

# EBRD EVALUATION WORK PROGRAMME 2015-16 AND BUDGET 2015



**European Bank**  
for Reconstruction and Development

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## **The *EBRD Evaluation Work Programme 2015-16 and Budget 2015* includes:**

- a two-year Evaluation Work Programme for 2015/16
- details of new thematic studies and operation evaluations
- annual reporting containing in-depth treatment of evaluability and self-assessment quality of operations and evaluability of technical cooperation initiatives
- services to the Bank including training, knowledge dissemination, workflow management efficiency and contributions to management initiatives
- continuing work on a new project performance rating methodology
- enhanced reporting the Audit Committee and Board
- A proposed evaluation administrative budget for 2015



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Chief Evaluator

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<b>Overview</b>	<b>7</b>
<b>Thematic evaluations</b>	<b>9</b>
<b>Evaluations of individual operations</b>	<b>13</b>
<b>Annual reporting</b>	<b>15</b>
<b>Services to the Bank</b>	<b>17</b>
<b>Audit Committee and Board engagement</b>	<b>19</b>
<b>EvD tools and methods</b>	<b>21</b>
<b>International engagement and collaboration</b>	<b>23</b>
<b>EvD Budget</b>	<b>25</b>

**Annex 1: EvD deliveries in 2015**



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## Abbreviations

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AER	Annual evaluation review
EvD	EBRD evaluation department
OE	Operation evaluation
OPA	Operation performance assessment
OPAR	Operation performance assessment review
OPAV	Operation performance assessment validation
MSME	Micro, small and medium sized enterprises
RO	Regional office
TC	Technical cooperation

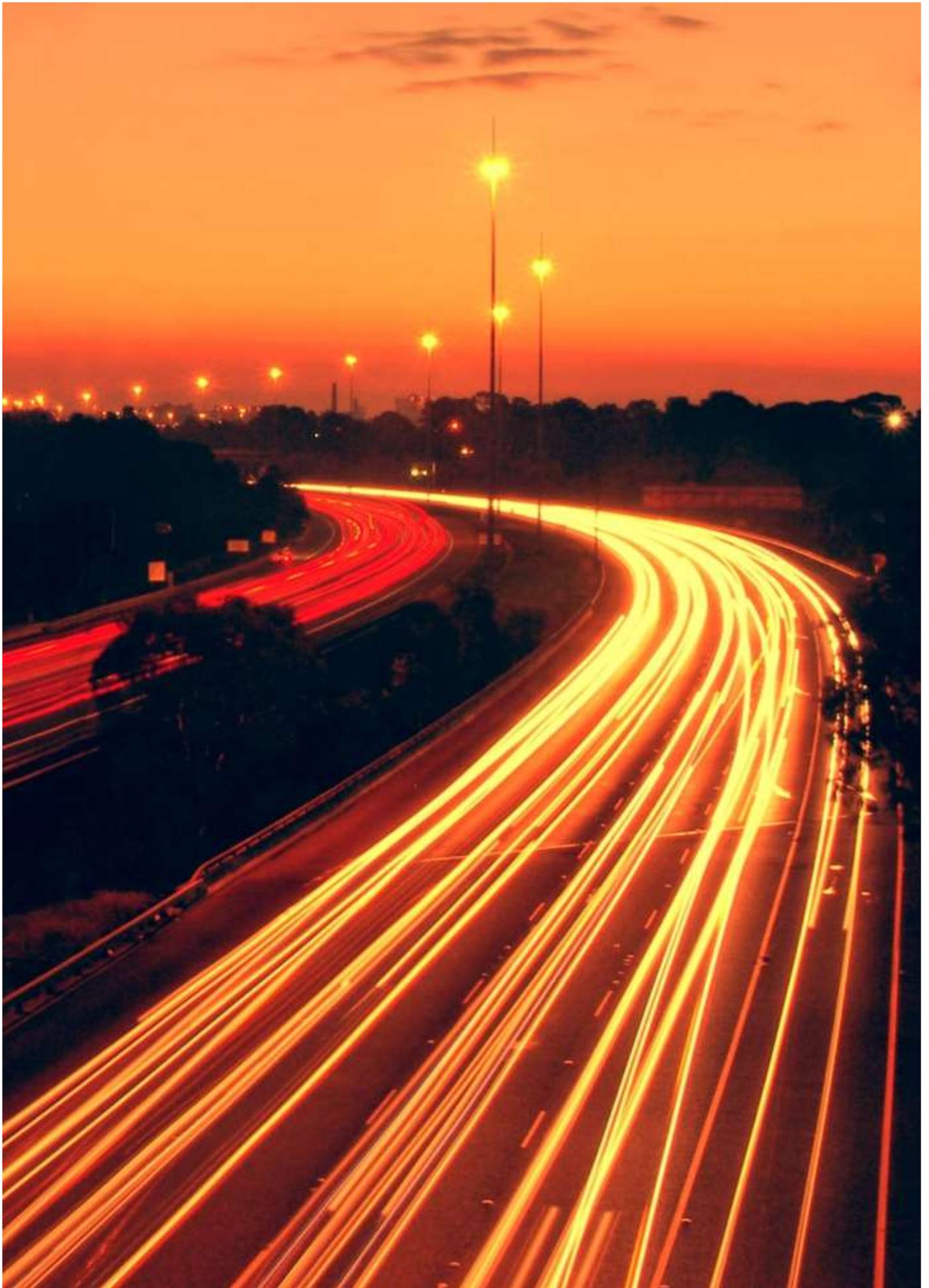
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## Defined terms

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

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# Overview

The EBRD's Evaluation Policy of 2013 requires the Evaluation Department (EvD) to "Prepare multi-year work programmes setting out proposed evaluation priorities, products and activities in detail. It also proposes budgets to deliver its work programmes, and results frameworks to enable assessment of its own performance". The Policy further indicates that the Board of Executive Directors "[r]eviews and approves the EvD work programme and budget". The terms of reference for the Board's Audit Committee provide it with delegated responsibility to "periodically review and evaluate the functions performed by the Evaluation Department", which includes a review of EvD work programmes and reports.

This document contains the EvD work programme for 2015-16 and the proposed EvD administrative budget for 2015. The work programme is intended to execute EvD's mandate as set out in the Policy, articulate strategic objectives consistent with the expectations of multiple stakeholders, and contribute to institutional achievement of sustained superior results and impact.

The EvD work programme for the next two years will:

- Contribute more visibly and systematically to Board and Management consideration of strategic challenges
- Provide institution-level oversight of the Bank's overall evaluation system to reinforce its effectiveness, credibility and impact
- Ensure that evaluation products and services strengthen institutional accountability and institutional learning and contribute to improved institutional performance.

EvD will work to accomplish these objectives by delivering a broad mix of products and services:

- Thematic evaluations (examining thematic, strategic, corporate or cross-sector issues or questions)
- Operation-specific evaluations
- Training and other services for operations
- Improved evaluation tools, methods and reporting
- International engagement with the wider evaluation community

Audit Committee members and non-members discussed the draft work programme on 24 November 2014. Committee guidance has been reflected in this work programme which was approved by the Board on 17 December 2014.



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# Thematic evaluations

Free-standing, in-depth evaluations focusing on particular strategic issues, themes and challenges are a core EvD product and a critical means through which EvD delivers value, insights and accountability to both Board and Management. These special studies serve various purposes:

- address higher-level issues of particular strategic or operational importance to the Board and/or Management
- take a longer term or more sector-wide perspective than provided by more project-focused evaluations
- assess processes or other corporate-level matters to identify opportunities to reinforce or improve existing practices that could enhance the results produced by the EBRD's products and services
- conducting analysis that may cross sector or regional lines or feed into future work expected by Board and Management
- look at relevant experience outside the Bank to provide potentially useful comparisons and benchmarks
- focus on specific instruments or sets of instruments to contribute to both understanding and potential improvement of performance.

The Audit Committee agreed in 2013 that EvD would present a longer list of prospective Special Study topics, serving to create a multi-year context for its work and to provide Committee members with a basis for choice and prioritisation. Based in part on feedback from Committee and Board members, EvD will give priority in 2015 to the thematic studies listed below. The expected thrust of each is presented briefly. Under EvD policy substantial research and exploratory work will be done for each new study, on the basis of which detailed Approach Papers will be prepared. Approach Papers set out the main issues to be explored, methodological matters, resource needs, expected timing for preparation and delivery, and key aspects of existing work that may be relevant. They are discussed in advance with Management, not to obtain endorsement or approval, but to ensure mutual understanding of the Study's intended scope, purpose and methods. Approach papers are available on [ebrd.com](http://ebrd.com).

## Special studies to be initiated in 2015

### *Investment climate support activities*

The extent and effectiveness of Bank support for investment climate strengthening have been a growing focus of Board and Management concern. Stubborn transition challenges in the Bank's traditional areas of operation ("Stuck in Transition") and huge unmet investment needs across its regions are major features of the strategic challenges to be confronted over the next five years. An evaluation of investment climate programmes and activities would help identify where the Bank's catalytic role has been more and less effective, and the programmatic attributes that appear to have contributed.

### *Project level incentives/ subsidies*

A number of recent EvD evaluations identified issues relating to the use of "incentives" as a core element of project/programme design. Enhancements such as subsidies, grants and non-TC support can feature prominently in operational work with high current and potentially higher future strategic priority. The study would review the various instruments and programmes; set out the variety of their uses in different circumstances; examine their intended purposes; and, assess the metrics and performance/results benchmarks used. It will seek to identify from project-level evidence any key features of design and performance, and from this present findings and recommendations for Board and Management to consider for these programmes in future.

### *Small business support activities*

The Bank's new Small Business Initiative seeks to consolidate and substantially elevate the strategic importance of its small business support activities. A continuing emphasis on small business is likely to be a key operational area irrespective of how some of the larger strategic questions are resolved. An evaluation of the Small Business Initiative would be premature given its recent launch. Instead, this study would review a range of activities that have now been brought together under the initiative and assess differences between direct support and the use of intermediaries. It would compare different funding mechanisms, look for synergies and complementarities, and any notable execution issues. Results articulation would be reviewed, as well as the processes and resources with which activities are tracked, and experience assessed and internalised.

### *Performance of framework projects*

Framework projects have become an increasingly important part of the Bank's business planning and operational approach. However, measuring success is difficult and there are significant aggregation problems across the many individual operations. An evaluation of current practice and examples of different approaches would provide a better understanding of the range of different approaches and their different levels of effectiveness. Expected findings would help both Board and Management identify improved structures, results and reporting frameworks that contribute to better framework design and outcomes.

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## *Supply chains and backward linkages*

Bank transactions are often expected to produce important transition effects by stimulating positive “backward linkages” through existing, expanded or new supply chains. There are questions on the extent to which targeted outcomes are achieved in practice. An examination of the Bank’s approach using illustrative cases, and reviewing the transmission links targeted, performance targets, and benchmarks and monitoring would provide useful findings and recommendations with which to consider design and execution performance.

## **Additional thematic work to be launched in 2015**

### *Financial sector strategy review*

The financial institutions department has initiated an update of its sector strategy. EvD policy in cases of sector strategy updates is to provide independent analytical and evaluative work early enough for its findings usefully to inform Board and Management’s own review and thinking. EvD has had preliminary discussions with the financial institutions department to assess its timetable, and whether and how an EvD contribution might be both constructive and timely. At this point, it seems unlikely that there is scope for a full sector evaluation. However EvD is actively exploring where it might usefully contribute in the current (still relatively) early stage of strategy development. It may be that EvD’s best option is to produce a synthesis paper and shorter commentary.

### *TC related evaluation work*

EvD has sought in recent years to examine TC-related matters at a more aggregate level, such as through the recent Shareholder Special Fund Special Study and the earlier Synthesis of 10-years of TC evaluations. The draft Work Programme for 2015 suggested the EBRD Western Balkans Fund as a possible source of useful insights, but a major EU evaluation is also set to get underway. EvD will identify other promising TC-related evaluation candidates with a view to launching thematic work during 2015; Board and Management would be consulted as this moves ahead.

### *Loan pre-payments – experiences and issues*

Early repayment of loans is a regular occurrence, with a variety of implications for the Bank – financial, operational, and with respect to transition outcomes and the original additionality case. A full study would examine the body of experience with prepayments over a timeframe sufficient to provide an adequate sample (past decade perhaps) with a view to assessing these implications and identifying patterns and commonalities if possible. It would seek to identify specific cases that illustrate specific aspects of experience, and which may yield findings and recommendations useful to Management and Board. Resources permitting, EvD would plan to initiate analytical preparatory work this year, with a view to delivering a completed study in 2016.

### *Implementation of modernisation and results task force agenda*

The various staff-led Task Forces and Working Groups initiated shortly after the current President took office produced a large amount of analytical work, findings and recommendations. While some of the work has been overtaken by events, other aspects (such as an intensified focus on results) have gotten significant follow-up attention and actions. An assessment of the various activities or initiatives launched, the status of direct or indirect follow-up, and the pieces of business still in process would provide a useful context in which Board and Management can assess how these issues may fit with the larger strategic dialogue now. EvD will conduct some additional preparatory work and consultation this year with a view to assessing the feasibility and potential value-added of such a study.

## **Ongoing special studies from the 2014-15 work programme**

This section summarises the status of special studies initiated mainly under EvD’s 2014-15 Work Programme. In some cases, work has been suspended or re-configured in light of the Bank’s operational approach in Russia based on guidance from the Board of Directors. EvD is continuing to move work forward where it can and will provide updates to the Audit Committee in 2015. This work includes Special Studies on:

- Operations in the Russian Rail Sector (will be reassessed on the basis of a further round of consultations)
- Bank Support for State-Owned Enterprises (moving ahead on the basis of a reduced scope);
- Long-term Transition Impact of Selected Operations (moving ahead on the basis of a reduced scope)

Other studies underway include:

- An evaluation of EBRD’s Experience with Resident Offices ( expected to be completed in 2015)
- Agribusiness sector review
- Sustainable energy efficiency facilities

At the request of Management, EvD was able to accommodate an additional special study in its 2014 work programme – an evaluation of the Shareholders’ Special Fund. This study was delivered under a very tight timeframe of around 3 months.

Some flexibility to respond at short notice to unanticipated opportunities for EvD to add value will be maintained in the 2015 work programme.

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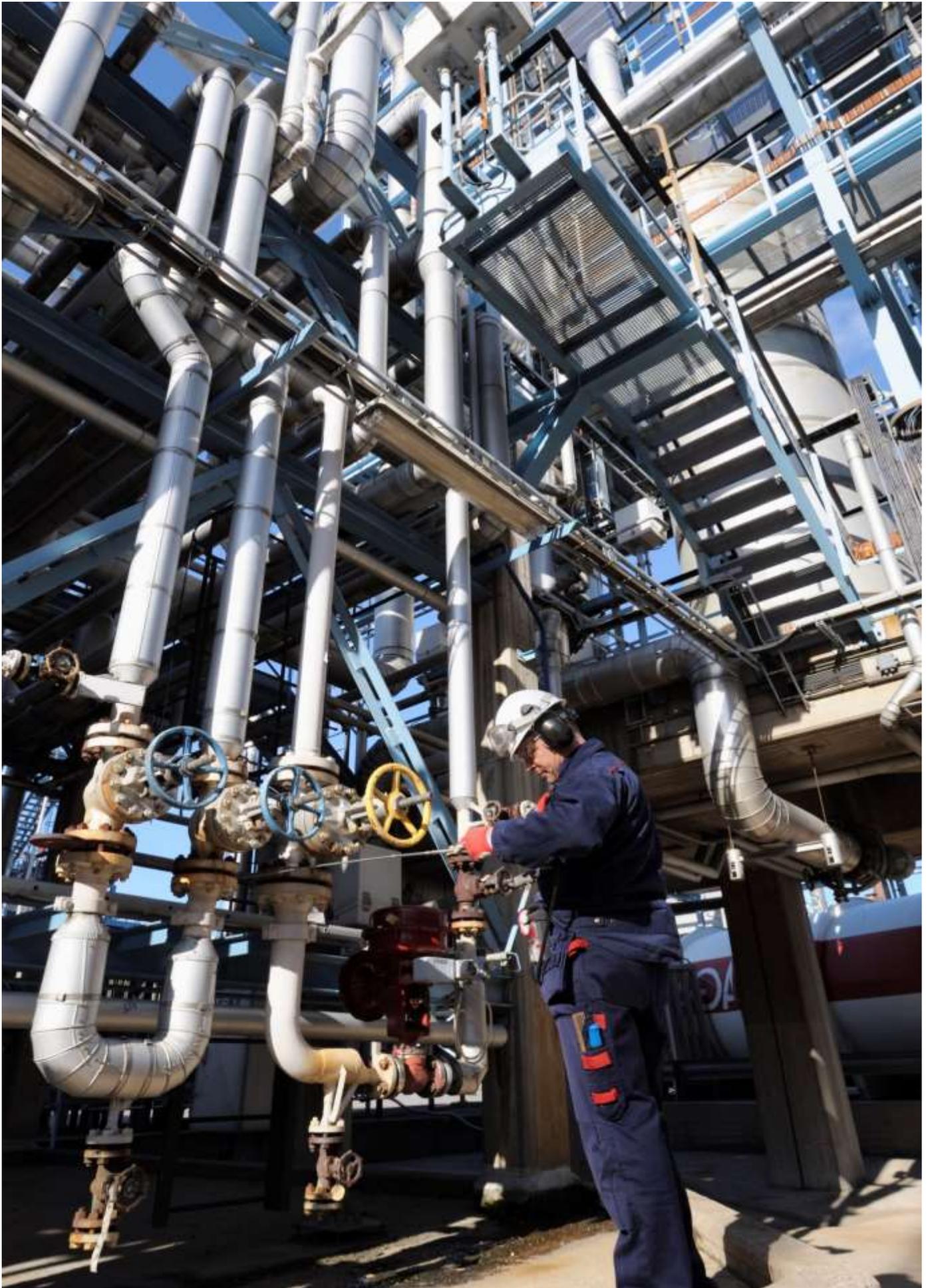
## New knowledge products

Previous work programmes have anticipated completion of additional EvD products intended to provide the Board with shorter pieces of work on specific issues of relevance or interest. One such product will be delivered this year – a synthesis of evaluation findings from other financiers operating in the southern and eastern Mediterranean region. Delivery of others has been limited by resource constraints and the need to give priority to core work programme items and quality assurance.

EvD continues to see value in work of this type and, now that it is more fully staffed, will revisit the matter. Of particular interest will be work that could feed usefully into subsequent special studies or provide value on a stand-alone basis. EvD plans to deliver shorter pieces on the following:

- A survey of results management systems in place in other international financial institutions;
- Background analysis/assessment on the role of EBRD Board Nominees;
- Survey of gender-focussed elements in private-sector oriented operations at other institutions.





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# Evaluations of individual operations

Transactions are at core of the Bank's business and transition model and they provide the primary performance evidence through which its priorities and performance may be assessed. Rigorous performance evaluation at the project level therefore remains at the heart of the Bank's evaluation function; it is central to EvD's work and critical to its delivery on both its accountability and learning mandates.

Evaluation at one of three different levels of rigour is done on 100 per cent of projects that are either completed or sufficiently mature for an ex-post performance evaluation.

- Operations evaluations (OEs): a full EvD-led evaluation involving detailed review and field assessments of purposefully selected operations or groups of operations that present particular issues or opportunities for evidence-based performance feedback and insights.
- Operations validations (OPAVs): detailed, desk-based, evaluations of specific projects drawing upon all available material, particularly operations teams' self-evaluations, and producing ratings and lessons
- Operation reviews (OPARs): brief reviews done by EvD of the completeness and basic quality of the self-evaluations done by operations teams.

Projects are selected by EvD for each of these three different treatments through an extensive EvD-led annual review and consultation process involving all Banking departments.

## Selection process

The selection process for this pool is as follows.

First, operations teams prepare self-assessments for all operations classified as ready for assessment (see below). Evaluation international best practice standards for international financial institutions and multilateral development banks state that self-assessment of projects should be mandatory. This is the recommended starting point for evaluating projects. Careful team-level review of project outcomes relative to expectations is vital for both institutional learning and accountability, even while it can never claim full objectivity. These self-assessments are a key contributor to independent evaluation, irrespective of the specific form this evaluation may take.

Second, to identify the pool of evaluation-ready operations, they need to meet certain requirements, the most basic of which is that projects must have been completed from a disbursement perspective for at least 18-24 months and not in Corporate Recovery. There is also an element of judgement involved when identifying operations; it may be that the operations team has reason to expect that important project-related results will be more evident at a later date.

Each year EvD prepares a long list of projects that are potentially "evaluation ready" and initiates a dialogue with other EBRD departments to work out a final list. Discussions include sector and country teams, the Office of the Chief Economist, Risk Management and others with knowledge of the project. In some cases Management may argue that a specific evaluation should be delayed; EvD assesses the argument and makes an independent judgement. On the basis of these discussions, a final list of "ready" operations is produced, which then forms the content of the EvD project-specific work programme – on which more below.

Third, international good practice has been developed to ensure that evaluation ratings derived from a sample of projects may be considered a legitimate representation of institutional performance as a whole. Basically, these require that:

- independent ratings used to describe overall institutional performance may be drawn only from evaluations of randomly chosen operations
- the rating for any operation deliberately selected for evaluation, for whatever reason, may not feed into the overall performance rating, although it may be perfectly valid at the project level
- the sample size of randomly selected operations to be independently rated is large enough to provide a statistical confidence level of at least 95 per cent.

## Project evaluations planned for 2015

Based on latest available information and extensive review with Management, EvD has identified 147 stand-alone operations that are ready for evaluation in 2015. This is a significantly higher number than in recent years largely reflecting the following: increase in the number of project approvals and signings since the financial crisis; EvD efforts to evaluate "ready" projects with minimal delay; and, projects delayed by crisis-related uncertainty now coming through the "ready" pipeline. A provisional breakdown across the three evaluation types is summarised below.

### *Operations evaluations (OEs)*

EvD will initiate five new operation evaluations. These have been selected purposefully (rather than randomly) from the ready pool based on whether they: offer specific issues or insights of interest, or might be of particular relevance to Board and Management; provide an

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opportunity to build on recent work or to contribute to work in development or anticipated; reflect certain sector and/or geographical coverage, or utilisation of different instruments. Per agreed good practice methodology only ratings from randomly selected and evaluated operations feed into aggregated ratings; ratings from purposefully-selected evaluations will not figure into EvD's overall assessment of Bank performance. In addition to providing project-specific performance assessments OEs seek to draw out findings and lessons to illuminate accomplishments or difficulties that might have wider value in terms of institutional choices, performance and accountability. Specific recommendations will of course be made where appropriate.

Based on an EvD review of the total pool of ready projects, including consulting project files and Board records, EvD will launch full evaluations of the following operations or groups of operations:

- Four MEI transport operations in Almaty done under an Integrated Approach;
- Agribusiness Sustainable Investment Facility, a framework;
- Two auto sector operations (PCMA and Faurecia);
- A package of recent wind farm operations.
- Crisis response operations with Greek banks.

With respect to the final item, it is too early to do a comprehensive assessment of its intended support for banking sector business groups under stress; however, there likely is value in looking at the intervention's short-term focus on financial stability. EvD will therefore launch what will be a two-stage process extending into 2016.

### *Operations validations (OPAVs)*

EvD will produce 54 validations in 2015. The number is determined on the basis of a stratified random sample to yield statistically valid aggregate ratings. Validations are done as desk studies. They are based upon the mandatory self-evaluations (the Operational Performance Assessment – OPA) produced by operations teams for all completed or “ready” projects. The process of validation draws upon the entire project file, related and external analysis, and relevant sector and country background. Validations verify, edit or delete findings and lessons identified by the self-evaluation as justified by the analysis and, where considered appropriate, include findings and lessons identified by EvD. Based on the evidence presented in the underlying OPAs and desk review of available information, OPAVs validate or not the self-evaluation ratings of project performance – these validated ratings are used for EvD's overall annual institutional-level performance assessments. In a change from past practice, EvD will consider short field visits to verify OPAV performance assessments thereby strengthening the robustness of these products. In other cases EvD's OPAV work may suggest that a more comprehensive OE may be justified, and EvD will adjust its Work Programme as needed.

### *Operations reviews (OPARs)*

EvD provides comments on all OPAs – these comments are incorporated at the discretion of the banking team. Increasingly, the commenting process results in a very constructive dialogue between EvD and the team concerned on project performance issues. This is a valuable learning process that is growing in importance. Following this commenting process, those OPAs included in the stratified random sample proceed to validation. For the remainder (60 identified for 2015), the commenting process constitutes EvD's review for completeness and basic quality. OPARs do not result in EvD validated performance ratings, nor are Operation Teams' own ratings incorporated into EvD's overall assessment of institutional performance. EvD incorporates selected findings and lessons contained in OPAs subject only to review in its lessons database.

EvD completes a quality checklist for all final OPAs (that is, OPAs submitted after EvD comments, whether long-form for validation or short-form for review). The results of this quality assessment are included in EvD's Annual Evaluation Review.

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# Annual reporting

The Annual Evaluation Review (AER) is EvD's flagship publication. It has been substantially restructured to serve as both a reporting tool for EvD products, activities and key findings, and as a vehicle to present policy-relevant pieces of analysis to Board and Management in compact form. With Board and Management feedback having been broadly positive, EvD will extend this basic approach, with further refinements.

Specific items planned for a more in-depth treatment in the forthcoming AER 2014 include:

- Checklist refinement and application for the assessment of the evaluability of recent projects;
- Assessment of the quality of self-evaluations (OPAs); and,
- Checklist refinement and application for a quality-at-entry and evaluability assessment of TC submissions.

EvD has advanced the normal date for completion and Board review of the AER to precede the Bank's annual meeting. Delivery of the 2013 AER ahead of the Warsaw meeting was welcomed by the Board; the 2014 AER will be delivered ahead of the 2015 annual meeting in Tbilisi.

EvD has for some years produced annual reports on "Management Follow-up on EvD Recommendations." These reports consolidated all EvD recommendations contained in evaluations completed over the reporting period, together with statements from Management as to specific follow-up actions taken with respect to those recommendations. EvD argued earlier this year that substantial changes were needed in the structure of the report and effectiveness of the entire reporting and tracking system. EvD's view was that the existing system did not provide the Board with an effective way to understand clearly the content and timing of Management action plans, to track and report implementation over time, and to ensure accountability for delivery on commitments. In response to an Audit Committee request EvD developed specific proposals for system improvements, which were discussed with and approved by the Committee earlier this year. EvD is working with IT on an improved platform to be delivered in the first half of 2015; among other features it will provide Board and senior Management with access to identical real-time same information on the status of actions.





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# Services to the Bank

EvD is providing expanded services to the Bank designed to increase the uptake and effectiveness of the Bank's full range of evaluation efforts. This includes expanded training activities; improved knowledge dissemination tools and processes; and, collaborative contributions to Bank-led work in specific areas. This work will be continued and extended in 2015.

## Training

EvD continues its substantially increased contributions to the Bank's flagship Banking Academy training programme for new bankers.

- “Core Banking Skills” module on evaluation 5-6 times per year
- E-learning module on evaluation
- Evaluation-related components of new Banking Academy course on project monitoring and supervision, 4-5 times per year

EvD recently initiated a comprehensive review of its various training activities focussed primarily on offering a package of core training modules to ROs. This would include training focussed on: OPA preparation; project monitoring; and results frameworks. There is substantial unexploited opportunity to provide targeted EvD training to critical masses of operational staff through the regular sector and country team retreats.

EvD's Banking Department focal point recently initiated a survey of bankers involved in preparing project-level self-evaluations. Among the many useful findings (to be presented to the Audit Committee in January 2105) was a high value placed on additional EvD training. EvD will be working with the First Vice President and Banking Managing Directors to deliver more training, and to ensure that these excellent opportunities are effectively used.

A so-called mini-International Programme for Development Evaluation Training ([www.ipdet.org](http://www.ipdet.org)), customised for EBRD needs, has been developed in 2014 and will be delivered in January 2015 to both EvD and banking staff.

## Knowledge dissemination

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

- Operation Evaluations (OEs), EvD's full project evaluations, are circulated in full to Board and Management; summary versions are placed on the Bank's web as a matter of standing practice.
- Special Studies are circulated in full internally and placed in full on the external website as standing practice. Presentation of completed special studies to staff is also now standard practice.
- Operation Validations (OPAVs) are circulated internally in full, including to Board and Management.

EvD's Lessons Investigation Application presents relatively recent and operationally relevant lessons from completed evaluations, including lessons drawn from Operation's self-evaluations. It provides an easily accessible resource intended mainly for staff at the concept and design stages of project development, looking for relevant findings from evaluated projects. In addition to improved content EvD has also worked with IT colleagues to make major refinements in the IT platform to improve usability and value. In part as a result, operation teams are able to draw upon relevant experience on their own, and will no longer rely on EvD to either provide this service or to endorse the appropriateness of the findings they extract.

EvD has also updated and redesigned its intranet pages to provide a better platform to communicate its work to the Board and Bank Management and staff.

## Workflow management and efficiency

EvD is implementing a new workflow management/tracking tool covering its main products and intended to accomplish two main objectives: first, to facilitate the now substantially greater regular interaction between EvD and Management teams on all EvD products; and, second, to ensure better tracking, accountability and on-time delivery, inside both EvD and Management. The tracking tool is also a vital part of Management's own cross-Departmental coordination efforts given that EvD has two discrete Focal Points within Management; in principle it provides a useful new instrument for greater horizontal information sharing across Departments. Data from this system will be fed into an overall reporting mechanism (dashboard) on the status of the EvD work programme that will be accessible to Board and Management.

## Direct contributions to Bank work

EvD has been contributing on an independent and invitational basis to a number of management initiatives or ongoing work related to evaluation issues. These efforts currently include work with the Strategy and Policy Committee and Office of the Chief Economist to develop indicative “causal chain models.” These are intended to provide general frameworks to help Bank teams develop the project-level

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“line of causality” linkages that are critical to an accurate representation of expected transition impact and a sufficiently clear results framework within which to track it. EvD also provides advice and feedback to operations teams on their draft OPAs in order to elucidate key arguments and information and improve overall quality. The recent Banking Department internal survey of Banking teams mentioned above found these efforts to be much appreciated. EvD has indicated to Management that it is open to additional such opportunities as may develop to provide useful evaluation input into the work of the organisation, consistent with its particular mandate and constraints. EvD is prepared to consider these favourably on a case-by-case basis, resources and Board prerogatives permitting.



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# Audit Committee and Board engagement

The Audit Committee is the primary point of engagement between EvD and Board members; it is EvD's single most important institutional interface and the locus of discussion and review of all major evaluation-related issues.

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

Board members now receive significantly greater numbers of evaluation papers than in the past (mainly the approximately 50 validations (OPAVs) whose earlier variant was never shared with the Board). Each of these papers contains independently validated performance evaluation and ratings at the project level of direct interest to Management and the Board. However, substantial additional value lies in identifying performance or design-related themes across groups of otherwise unrelated projects. The Committee has welcomed discussion of small batches of OPAVs clustered and presented by EvD around specific themes, and has encouraged EvD to provide more such presentations. EvD will bring 6 such OPAV clusters (batches of 3-5 individual OPAVs) to the Audit Committee for review during the first half of the year, organised around the following issues/topics.

- Important supply chain/backward linkages
- Policy dialogue components attached to investment operations
- Serial transactions/repeat client operations
- State-owned Infrastructure Operations
- Substantial legal/regulatory obstacles encountered
- Renewable Energy Operations

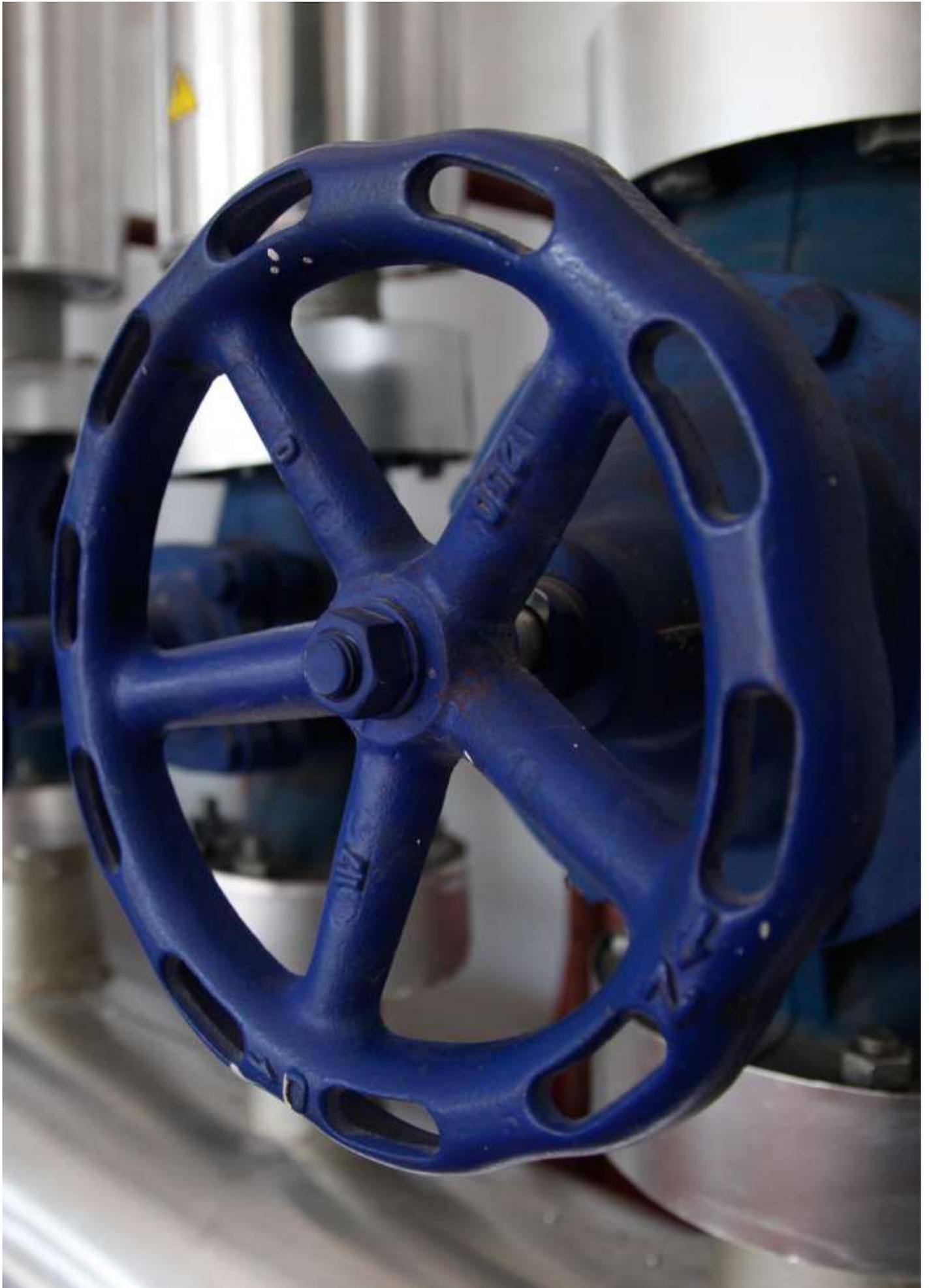
Additional issues/topics around which OPAVs might be organised include the following:

- Sector-specific (state-owned rail; renewable energy; municipal transport)
- Instrument-specific (local currency loan; equity; working capital)
- Strong/weak line of causality examples
- Strong/weak specification of expected results and monitoring benchmarks
- Strong or insufficient evidence of additionality
- Identification of due diligence shortcomings

EvD also produces periodic summaries of completed evaluation work, summarising key issues, findings, and ratings. These are intended mainly to provide the Board and senior Management with a compact and readily absorbed snapshot of a large volume of work.

Depending on the level of interest EvD could meet on an informal basis with Board Advisors to deepen communication outside of the Committee setting, including identifying where specific Board members might value some direct exchange on evaluation-related issues.

Board members' periodic Consultation Visits (BCVs) to countries of operation are intended to deepen direct understanding of the Bank's operational work and context. Participants are provided by Management with substantial background material, but traditionally without any EvD input. EvD has seen this as a missed opportunity to contribute directly to the value of the BCVs. Accordingly it provided background evaluation material for two BCVs in 2014, and is planning to provide similar input to BCVs in the future.



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# EvD tools and methods

Major changes to many existing EvD processes, products and tools have been required to deliver on the new Evaluation Policy and EvD strategy. These includes new templates for project self-evaluations; new EvD products and templates for existing products; revisions to EvD's project selection methodology; and, new procedures to ensure effective coordination between EvD and Management Focal Points.

Work continues on improvements to the performance rating methodology to improve consistency and comparability across evaluations and between EvD and Operations and to extend performance rating guidance to TC, where none existed previously. Work has advanced substantially. EvD is currently doing some final testing of the new system; it expects to initiate consultations with Management before year end and subsequently bring it to the Audit Committee for review. EvD established an external peer review process in 2012 to draw from a fully objective external review and perspective in cases where it might contribute usefully to the final product. Peer reviewers have been providing valuable independent input to major EvD papers, including recent Special Studies on Policy Dialogue in Ukraine and on the Shareholders Special Fund. Peer reviewer comments have been included in final EvD papers, and will be sought and included for substantial pieces of work going forward.

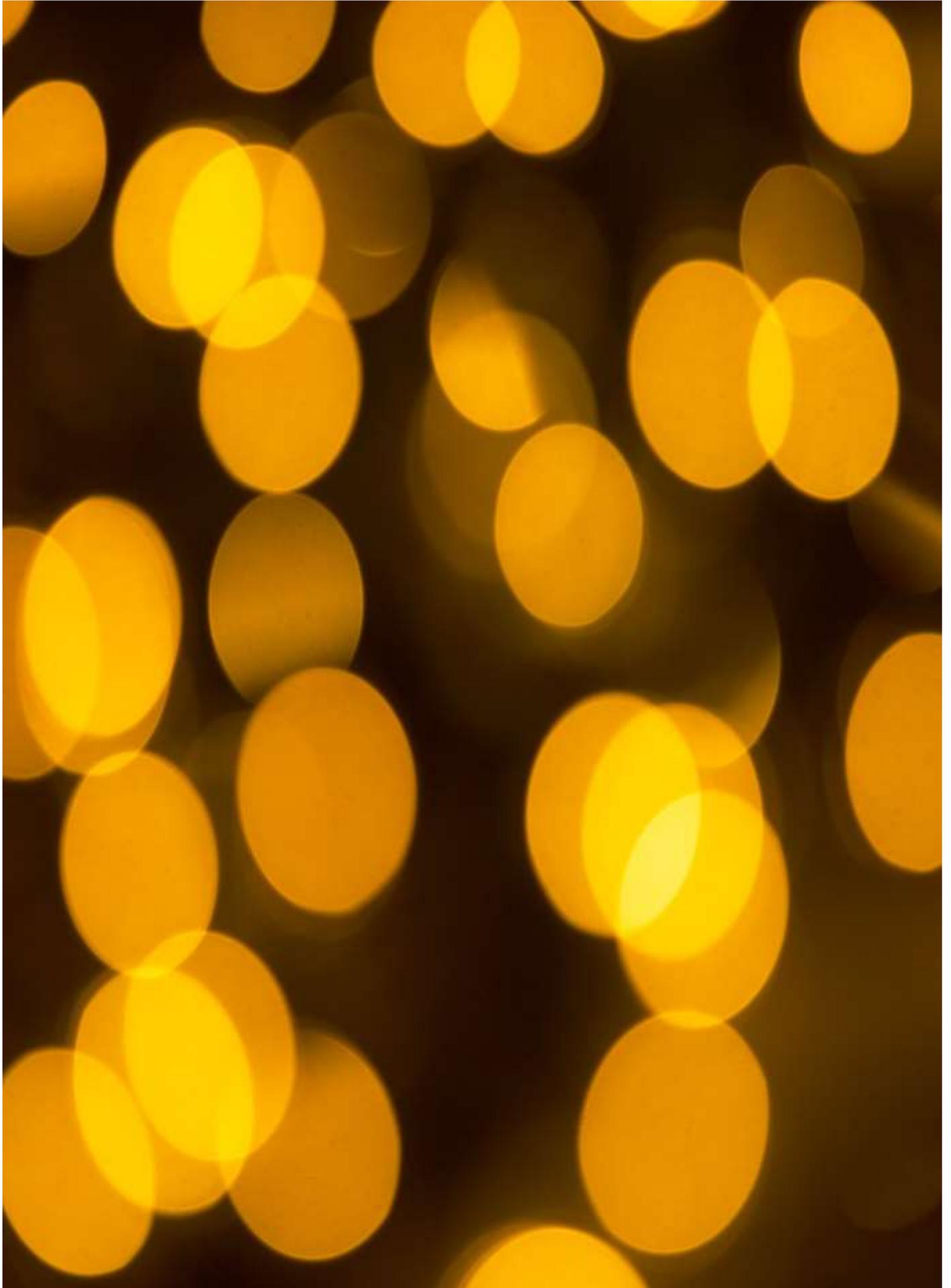


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# International engagement and collaboration

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

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



# EvD Budget

EvD prepares its work programme and budget request for stand-alone review and approval by the Board. The budget is distributed to the Board of Directors, first for review by the Audit Committee and the Budget and Administration Affairs Committee and then for approval by the Board at the same meeting as consideration of the Bank's overall Business Plan and Budget.

The EvD budget proposal for 2015 is submitted herewith as a complement to the draft work programme outlined above, and attached as Annex 1. The total 2015 direct cost budget, excluding occupancy costs, is £3.01 million. This is a decrease of £193,000 from the approved budget for 2014, reflecting a reduction of overall staff costs due to senior departures and recruitment of more mid-level staff.

The total 2015 direct cost budget, excluding occupancy costs, for EvD is proposed at £3.01 million. Overall, EvD's budget is projected to decrease by 6 per cent in 2015, reflecting current composition of staff.

The 2015 budget for staff costs of £2.3 million included in the above is based on 17 budgeted regular positions. No vacancy assumption is applied.

The proposed non staff costs budget for 2015 of £714,126, reflects the impact of allocated IT costs per person at £1,466 consistent with 2014.

The proposed consultancy budget of £507,000 is at the same level as 2014. The consultancy budget is used for assistance during the preparation of Operation Evaluation reports, to supplement EvD's resources; and to hire consultant services to help EvD staff carry out evaluation special studies in 2015.

**Table 1: Proposed EvD 2015 budget**

£000	2014	2015	15B/14B %
<b>Staff costs</b>			
<b>Salary costs</b>			
Salary costs	1,484	1,370	(7.7)
Other staff costs	7	7	0.0
Allocated benefits	997	919	(7.9)
<b>Total staff costs</b>	<b>2,489</b>	<b>2,296</b>	<b>(7.7)</b>
<b>Non staff costs</b>			
Consultancy costs	507	507	0.0
Travel and hospitality costs	123	123	0.0
Other direct costs	58	58	0.0
Allocated IT costs	25	25	0.0
<b>Total non-staff costs</b>	<b>714</b>	<b>714</b>	<b>0.0</b>
<b>Total fungible costs</b>	<b>3,203</b>	<b>3,010</b>	<b>(6.0)</b>

# Annex 1: EvD deliveries in 2015

Work Programme Item	Q1	Q2	Q3	Q4
<b>1. Project evaluations</b>				
Full evaluations (OE, newly programmed)			2	3
Full evaluations (OE, already programmed)	2	4		
Validations (OPAV)		20	20	14
Validations (OPAV, already programmed)	15			
Reviews (OPAR)	10	20	30	
<b>2. Special studies and knowledge products (new)</b>	1		3	2
Investment Climate Support				x
Small Business Support Activities			x	
Project Level Incentives/Subsidies			x	
Framework Projects				x
Supply Chains/Backward Linkages			x	
Input to Financial Sector Strategy Review	x			
<b>3. Special studies (in process)</b>				
Agribusiness sector review	x			
Transactions with state-owned or led firms	x			
Long term transition impact of past EBRD projects	x			
Sustainable energy efficiency facilities	x			
EBRD Experience with ROs			x	
Insights: Impact of MSME support operations on intended beneficiaries			x	
Insights: Experience with public private partnerships in selected sectors			x	
Bulgaria Wastewater Framework	x			
Russian rail sector (timing TBD)				
<b>3. Regular reports</b>				
Annual evaluation review	x			
OPAV summaries (Findings and ratings – semi-annual)		x		x
Work programme 2016-2017 and budget for 2016				x
Management follow-up on EvD recommendations				x
<b>4. Training services</b>				
Banking academy core skills programme	x	x	x	x
Banking academy project monitoring programme	x	x	x	x
Self-evaluation (OPA) training	x	x	x	x
Training for Bank new entrants	x	x	x	x
Support for on-going TC training		x	x	
<b>5. Engagement (internal and external)</b>				
AER presentation at annual meeting		x		
CE participation in ExCom	x	x	x	x
CE meeting with VP strategy and policy	3	3	3	3
EvD presents evaluation findings to operations groups	2	2	2	2
EvD presentations to Audit Committee	3	3	3	3
Informal meetings with Board Advisers	x	x	x	x
Evaluation Cooperation Group		x		x
OECD Development Assistance Committee		x		x
<b>6. EvD management and administration</b>				
Full EvD staffing maintained	x	x	x	x
New vacancies filled within 4 months	x	x	x	x
360 feedback completed for all current EvD staff	x			

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**2015/16 WORK  
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2015**



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