-cutting strategic initiatives in place at the time, i.e., the Green Economy Transition, the Economic, and the Strategy for the Promotion of Gender Equality. Where relevant, there is a clear alignment between the thematic challenges these initiatives were designed to address and the agribusiness-specific growth constraints highlighted in the Strategy, as well as high-level consistency across focus areas for investment and TC. Although there is no specific evidence that the Strategy was used as a guide to operationalise the Bank's work in the agribusiness sector, it appears to have impacted the design of projects and particularly their TI architecture. Many operations aligned relatively well with the Strategy, aided by TI-supportive components and TCs. [However,] the Strategy sets only general and relatively vague priorities for policy dialogue and TC in this sector including for Agribusiness Advisory, its advisory division, which was only mentioned in passing. In terms of the implementation of strategic priorities, "Enhanced productivity and value addition" (linked to Competitive TQ) was by far the most frequently targeted focus area. "Innovative and affordable financing" (linked to Resilient TQ) was also a regular target. The prevalence of these two focus areas was largely due to their preferred status in two financing frameworks (Direct Financing Facility [DFF] and the RSF), under which three-quarters of the agribusiness projects were financed. Moreover, a good share of operations (investments and policy dialogue) pursued "Strengthened market links" (related to Integrated TQ), supporting agro-exporters, as well as "Improved business conduct and standards" (linked to Well governed TQ). The Bank has also targeted "Sustainable agribusiness" (linked to Green TQ) and "Inclusive value chains" (linked to Inclusive TQ), albeit mainly as secondary TQs, often with smaller projects' components or TCs. This was a positive trend. The Bank did substantially increase financing (in volume terms) to primary agriculture and the ETCs, while it also expanded business with SMEs directly and through a new platform – the RSF. Moreover, it pursued active inter-Bank cooperation, developing more joint projects with Infrastructure, Financial Institutions (FI) and M&S teams.
Sustainable Infrastructure Operations in Advanced Transition Countries	2022	**Positive**	Sustainable infrastructure projects were relevant to sector needs and their links to the wider sector context were usually well articulated. Operations commonly had well developed sections discussing their fit within the larger

			context of the sector needs including their contributions to broader objectives such as compliance with relevant EU Directives or renewable energy targets.
EBRD's Health-focused Interventions	2021	**Negative**	This absence of health-sector related objectives, activities and indicators in country strategies demonstrates that the Bank did not operationalize the Updated Approach at the country-level. Without any strategic direction at the country level the Bank primarily designed and assessed its engagement in the health sector based on generic project characteristics such as efficiency gains, cost savings and greater profitability. Consequently, the Bank did not identify and monitor project-level transition potential in terms of expansion of quality and affordable healthcare services although this was the main motivation of the Bank's involvement in the sector as per the Updated Approach.
Cluster Review Mining Operations in Mongolia	2020	**Positive**	The relevance of most hydrocarbon projects was relatively solid as they included energy efficiency and/or environmental improvement components, which aligned them well with the Bank's "green" country/sector strategies and initiatives. These components ranged from the reduction of Associated Petroleum Gas (APG) flaring and marine water protection (in offshore oil extraction operations), to the replacement of obsolete burners and the financing of pollution abatement equipment at oil refineries.
Evaluation of the Legal Transition Programme	2020	**Mixed**	LTT contributes to the development and implementation of sector strategies, most prominently through its sector assessments and country gap analysis, which define the legal and regulatory challenges to expanding the portfolio and increasing the levels of investment. Sometimes, LTT counsels take part in the working groups that draft the documents. However, it is less clear how this contribution is monitored and assessed, as the EBRD does not treat sector strategies as accountability frameworks, and they lack any measurable and specific target indicators that would help to monitor their progress. Sector strategies do not really define the workload of the specialist counsels, mostly indicating the "direction of travel".
Cluster Evaluation – Evaluation of Hydrocarbon Projects	2021	**Mixed**	Around 80% of the country strategies (CSs) reviewed referred to hydrocarbons in the context of transition challenges, often in terms of energy security, resource depletion, GHG emission and efficiency of their use. Most strategies targeted natural gas as the priority hydrocarbon sub-sector for the Bank to support. However, until recently, in terms of the number of projects, the Bank's portfolio has been dominated by those supporting oil (gas pipelines dominated in volume terms) Project relevance ranged from adequate (partly satisfactory) to relatively strong (fully satisfactory) as all

			had important energy efficiency and/or environmental improvement components, which aligned them with the Bank's "green" country/sector strategies and initiative. However, being non-cash generating, these components were often delayed or not implemented. All strategies approved under the new transition qualities include a description of the challenges and diagnostics for the Green quality, which promotes diversification of energy sources, generally away from hydrocarbons. A large proportion of the key transition challenges related to hydrocarbons fell under the Resilient transition quality, which promotes diversification of energy sources (i.e. supporting pipeline projects). Some strategies (mainly in the hydrocarbon-rich countries) seem to pursue conflicting objectives as they envisage the Bank both supporting hydrocarbon industries and moving away from hydrocarbon sources of energy.

Element 10.2.3

The MO has systems and processes in place to review the rationale for providing blended concessional finance for individual transactions.

EBRD has robust systems in place to review the rationale for providing blended finance aligned to the DFI Enhanced Principles for Blended Concessional Finance for Private Sector Projects that is embedded in the project approval process.

Based on the available evidence, this element is assessed as **satisfactory** with high confidence. This rating reflects EBRD's strong processes for reviewing the rationale for providing blended finance and efforts to enhance compliance with this process throughout operations.

In October 2020, IAD raised a number of concerns with the management of blended finance in relation to the Climate Funds. A key risk was noted in the significant increase of in EBRD's engagement with the climate funds and related facilities (Climate Investment Funds, Global Environment Facility, Green Climate Fund, Global Infrastructure Facility and Multilateral Green Carbon Fund) relative to the state of existing processes and controls. Gaps were identified with respect to control processes, including potential conflict of interest, absence of justification for differences in concessional margins across projects, the need for stronger independent review and stronger record keeping. Some of these concerns linked to other issues identified for EBRD's donor funds system. EBRD Management responded with an ongoing reform and action plan to strengthen the management of donor funds and blended finance, including finance and operations linked to the climate funds. Follow-up reporting indicates that several key actions have been taken.

EBRD updated Staff Guidelines on the use of Blended Concessional Finance (BCF) in 2022. The guidelines target the use of blended finance in transition contexts to help: (i) enable impactful investments to proceed by addressing bankability constraints; (ii) enhance transition impact of projects beyond what EBRD can deliver with its own-account finance. The Guidelines explicitly apply the DFI Enhanced Principles for Blended Concessional Finance for Private Sector Projects.

EBRD requires that, when BCF structures are applied, there is a clear articulation of how BCF enhances transition impact. This includes explaining why normal commercial-based support and technical assistance would be insufficient to make a project financially viable or unlock the same level of transition impact. This rationale must demonstrate the constraints that would exist without BCF.

As part of its Standard Assessment, EBRD requires that private and public sector projects deploying BCF:

- Have a clear rationale for the use of concessional resources;
- Use only the minimum amount of concessionality required to make a project viable;
- Support clear paths toward long-term commercial sustainability; and
- Do not distort markets and ultimately seek to reinforce market development.

A De Minimus Assessment may be applied to private and public sector projects with low levels of concessionality, through a simplified assessment where the risk of market distortion is more limited. Instead, this assessment focuses on why concessional finance is required.

EBRD's Impact team reviews these assessments and assigns a rating of "aligned," "partially aligned," or "not aligned," alongside a written opinion that is shared with the relevant investment approval committee. BCF projects are assessed in terms of:

- Additionality (Why is BCF needed?)
- Minimum Concessionality (How much BCF is needed?)
- Commercial Sustainability (How is the use of BCF expected to decline over time?)
- Reinforcing Markets (How are underlying market constraints being addressed?)

The assessment by the impact team plays an important role in the Final Review of proposed investments ahead of submission to the Board.

In the case of framework projects that address single or multiple similar markets delivered through a standard sub-project type, concessionality is assessed at the framework level. Where frameworks are broader and deployed across a number of different projects, client types and markets, concessionality is assessed at the sub-project level.

MI 10.3: The MO's investments and other operations integrate cross-cutting themes.

- Element 10.3.1: The MO's investments and other operations contribute to its strategic objectives with respect to equality of opportunity.
- Element 10.3.2: The MO's investments and other operations contribute to its strategic objectives with respect to supporting transition to a green, low carbon economy.

Table 152. KPI 10 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
MI 10.3	Satisfactory	3.00	Medium
10.3.1	Satisfactory	3	Medium
10.3.2	Satisfactory	3	Medium

MI 10.3: Evidence Documents

- EBRD (2023), Country Strategy Delivery Review 2023, EBRD, London.

MI 10.3 Analysis

Element 10.3.1

The MO's investments and other operations contribute to its strategic objectives with respect to equality of opportunity.

Nearly all sample countries demonstrated tangible priorities, objectives, operations and indicators linked to Equality of Opportunity (EOO).

As noted in MIs 2.1 and 2.3 above, Equality of Opportunity has been a cross-cutting thematic priority for the EBRD since 2021. This priority is operationalised through the 2021-25 Equality of Opportunity Strategy and 2021-25 Strategy for the Promotion of Gender Equality (SPGE), which together operationalise the EBRD's strategic priority around Equality of Opportunity. Relevant activities include transactions, policy dialogue and stakeholder engagement. MIs 2.1 and 2.3 provide more information on specific initiatives.

Based on the available evidence, this element is rated **satisfactory** with medium confidence. CSDRs provide a comprehensive evidence source to assess this element. However, it would be ideal for OPAVs to provide a validated perspective on alignment with cross-cutting themes and strategies, which is not done consistently.

This element was assessed in terms of the extent to which investments, policy engagement and results measurement in the assessment's sample countries reflect EOO, including: (i) support for broadening skills, employment and sustainable livelihoods; (ii) building inclusive and gender responsive financial systems and business environments; and (iii) creating inclusive and gender responsive services and public goods. Country Strategy Delivery Reviews (CDSRs) were used as a key source of evidence.

CSDRs indicate the overall number of projects mapped to different dimensions of transition as a primary or secondary Transition Objectives. A mapping of key investments by size is also provided for key transition priorities and objectives. Nearly all CSDRs demonstrated project counts linked to inclusion (and therefore EOO), ranging from 6% for Poland to 42% for Ukraine. However, total loan volumes as a proportion of the portfolio are not available. All but two countries demonstrated tangible investments linked to EOO-related objectives.

CSDRs indicate the proportion of projects that are gender SMART across the country portfolio. Furthermore, all but two countries identified key Country-level indicators linked to inclusion.

The 2023 Country Strategy Delivery Reviews clearly indicate that both country strategies and approved operations reflect EOO and contribute to strategic objectives in this regard. However, even in countries with a specific EOO-related priorities and objectives, policy engagement around EOO was much rarer that for other transition themes (e.g., green economy transition – see below).

Furthermore, the 2023 Country Strategy Delivery Reviews across EBRD's sample countries demonstrate good alignment of operations with respect to gender and equality of opportunity in four key areas:

- Inclusion objectives expressed in the Country Strategy (50% of case countries)
- Proportion of inclusion projects in the country portfolio (average: 18.8%, max: 42%, min: 6%)
- Proportion of portfolio gender-tagged (average: 48.7%, max: 80%, min: 13%)
- Nine of ten case countries demonstrated key indicators linked to gender and EOO outcomes measured as part of country strategy implementation.
- Approximately half of the Country Strategies identified key policy engagements in these areas.

Since 2021, however, new Country Strategies have systematically reflected human capital development-related objectives that support gender equality and equality of opportunity more broadly. This reflects the ongoing maturation of Equality of Opportunity as a priority theme for EBRD. The 2023 Sustainability Report indicates that investments with an inclusive objective increased to 204 from 105 in 2022, equivalent to 30.4 per cent of all operations (24.4 per cent in 2022).

Element 10.3.2

The MO's investments and other operations contribute to its strategic objectives with respect to transition to a green, low carbon economy.

Country Strategies and actual operations, including policy dialogue reflect a clear alignment with transition toward a green, low carbon economy.

Based on the available evidence, this element is rated **satisfactory** with medium confidence. CSDRs provide a comprehensive evidence source to assess this element. However, it would be ideal for OPAVs to provide a validated perspective on alignment with cross-cutting themes and strategies, which is not done consistently.

This element was assessed in terms of the extent to which investments, policy engagement and results measurement in the assessment's sample countries reflect transition to a green, low carbon economy as reflected in Country Strategy Delivery Reviews (CSDRs).

CSDRs indicate the overall number of projects mapped to different dimensions of transition as a primary or secondary Transition Objectives. A mapping of key investments by size is also provided for key transition priorities and objectives. Nearly all CSDRs demonstrated project counts linked to green economy transition, ranging from 0% for Ukraine to 40% for Poland. Each CSDR also indicates the proportion of GET finance across the portfolio.

Particular alignment has been apparent for key policy engagements within the sample countries, with important support provided for creation of an enabling environment for climate investment in renewable energy, including support for the development of key government strategies and policies in this area. All but one Country Strategy identified results indicators speaking to green transition, including renewable energy capacity installed and overall CO_2 emissions reductions (ex-ante).

Progress against these indicators is reported for the individual year of review and cumulative time since approval of the Country Strategy. Most green targets demonstrated some level of progression since the approval of the Country Strategy; however, the absence of targets makes it difficult to ascertain whether results aligned to green economy transition are being delivered as expected.

A review of 2023 Country Strategy Delivery Reviews across EBRD's sample countries demonstrates good alignment of operations with respect to promoting a green, low carbon economy in four key areas:

- Green objectives expressed in the Country Strategy (50% of case countries)
- Proportion of green projects in the country portfolio (average: 18.6%, max: 40%, min: 0%)
- Proportion of portfolio GET finance (average: 45%, max: 85%, min: 13%)
- Eight of ten case countries demonstrated key indicators linked to gender and EOO outcomes measured as part of country strategy implementation.
- Seven of ten Country Strategies identified key policy engagements in this area.

KPI 11: The MO's investments and other operations demonstrate efficiency in terms of: (i) implementation of timelines for investments; (ii) mobilisation; and (iii) rationalisation of administrative expenses.

Table 153. KPI 11 ratings

MI / Element	Rating	Score
KPI 11	Highly Satisfactory	3.67
MI 11.1	Satisfactory	3.00
MI 11.2	Highly Satisfactory	4.00
MI 11.3	Highly Satisfactory	4.00

MI 11.1: Interventions/activities assessed as resource-/cost-efficient.

- Element 11.1.1: The MO's investments are implemented in accordance with internal policies and pre-agreed conditions in legal agreements.

Table 154. KPI 11 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
MI 11.1	Satisfactory	3.00	Medium
11.1.1	Satisfactory	3	Medium

MI 11.1: Evidence documents:

- IAD (2017), *IAR 16/15: Banking operations: Disbursements*, EBRD, London.
- IAD (2017), *IAR 17/07: Banking operations: Board reporting under the Delegated Authority Pilot*, EBRD, London.
- IAD (2017), *IAR 16/03: Treasury operations - Collateral management*, EBRD, London.
- IAD (2017), *IAR 16/12: IT operations – Change management*, EBRD, London.
- IAD (2018), *IAR 17/10: Banking operations - Trade Facilitation Programme*, EBRD, London.
- IAD (2018), *IAR 17/11: Market risk exposure models*, EBRD, London.
- IAD (2018), *IAR 16/08 Banking Operations: Financial Intermediation - On-lending Loans*, EBRD, London.
- IAD (2018), *IAR 17/04 Donor Funds System*, EBRD, London.
- IAD (2018), *IAR 17/05 IT operations: Databases (Oracle & SQL Server)*, EBRD, London.
- IAD (2018), *IAR 17/09 Banking operations: Appraisal and approval of direct equity investments*, EBRD, London.
- IAD (2019), *IAR 19/02 Banking operations: Investment Profitability Model*, EBRD, London.
- IAD (2019), *IAR 18/05 Investigations under the Respectful Workplace Procedures and the Conduct and Disciplinary Rules and Procedures*, EBRD, London.
- IAD (2019), *IAR 18/10 Banking operations: Client-led procurement of goods, works and services under Bank-funded operations*, EBRD, London.
- IAD (2020), *IAR 18/14: Management of operational risk*, EBRD, London.
- IAD (2020), *IAR 20/07 Integrity / Money Laundering / Terrorist Finance Risk Monitoring*, EBRD, London.
- IAD (2020), *IAR 18/03 EBRD Shareholder Special Fund*, EBRD, London.
- IAD (2020), *IAR 20/16 Approvals under the COVID-19 Solidarity Package Phase 2*, EBRD, London.
- IAD (2021), *IAR 21/04 and 21/05 Credit risk – origination, due diligence, structuring, decision-making and signing; COVID-19 pandemic/SP – origination, due diligence, structuring, decision making and signing (Financial Institutions Group)*, EBRD, London.
- IAD (2021), *IAR 20/15: Standardised Approval Measures and Implementation (SAMI) approach to the deferrals of loan repayment schedules – Stage 2: Review the effectiveness of controls*, EBRD, London.
- IAD (2022), *IAR 21/10 and 21/03: Operational Risk Framework (ORF): business implementation and compliance and Risk culture and risk appetite*, EBRD, London.
- IAD (2022), *IAR 22/09 Governance Risk in Direct Equity Investments*, EBRD, London.
- IAD (2022), *IAR 21/01 Transition Objectives Monitoring System (TOMS, including Monarch) for new Banking and Conor-funded standalone operations (all sectors)*, EBRD, London.
- IAD (2023), *IAR 22/16 Resilience and Livelihoods Framework*, EBRD, London.
- IAD (2023), *IAR 23/05 Donor Unfunded Guarantees and New Product Process, EBRD, London.*

MI 11.1 Analysis

Element 11.1.1

The MO's investments are implemented in accordance with internal policies and pre-agreed conditions in legal agreements.

Over the course of the assessment period, EBRD has been on an ongoing journey to strengthen internal processes and systems. Audit reports suggest internal policies, processes and conditions

in legal agreements are generally followed. Rather than compliance, common challenges pertain to evidence and documentation gaps, systems administration and security, gaps in processes and guidelines and manual processes.

This element is rated **satisfactory** based on evidence from audit reports, while, although not comprehensive across the organisation, identify very limited issues around process compliance and a clear practice of using audit reports to enhance the maturity of key corporate processes and learn lessons. EBRD's performance in this area could be enhanced by leveraging its process modernisation to establish internal portfolio compliance metrics that are compiled for key processes across the portfolio on a periodic basis.

The Internal Audit Department regularly reviews specific and thematic topics on adherence to internal policies and conditions in legal agreements in relation to investment activities. Audit risk ratings reflect risk of financial loss, loss of operational capacity and reputational risk. These risks are rated at four levels: critical (immediate communication to the President / Audit & Risk Committee), high (requires immediate management attention), medium (requiring timely management attention) and low (requires routine management attention). All audits also report relevant issues that have been self-identified by management and that are in the process of being resolved.

To assess this element, MOPAN considered 11 audit reports implemented over the course of the assessment period. The EBRD has undergone an important evolution in its systems and processes over the assessment period; therefore, for the purposes of this review, audits performed after 2020 were prioritised. An overview of these audits is provided in Table 155, below.

Overall, the available audits indicate that operational processes and requirements are generally followed, with few documented incidents of non-compliance. Audit reports presented some recurring challenges related to the maturity and resilience of operational processes, particularly as the Bank deals with novel challenges such as crisis situations and administration of new products. Other common challenges reflect ongoing changes in systems and challenges related to embedding new processes.

The most common challenges identified include:

- Inconsistent documentation, evidencing and updating of key process information (36% of reports);
- Weaknesses in systems administration and security (30% of reports);
- Gaps in processes to address novel situations, fragmented processes or lack of clear guidelines (30% reports); and
- Challenges posed by manual processes and oversight controls (25%).

These challenges are consistent with EBRD's ongoing efforts to enhance the maturity, automation, effectiveness and institutionalisation of its operational processes and systems over the course of the assessment and the effective use of internal audit to take stock and contribute to these efforts.

Table 155. Overview of Policy and Process Audits (2020-2023)

Year	Audit Scope	Issues identified / Management Response
2023	*Donor Unfunded Guarantees (DUGs) and New Product Process (NPP)* This assurance audit covered the design and operating effectiveness of controls relating to the operationalisation of Donor Unfunded Guarantees into the EBRD's processes. The audit test samples cover April 2019 to June 2023.	Issues identified with respect to addressing key risks in the roll-out of DUGs pertaining to lack of clarity in the application of existing guidelines, manual controls, key person risks and need for updated checklists and user-friendly manuals. At times, strategic decisions around new products are not fully cascaded to the teams responsible for their implementation. Overall, a need was identified for a more clearly defined end-to-end process and accountability structure for the New Product Process. Management agreed and starting implement key revisions to the NPP to enhance the role of risk management and Senior management in ensuring

		accountability, including by challenging new product owners to put processes in place to ensure quality, accountability and transparency.
2023	*Resilience and Livelihoods Framework* This audit provides assurance on the design and effectiveness of key controls over investment projects executed under the RLF, including eligibility criteria, approval parameters and credit risk for counterparties. Test samples included projects approved between April and September 2022.	An issue was identified regarding inconsistencies between adherence to existing credit risk standards and guidelines such that they did not adequately reflect the Bank's new risk appetite and guidelines in donor agreements. A risk was noted with respect to the failure to implement more streamlined processes to address the extreme context coupled with heightened pressure to deliver, including heightened pressure on staff. Management noted the impact of the extreme circumstances, such that the Bank lacked standards and guidelines for operating within a country at war. A guidance note on pricing and methodologies for Ukraine transactions was approved in 2023. Furthermore, there was recognition of the important role played by OpsCom in commissioning guidance in similar challenging and highly dynamic contexts.
2022	*Transition Objectives Monitoring System* This audit provided assurance on the design and operating effectiveness of controls over the assessment and reporting of ETI for standalone projects. Test samples covered the period from February 2020 to October 2021.	The audit noted that additional work was needed to implement appropriate controls for TOMS to ensure the integrity and transparency of ETI ratings. Specific concerns included weak controls in methodology, model and system implementation alongside weak oversight in application. Benefits of integrating the ETI methodology in Monarch were not noted to have been realised at that point. Inefficiencies in the ETI assessment process were noted around ratings outside the Monarch system, and collection of data on TI delivery risk despite this not being reflected in scores. Management acknowledged the findings and noted the important contribution restructuring of the Bank's impact function will play in clarifying roles, responsibilities and processes with respect to classification, validation and ensuring consistency of TI scores across projects and sectors. A commitment was made to report back to the Board on an updated approach.
2022	*Governance Risk in Direct Equity Investments* This audit covered the design and operating effectiveness of key controls to manage corporate governance risks arising from direct equity investments, ensure external reports are complete and accurate and ensure that the Bank is current with its external commitments. Test samples included projects approved in the period from January 2020 to June 2022.	Corporate governance risks were found to be identified, assessed and mitigated to varying degrees in all transactions reviewed. However, opportunities were identified to improve existing controls. Risks were identified in terms of lack of consistency in managing governance risks due to processes being designed for a generic type of investment, limiting uptake and implementation in atypical cases. This impacted the consistency of due diligence as well as the identification and proposed mitigation measures for risks. Additionally, it was determined that some existing policies and practices had not explicitly incorporated some of EBRD's recent external commitments in this area. Management committed to enhance the process of managing governance risks through a Corporate Governance Review Document and digitisation. Piloting will be implemented toward the development of Corporate Governance Action Plans and a TC framework to support implementation of Equity Value Creation Plans. Further efforts were committed to enhance collaboration between the Legal Transition, Equity and Risk Management teams across the Bank.
2022	*Operational Risk Framework: Business Implementation and Compliance and Risk Culture Appetite* This report addressed senior management's progress in implementing commitments from a previous audit to embed the operational risk	The audit notes important progress achieved in establishing processes across the first and second lines of defence. But further action was needed to embed a risk culture across the Bank. Beyond the need to enhance senior leadership behaviours for risk, risks were identified regarding the accessibility and ease of use for frameworks and systems, workload and capacity constraints around Business Risk Champions leading to reactivity and lack of mandatory operational risk

	framework and promote a strong risk management culture since 2021.	training. Additional challenges were noted regarding the updating and completeness of departmental risk and control assessments, key risk indicators, capture and reporting of known risks and issues and tracking and reporting of operational incidents and issues status. Management agreed to undertake a range of initiatives to address these challenges, including setting the tone from the top through a vision statement from the President and integrating measures for risk management into the corporate scorecard. Additional support for a risk management culture would include an enhanced staff complement, updating of the risk appetite statement and enhanced staff training.
2021	*Standardised Approval Measures and Implementation (SAMI) Approach to Deferrals of Loan Repayment Schedules* This review focused on the effectiveness of the design of controls for SAMIs and the effectiveness of key controls. The audit test sample covered the period of April 2020 to October 2020.	In the context of COVID-19, risks were identified in terms of safekeeping and tracking of key documents in an unprecedented remote work environment. There was also insufficient evidence of enhanced credit risk monitoring for projects and counterparts in the Corporate Recovery Watch List, including lack of documented updates to information. This was, however, contested by management. Management identified a new process for enhanced handling, record-keeping and location monitoring for original hard copy documents, with dedicated team responsibilities and enhanced deferral reporting. Quarterly meetings were established to review watch listed investments and related movements.
2021	*Credit risk – origination, due diligence, structuring, decision-making and signing during COVID-19* This audit provided assurance on the design and operating effectiveness of key controls to assess, approve and commit to idiosyncratic credit risks and pricing and eligibility for the Solidarity Package 2 in newly executed FI investments. Test sampled covered the period from October 2019 to March 2021	On the whole, these processes were found to be well-designed and fit for purpose. However, opportunities were identified to reduce operational risk. Risks were identified regarding the operationalisation of some donor-supported products in the Bank's systems with operational issues not adequately captured in relevant Risk and Control Assessments. This arose from the lack of a systematic process and procedural clarity for addressing such issues and inability to resolve operational gaps within IT systems. Furthermore, concerns were noted regarding insufficient profitability benchmarks and hurdle rates for new business. Whereas comprehensive analyses are produced, feedback loops and lessons uptake for new operations remain weak. Management agreed to a range of actions to promote uptake and reporting of credit enhancement mechanisms, including requiring disclosure to financial sector counterparts, staff awareness raising and development of a searchable dashboard of live donor agreements.
2020	*Approvals under the COVID-19 Solidarity Package Phase 2* This limited review sought to ensure that operational guidelines comply with processes agreed with the Board of Directors, that appropriate delegation of authority procedures were followed and that no-objection approval periods were adhered to. Audit test samples were selected from the period of May 2020 to August 2020.	In general, this audit found very limited instances of non-compliance with stipulated procedures being followed.
2020	*EBRD Shareholder Special Fund* This audit covered EBRD's Shareholder Special Fund, including its governance arrangements, processes, procedures, controls and reporting. Audit test samples were selected from January 2018 to January 2019.	The audit confirmed that, in general, adequate governance arrangements, policies, procedures and controls are in place to administer and manage the EBRD Shareholder Special Fund. Low and medium-risk issues were identified pertaining to onerous and unclear progress reporting requirements, out of date and fragmented guidance, ensuring compliance with Grant Review Unit conditions. Management agreed to modify the reporting approach to include portfolio reporting based on priorities. Furthermore, it was agreed to consolidate and update available guidance, including the Operations Manual as needed, and

		audit compliance checks GRU conditions implemented by departments to learn lessons and strengthen the process.
2020	*Integrity / Money Laundering / Terrorist Finance Risk Monitoring* This audit covered the design and operating effectiveness of the Bank's key controls to manage Integrity/ML/TF risks across the debt portfolio. Test samples were selected from the active portfolio in November 2019, for projects with at least 3 years of monitoring.	At this time, the design and operating effectiveness of controls, procedure and guidelines were deemed to require improvement. Risks were identified with respect to the staffing of key oversight positions and the clarity of reporting lines in a matrix structure as well as knowledge and resourcing gaps among staff and inconsistent training attendance. Other issues were identified with respect to the need for risk-based business surveillance, limited information updates post signing and manual processes. Deficiencies in monitoring controls were also identified alongside potential deficiencies in the prevention of fraud, bribery and corruption. Management did not agree fully with the recommendations of this audit. The agreed actions taken include identifying options for an enhanced risk-based monitoring approach, enhancing the quality of watchlist data and increasing staff training numbers as well as updating available guidance and the overall control framework.
2020	*Management of Operational Risk* This audit covered key processes, procedures and controls related to operational risk management. Audit test samples were taken from January 2018 to March 31, 2019.	At this time, it was found that the management of operational risk and the Bank's risk culture needed to be strengthened. Issues were identified in terms of senior management ownership of the function, including performance objectives and production of regular risk reports. Maintenance of evidence around action plans and issue owners was found to be insufficient alongside implementation of a formal peer review process and need for stronger user controls of IT systems. As part of a broader campaign to overhaul Operational Risk Management, management agreed to identify a risk appetite state and process for risk acceptance, update the Operational Risk Framework, processes and maturity model, enhance follow-up of high-risk issues, digitise processes and enhance staff training.

MI 11.2: The MO rationalises administrative resources in line with organisational commitments.

- Element 11.2.1: The MO rationalises administrative expenses in line with organisational commitments.
- Element 11.2.2: The MO demonstrates growth in private mobilisation relative to capital committed, particularly in emerging markets.

Table 156. KPI 11 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
11.2	Highly Satisfactory	4.00	Medium
11.2.1	Highly Satisfactory	4	Medium
11.2.2	Highly Satisfactory	4	High

MI 11.2: Evidence Documents:

- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *Strategy Implementation Plan 2021-2023*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2022), *Financial Report 2021*, EBRD, London, www.ebrd.com/news/publications/financial-report/financial-report-2021.html.
- EBRD (2022), *Strategy Implementation Plan 2022-2024,* EBRD, London, www.ebrd.com/what-

we-do/strategy-implementation-plan.

- EBRD (2023), *Debt Mobilisation Annual Report to the Board,* EBRD, London.
- EBRD (2023), *Quarterly Performance Report Q2 2023*, EBRD, London.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.

MI 11.2 Analysis

Element 11.2.1

The MO rationalises administrative expenses in line with organisational commitments.

EBRD implements a set of scorecard metrics to rationalise its administrative expenditure against its operating income. It has met its institutional targets in this regard throughout the assessment period.

This element is rated as **highly satisfactory** based on EBRD's application of a consistent and disciplined approach to managing growth in administrative expenses in the midst of ongoing organisational transformation. Despite this ongoing transformation, the growth of EBRD's administrative budget has been controlled in line with or below inflation. EBRD can further improve its performance by identifying more robust targets pertaining to process efficiency, helping to demonstrate the return on investment for modernisation initiatives in line with ongoing MDB Reform.

EBRD's ongoing institutional transformation has taken place in a controlled financial environment. Particular attention has been paid to limiting growth in the administrative budget throughout through balancing investments with efficiencies and re-allocation of responsibilities. The success of this approach is apparent in the fact that EBRD's active portfolio grew 23% between 2018 and 2023, whereas the Core Administrative Expenditures grew just 12%, notwithstanding periods of high inflation.

EBRD includes two budget efficiency metrics in its corporate scorecard:

I. The **Cost to Debt Income ratio** (total administrative expenditure divided by total Bank debt operating income before provisions for impairment); and
II. The **Productivity Index.**

Together, these two metrics help ensure that administrative expenditure is rationalised against profitability and operations.

The Productivity Index is reported annually and reflects the "weighted average number of new and Portfolio operations" per million pounds sterling of operating expenditure. This measure is reported annually to reflect the seasonality throughout the year in the generation of new commitments, with a final measure computed for the year-end scorecard.

In this ratio, operations are computed as:

Weighted number of ABI operations = (number of standalone operations * 80%) + (number of sub-operations * 20%)

Weighted number of portfolio operations = (number of standalone operations * 80%) + (number of sub operations * 20%)

Weighted average number of new and portfolio operations = (weighted number of ABI operations * 55%) + (weighted number of portfolio operations * 45%)

In 2023, the actual productivity index measure was 1.5 against a target range of 1.3 to 1.5. For 2024, a range of 1.2 to 1.4 is projected.

For the cost to debt ratio, a control parameter is set in the SCF, with a ceiling of 70% set for the 2021-25 SCF. Each year, SIPs identify the factors underlying cost to debt ratio. For example, the 2024-26 SIP identifies the impact of inflation and MYIP investments on costs relative to slower than expected growth in debt income. For the productivity index, there is no specific benchmark applied year-to-year, with targets identified in each SIP based on a range of factors. However, across the assessment period, SIPs were found to provide limited information on the factors that influence the productivity index and the setting of target ranges and any implications for budget projections.

The Cost-to-Debt Income Ratio has increased over the assessment period, largely driven by the volatility in the valuation of loans. This increase has mostly been located in 2022 and "predominantly driven by unrealised losses from the loan portfolio measured at fair value to counterparts with exposure to Ukraine, Belarus and Russia". [SIP 2023-25] In addition, an increase in expenditure in the last two years – particularly relating to IT investment and wider inflationary pressures – has worsened this ratio. Despite these increases, Cost-to-Debt income has generally remained within target for any given year and has remained below the control parameter set in the 2021-25 SCF.

To help manage rationalisation of the administrative budget throughout the year, Quarterly Performance Reports provide detailed breakdowns of budget utilisation against plan, including reasons for deviation. For example, the Q2 2023 Performance report notes budget utilisation of 96% driven in part due to underspend on staff costs and delayed implementation of certain MYIP deliverables.

Evolution of the Cost-to-debt income ratio and the productivity index over the assessment period is provided in Table 157, below.

Table 157. Cost-to-debt income ratio and productivity index (2020-2024)

Measure	2020	2021	2022	2023	2024
Cost to Debt Income Ratio	52.4%	46.9%	60.3%	58.6% (plan)(09.30.2023)	62.8% (projected)
Target	55%	60%	60%	63%	65%
Productivity	1.7	1.6	1.5	N/A	Annual
Target	1.5-1.7	1.5-1.7	1.4-1.6	1.3-1.5	1.2-1.4

Element 11.2.2

The MO demonstrates growth in private mobilisation relative to capital committed, particularly in emerging markets.

Since the implementation of the Mobilisation Approach, EBRD's Annual Mobilised Investment has grown considerably.

This element is rated as **highly satisfactory** given EBRD's strong growth in private mobilisation, including through tools to enhance mobilisation in early transition countries.

EBRD's Mobilisation is reported from three perspectives:

- EBRD's AMI (EUR million)
- Private Direct Mobilisation
- Private Indirect Mobilisation

EBRD's Mobilisation in terms of Annual Mobilised Investment (AMI) has grown 165% since 2017. Private Direct Mobilisation (PDM) has fluctuated over the assessment period with no clear trend; however Private Indirect Mobilisation (PIM) grew 143% between 2017 and 2023. Particular growth has been seen after 2021 due to the introduction of EBRD's new Mobilisation Approach and easing of macroeconomic impacts from the COVID-19 pandemic. (See Table 158)

Reporting on the Bank's AMI includes the following products where there is verifiable evidence (typically fees) that the Bank has mobilised third party finance:

- B loans
- Parallel loans
- Unfunded risk participation (URP) and Non-Payment Insurance (NPI)
- Risk Sharing Frameworks (RSF); and
- Other products on a case-by-case basis (private co-investment triggered by concessional financing instruments managed by the EBRD, PPP and auction advisory services, bond issuances and equity investments).

Key organisational incentives were created as part of the Mobilisation Approach. The approach commits to ensuring B loans and parallel loans comprise no less than EUR 750 million per annum on average throughout the end of the SCF 2021-2025 period, with an overall target of increasing PDM to EUR 2 billion by 2025. This target reflects that mobilisation may vary considerably year to year given changes in the external context. Since 2021, AMI has been exceeding an institutional threshold set in the Corporate Scorecard for 1.4 EUR billion.

Other key trends include a gradual decline in the amount of funded mobilisation from B loans and parallel loans (mainly based on punitive regulation for commercial banks to extend long term loans) alongside an increasing amount of Unfunded Risk Participations, which have become the main driver of mobilisation since 2021.Turkey and Egypt account for 21% and 20% of AMI volume respectively. RSFs have been particularly useful in enhancing mobilisation in Early Transition Countries.

The mobilisation approach and establishment of the debt mobilisation team reflects: (i) the increased presence of unfunded mobilisation activities in EBRD's portfolio; (ii) the introduction of new mobilisation tools and products; (iii) coordination of all-Bank activities leading to increased AMI and GET AMI; (iv) fine-tuning of incentives contributing to enhanced mobilisation across the organisation. Two sub-teams were created addressing sales and advisory services, including sales and risk transfers via existing products, and a product development team that focuses on developing new mobilisation products and optimising deal structures to maximise private debt mobilisation.

Trends for these indicators over the assessment period are presented in Table 158, below. Note that the difference between AMI and PDM is mainly insurer mobilisation (URP and NPI) which are part of AMI but not PDM.

Table 158. EBRD's mobilisation volumes (2017-2023)

Year	2017	2018	2019	2020	2021	2022	2023
AMI (EUR millions)	1,054	1,467	1,262	1,240	1,750	1,746	2,800
Private Direct Mobilisation	669	1,059	460	411	908	803	N/A
Private Indirect Mobilisation	9,613	9,911	11,663	9,324	16,613	12,957	23,400

The 2020-21 Joint MDB Report on the Mobilisation of Private Finance covering 24 MDBs and DFIs further demonstrates the impact of EBRD's Mobilisation Approach, with its overall proportion of mobilisation among the 24 institutions in low- and middle-income countries jumping from 2.7% in 2020 to 14.2% in 2021.

MI 11.3: The MO has implemented measures to optimise its balance sheet through mobilisation and risk-sharing.

- Element 11.3.1: The MO demonstrates growth in mobilisation and appropriate use of risk management tools to ensure efficient use of capital resources.

Table 159. KPI 11 – MI 3 ratings

MI / Element	Rating	Score	Confidence Level
11.3	Highly Satisfactory	4.00	High
11.3.1	Highly Satisfactory	4	High

MI 11.3: Evidence Documents:

- EBRD (2023), *Debt Mobilisation Annual Report to the Board,* EBRD, London.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (2024), *Strategy Implementation Plan 2024-2026*, EBRD, London, www.ebrd.com/ebrd-strategy-implementation-plan-202426.pdf.

MI 11.3 Analysis

Element 11.3.1

The MO demonstrates growth in mobilisation and appropriate use of risk management tools to ensure efficient use of capital resources.

Through the implementation of its mobilisation approach, EBRD has sought to expand the use of new risk transfer tools and platforms to expand private mobilisation and ensure efficient use of capital.

This element is rated **highly satisfactory** based on the introduction of a wide range of innovative tools and approaches for mobilisation, including insurer mobilisation, which have contributed to strong growth. There is room for EBRD to further enhance its performance by scaling up mobilisation from PPP advisory in line with its unique mandate; however, very strong progress has been achieved in implementing new and innovative approaches and instruments.

Since the introduction of the mobilisation approach, the EBRD has made important progress in expanding the range of tools it applies to transfer risk and expand mobilisation, expanding investment while conserving the use of capital resources.

Key tools introduced and expanded include:

- Insurer Mobilisation, including Unfunded Risk Participations and Non-Payment Insurance;
- Risk-Sharing Frameworks; and
- Partnerships with Asset Managers

Unfunded Risk Participations

EBRD's Risk Committee approved the use of Unfunded Risk Participations (URPs) in 2014. URPs are akin to first demand risk guarantee instruments with the primary objective of risk transfer of existing exposures to counterparties with a stronger risk rating (e.g., insurance and re-insurance counterparties), allowing for stronger portfolio management at the client, country, sector and product levels. Increasingly, URPs have been used at project inception as a mobilisation tool that helps the EBRD grant larger loans and provide enhanced financial additionality in closing financing gaps. These products also offer an advantage over B loans such that URP counterparties tend to have a more flexible risk appetite and regulatory constraints, allowing application to a wider range of countries and sectors.

As is the case for NPI, URPs are also a very useful tool for mobilising private capacity into local currency loans, which is more difficult for funded mobilisation due to the inaccessible nature of many currencies in EBRD's countries for cross-border providers.

URPs are scalable, with application supported by the conclusion of Master Risk Participation Agreements (MRPAs) with private insurance partners. EBRD has gained increasing experience in applying this tool, enabling a more standardised and efficient approach over time.

Since 2014, the application of URPs has grown by a factor of 38, reaching EUR 765 million in 2022. The total counterparty limit has expanded as new insurers are added, increasing from EUR 2550 million in 2021 to EUR 4100 million in 2022 and a total of EUR 3 billion of risk-transfers have been signed since inception of the product.

Non-Payment Insurance

EBRD introduced NPI in 2022, an insurance-based instrument that is intended to provide access to a wider pool of insurers. Unlike an URP, which only a limited number of insurers can engage in, NPIs are more widely available on the market, offering a range of policy warranties and conditions. This product is increasingly being used by commercial banks and financial institutions as a key risk distribution tool for the purposes of exposure management and capital relief.

The NPI was piloted in 2022 through a panel of six insurers under a market-tested Master policy Framework Agreement with a first transaction signed in 2023. Lessons from the pilot will inform a full launch of the instruments, complementing the use of URPs.

Risk Sharing Frameworks

The EBRD's RSF programme seeks to enhance the mobilisation of small loans in ETC and small countries where applying other mobilisation products is more challenging or outright impossible. RSFs seek to enhance the lending capacity of partner FIs and enables them to engage in smaller transactions more efficiently.

As of 2022, a total of 57 transactions were mobilised via the RSF in 16 COOs. RSF volumes reached EUR 360 million in 2022, reflecting 21% of total AMI. RSFs were particularly important in the context of Ukraine, contributing to EUR 188million in AMI in 2022.

Partnerships with Asset Managers and re-insurance companies

As part of the mobilisation approach, EBRD is working to foster cooperation with institutional investors such as pension funds and asset managers, signing MOUs with two large institutional investors in 2022, one asset manager and one pension fund. These help the Bank strengthen relationships with parties who share EBRD's vision and impact orientation and contribute positively to EBRD's reputation with similar investors, helping to grow the investor base. EBRD has also been working to establish partnerships with new insurance counterparties to strengthen the provision of URPs, signing 15 URPs since 2021 through four new partnerships with re-insurance providers established in 2021 and 2022 at a total of 169.1 EUR million [2023 Debt Mobilisation Annual Report to the Board].

KPI 12: Results are sustainable

Table 160. KPI 12 ratings

MI / Element	Rating	Score
KPI 12	Highly Satisfactory	4.00
MI 12.2	Highly Satisfactory	4.00
MI 12.2	Highly Satisfactory	4.00

MI 12.1: The MO actively monitors the performance of its portfolio.

- Element 12.1.1: The MO monitors investment portfolio performance in line with its financial sustainability goals

Table 161. KPI 12 – MI 1 ratings

MI / Element	Rating	Score	Confidence Level
12.1	**Highly Satisfactory**	**4.00**	**High**
12.1.1	**Highly Satisfactory**	**4**	**High**

MI 12.1: Evidence Documents:

- EBRD (2018), Business Performance Navigator presentation, EBRD, London.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *Procedures - Identification and Management of Non-performing Loans: Key Principles*, EBRD, London.
- EBRD (2022), *Financial Report 2021*, EBRD, London, www.ebrd.com/news/publications/financial-report/financial-report-2021.html.
- EBRD (2023), *Country Strategy Delivery Review 2023,* EBRD, London.
- EBRD (2023), *Financial Report 2022*, EBRD, London, www.ebrd.com/financial-report-2022.
- EBRD (2023), *Quarterly Performance Report Q2 2023*, EBRD, London.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.
- EBRD (n.d.), NPL and Watchlist Data.

MI 12.1 Analysis

Element 12.1.1

The MO monitors investment portfolio performance in line with its financial sustainability goals.

EBRD applies a robust, multi-pronged approach to ensuring financial sustainability linked to profitability, capital adequacy and a strong liquidity position. The Bank also has a process in place to monitor and address Non-Performing Loans (NPLs). Whereas profitability and NPLs have been volatile in recent years due to the war in Ukraine, the EBRD has maintained a strong capital and liquidity position.

This element is rated as **highly satisfactory** based on the robustness of EBRD's approaches to monitoring its capital adequacy, considered as good practice across DFIs.

This section discusses the EBRD's approach to measuring and ensuring profitability, managing non-performing loans and ensuring a strong liquidity position. Capital adequacy is discussed further in 12.2 below.

Profitability:

Profitability is part of the EBRD's three-pronged approach to ensuring its financial sustainability. This includes:

- An Investment Profitability Model (IPM) which allows assessment of projected risk-adjusted returns on new debt transactions when they are originated; and
- Portfolio-level Return on Required Capital (RoRC), a scorecard metric which captures overall return of the bank; and

- The Debt RoRC (before costs), which assesses risk-adjusted financial returns at the level of the debt portfolio.

New projects assessed using the IPM are assessed on a Risk-adjusted Return on Capital (RAROC) basis. The IPM is applied to new debt projects to understand projected risk adjusted returns across the portfolio. A Strategic Portfolio Management analysis is prepared to inform the preparation of annual, three-year rolling SIPs.

The Corporate Scorecard establishes targets for portfolio level RoRC (>3.5%) and Debt RoRC before costs (>12%). Following record profits in 2021, the Bank suffered a loss of 1.117 billion EUR in 2022, primarily attributable to the EUR 1.4 billion in impairment charges, EUR 1.1 billion in losses from equity investments and EUR 0.5 billion of expenses and depreciation. These were largely driven by the financial consequences of the war in Ukraine.

Performance over the assessment period is presented in Table 162, below.

Table 162. EBRD actual and projected profitability

	Target	2018	2019	2020	2021	2022
Net (loss) / profit (EUR millions)		340	1,432	290	2,502	(1,117)
RoRC	3.5%				11.9%	3.0%
Debt RoRC before costs	12%				21.3%	(8.2%)

<u>Non-Performing Loans</u>

The EBRD has a clear definition of Non-Performing Loans (NPLs) based on principles embedded in IFRS 9, which are also applied equally to the Bank's Special Funds and Trust Funds. Specifically, the Bank designates an asset as an NPL when:

- The issuer or the borrower is 90 days or more past due on payment to any material creditor; or
- In the opinion of the MD, Risk Management or a Risk Officer acting as his/her delegate, the counterparty is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security (if held).

Upon being designated as an NPL, an exposure is transferred to Corporate Recovery. Corporate Recovery adopts differential processes depending on how an exposure is categorized. For Category 1 assets, Corporate recovery takes full management and budget responsibility. For Category 2 assets, Corporate recovery assumes a management and advisory role. Assets are considered uncollectible (in whole or in part) where the Risk Management MD has no reasonable expectation of recovery. An NPL may be sold where a market bid exists that reflects no more than a modest discount to expected recovery.

The EBRD monitors NPLs as part of its Quarterly Performance Reporting and Annual Financial Reporting. Country Strategy Delivery Reviews also provide a breakdown of NPLs by country. Following relatively stable performance between 2018 and 2022 at between 4.5 and 5.5 per cent of the portfolio, the NPL ratio jumped to 7.9 per cent in 2022 due to the impact of the war in Ukraine.

As of December 2022, the NPL ratio for Ukraine debt projects reached 48 per cent with an expectation that further deterioration will occur. For those NPLs based in Ukraine, in the absence of reasonable exit scenarios and where there is no clear evidence or information about the current or future state of the business, the Bank has applied a collective impairment approach.

Table 163. Non-Performing Loans

	2016	2017	2018	2019	2020	2021	2022
Non-Performing Loans Ratio	5.49%	3.87%	4.7%	4.5%	5.5%	4.9%	7.9%

Liquidity Management:

The EBRD's Treasury Authority and Liquidity Policy aims to ensure that the Bank holds sufficient liquid assets to meet its financial obligations, including under stress conditions. The policy establishes key limits to enable the Bank to meet its commitments for an agreed period of time despite abnormal financial markets and ensure that the rating agencies view the Bank's liquidity as a strong factor underpinning a triple A rating. The policy calibrates the amount of credit and market risk the Bank may take on in the course of maintaining and managing its liquid assets.

The Bank is required to ensure minimum liquidity such that: (i) the bank is able to meet its obligations for at least 12 months under an extreme stress scenario (e.g., a 1 in 100-year event) without access to funding markets. This is based on an internal analysis presented to the Audit Committee based on an annual bank-wide stress test. Additionally, Treasury actively manages the liquidity position on a daily basis.

The Bank's liquidity position must also be perceived as robust by ratings agencies and investors under agencies' methodology. Finally, the Bank must ensure that at least 75% of the next two years' net cash flow requirements can be met without recourse to accessing funding markets, allowing it to fund its business plan as laid out in the SIP. Over the short-term, the bank must have sufficient projected cash-flows from maturing assets to be able to meet its obligations for at least three months without recourse to the market.

In managing its treasury assets, the Bank must at all times comply with the following conditions:

- Short-term borrowed funds must not exceed EUR 10 billion; and
- The overall credit risk of the Bank's treasury assets must not at any time exceed 10% of Available Capital.

Over the assessment period, the Bank's liquid assets have remained within these limits (See Table 164, below). As of December 2022, the Bank held €30.5 billion of liquid assets with an average rating of AA- within its Treasury portfolio, ensuring continued business operations in the foreseeable future despite the impact of the war in Ukraine.

Table 164. Liquid assets

	Minimum	2018	2019	2020	2021	2022
Liquid Assets / undisbursed Banking investments plus one year debt service	75%	96.5%	94.9%	105.0%	123.4%	106.6%

Source: FY22 Financial Statements

MI 12.2: The MO has processes in place to address exposure risks and assess capital adequacy.

- Element 12.2.1: The MO has processes in place to ensure concentration limits are respected in line with organisational targets and tolerances.
- Element 12.2.2: The MO has a process in place to monitor capital allocation ratios and trajectories in line with resource requirements to reach strategic goals.

Table 165. KPI 12 – MI 2 ratings

MI / Element	Rating	Score	Confidence Level
12.2	Highly Satisfactory	4.00	High
12.2.1	Highly Satisfactory	4	High
12.2.2	Highly Satisfactory	4	High

MI 12.2: Evidence Documents

- EBRD (2016), *2016 Review of the EBRD Capital Adequacy Policy*, EBRD, London.
- ERBD (2016), *Capital Adequacy Policy Presentation*, EBRD, London.
- EBRD (2019), *2019 Review of the EBRD Capital Adequacy Policy*, EBRD, London.
- EBRD (2020), *Strategic and Capital Framework 2021-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-capital-framework.
- EBRD (2021), *Procedure: Capital Adequacy Procedures*, EBRD, London.
- EBRD (2022), *Financial Report 2021*, EBRD, London, www.ebrd.com/news/publications/financial-report/financial-report-2021.html.
- EBRD (2021), *Risk Appetite Statement*, EBRD, London.
- EBRD (2023), *Financial Report 2022*, EBRD, London, www.ebrd.com/financial-report-2022.
- EBRD (2022), *Procedures: Capital Adequacy Procedures*, EBRD, London.
- EBRD (2022), *Procedure: Treasury Authority and Liquidity Procedures*, EBRD, London.
- EBRD (2023), *Procedure: Stress Testing Principles & Procedures*, EBRD, London.
- EBRD (2023), *2023 Capital Adequacy Policy Review*, EBRD, London.
- EBRD (2023), *Quarterly Performance Report Q2 2023*, EBRD, London.
- EBRD (2023), *Strategy Implementation Plan 2023-2025*, EBRD, London, www.ebrd.com/what-we-do/strategy-implementation-plan.

MI 12.2 Analysis

Element 12.2.1

The MO has processes in place to ensure concentration limits are respected in line with organisational targets and tolerances.

EBRD sets out clear concentration limits and systematically monitors compliance with its organisational targets and tolerances at the country, sector and obligor levels.

This element has been rated as **highly satisfactory** based on the robustness of EBRD's approaches.

The EBRD's overall capital adequacy prudential limit is accompanied by a set of country, sector and single obligor limits that constraint the Bank's maximum exposure that the Bank can take on in any single country or to any single counterparty. These limits are expressed in terms of Required Capital (capital required to cover the risk of unexpected losses) as a percentage of Available Capital (risk-bearing capital, including paid-in share capital, reserves and unrealised fair value reserved for equity investments).

The exposures consider the specific risk attributes of the country/counterparty rather than the operational characteristics of the project. The level of Required Capital reflects the differential risk associated with working with different counterparties. This is supplemented by a credit limit framework for Banking exposures that helps contain and manage concentration risk at the level of single obligor.

The EBRD has a three-pronged approach to managing concentration risks through a set of country, sector and single obligor limits.

Country Limits

Country Limits consider the size of each country in terms of a three-year rolling average of GDP and a country-level risk rating. This three-year perspective reflects the volatility of GDP year to year.

Sector Limits

In calculating compliance limits the Bank uses Global Industry Classification Standards (GICS) codes, which categorise industry sectors into 17 groups with common risk features.

There are two levels of sector limits: (i) a higher limit (25%) applied to the financial intermediaries sector, recognising the importance of the Bank's activities and financing in working with financial intermediaries; and (ii) a 15% limit applied to all other sectors that have common risk drivers.

Single Obligor Limits

Single Obligor Limits are applied to non-sovereign exposures to obligors, including private enterprises and state-owned enterprises. These include both direct exposures and exposures through a group of connected counterparties. Single Obligor limits are set at 2%, reflecting the Required Capital divided by the Available Capital, thereby also considering the differentiated risk linked to the counterparty. These limits also reflect the probability of default, as determined by the risk department. Equity funds are excluded from single obligor limits as these are diversified in nature. For the strongest companies, the nominal limits for portfolio divided by Available Capital are set 8% and are set at 4% for standard counterparties.

Management is responsible for managing within these prudential limits, with the first line of responsibility being individual Banking teams All limit breaches are expected to be reported immediately to the Board. Exception to the single obligor limits can be approved on a case-by-case basis by the Board.

Management provides the Board with regular periodic updated on the concentration risk, including periodic monitoring by the Audit Committee. Quarterly Performance Reports provide information on overall compliance with prudential limits, including specific impairments and significant downgrades of sovereign or country risk ratings. Live data on limits reporting is also available internally through EBRD's Business Performance Navigator Tool.

Element 12.2.2

The MO has a process in place to monitor capital allocation ratios and trajectories in line with resource requirements to reach strategic goals.

The Bank's Capital Adequacy lays out systematic processes and metrics for ensuring proper capitalisation, including stress testing. EBRD is recognised by ratings agencies as having an "extremely strong" capital position.

This element has been rated as **highly satisfactory** based on the robustness of EBRD's approaches and its strong capital position.

The EBRD manages its Capital Adequacy based on its Capital Adequacy Policy, Statutory Capital Metric and Framework for Net Income Allocation Proposals. The EBRD's approach to managing its capital adequacy is geared toward ensuring that the Bank continues to meet "triple A" credit standards, to manage capital adequacy and portfolio concentration against key ratios, including those used by ratings agencies.

EBRD has had a CAP in place since 2009, with reviews of the policy implemented in 2014, 2016 and 2019 to strengthen the approach, notably by including consideration for counterparty risk. With this update, available capital headroom changes dynamically with risk rather than adjusting the policy each year based on the evolution of the Bank's balance sheet. Changes in the overall risks linked to the balance sheet are reflected in the measurement of Required Capital.

The EBRD's Capital Adequacy Policy seeks to:

I. ensure proper capitalisation to support the business of the Bank with an adequate prudential capital buffer maintained over the minimum level of capital requirements;
II. provide risk absorption capacity to withstand potential unexpected losses;
III. preserve a capital structure consistent with maintaining and protecting the bank's "triple-A" credit rating;
IV. provide a tool for planning and assessing medium to long-term financial sustainability;

V. avoid the need to call subscribed callable capital;

VI. provide a tool for identifying prudential limits; and

VII. Support a profitability model that considers return and portfolio performance in light of risk.

The EBRD manages its capital according to two primary constraints:

- It's statutory capital ratio under Article 12.1 of the Agreement Establishing the Banks: Operating assets (limited to the bank's statutory capital including callable capital), with utilisation managed against a 92% prudential threshold;
- The Capital Utilisation Ratio (CUR), which is managed against a 90% prudential threshold.

Required Capital is assessed for each new investment individually as well as in aggregation. As noted in 12.2.1, these data feed into compliance monitoring against prudential limits for single obligors and country limits.

As noted above, Resolution 260 from the 2023 Annual Meetings provides additional flexibility. In responding to the recommendations coming from the G20 Independent Review of Capital Adequacy Frameworks, the Board of Governors agreed an amendment to Article 12.1 in the Agreement Establishing the EBRD to remove the statutory capital limitation on ordinary operations with the understanding that the Board of Directors will maintain an appropriate nominal leverage limit on operations within the capital adequacy framework. This resolution seeks to "enable the optimal use of the Bank's capital capacity to support the Bank in achieving the maximum potential impact in its recipient countries". [Resolution No. 260]

<u>Reporting</u>

Capital numbers are produced on a monthly basis by the Capital and Liquidity Planning team in coordination with the Financial Accounting Team. They are published on the EBRD's BPN following a monthly reconciliation process. Annual three-year rolling Strategy Implementation Plans (SIPs) incorporate capital and financial projections that take into consideration the implied risk profile for the portfolio, including estimates of rating agency key capital assessments.

The 2023-25 SIP notes that the Bank is expected to remain above key thresholds throughout the SIP 2023-25 period. Its actual CUR in 2021 stood at 65% and is projected to remain at 63% into 2025.

External rating agencies, including Standard and Poor's, assess EBRD's governance and management of its capital adequacy as strong, supported by a diversified shareholder base, transparent governance, experienced senior staff and a conservative risk management policy. Their rating also reflects "Extremely Strong" capital adequacy, large geographic and sector diversification in the Bank's exposures and strong internal capital generation through return on equity.

<u>Stress Testing</u>

These measures are complemented by stress testing to understand potential vulnerabilities in EBRD's overall portfolio. It assesses the impact of stress scenarios on the Bank's projected capital capacity to understand if the operational plan is within an acceptable risk tolerance and understand the implications of stress events on capital adequacy. These stress scenarios reflect key drivers of financial impact on the Bank, including debt, equity and Treasury losses. For planning purposes, a "severe" (1 in 25 years) scenario is applied. The Bank aims to be sufficiently capitalised to withstand such a macro economic shock while maintaining its "triple A" rating.

Based on such a scenario, peak capital utilisation was projected to by 78% for the period of 2023-25. Whereas the Bank would continue to comply with its internal statutory ratios and Financial Loss Tolerance Thresholds, some external ratings agencies ratios would be exceeded. This reflects a deterioration of the external risk environment driven by the war in Ukraine.