SPECIAL STUDY

Evaluation of the Shareholder Special Fund (2016-20)

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Independent
Evaluation

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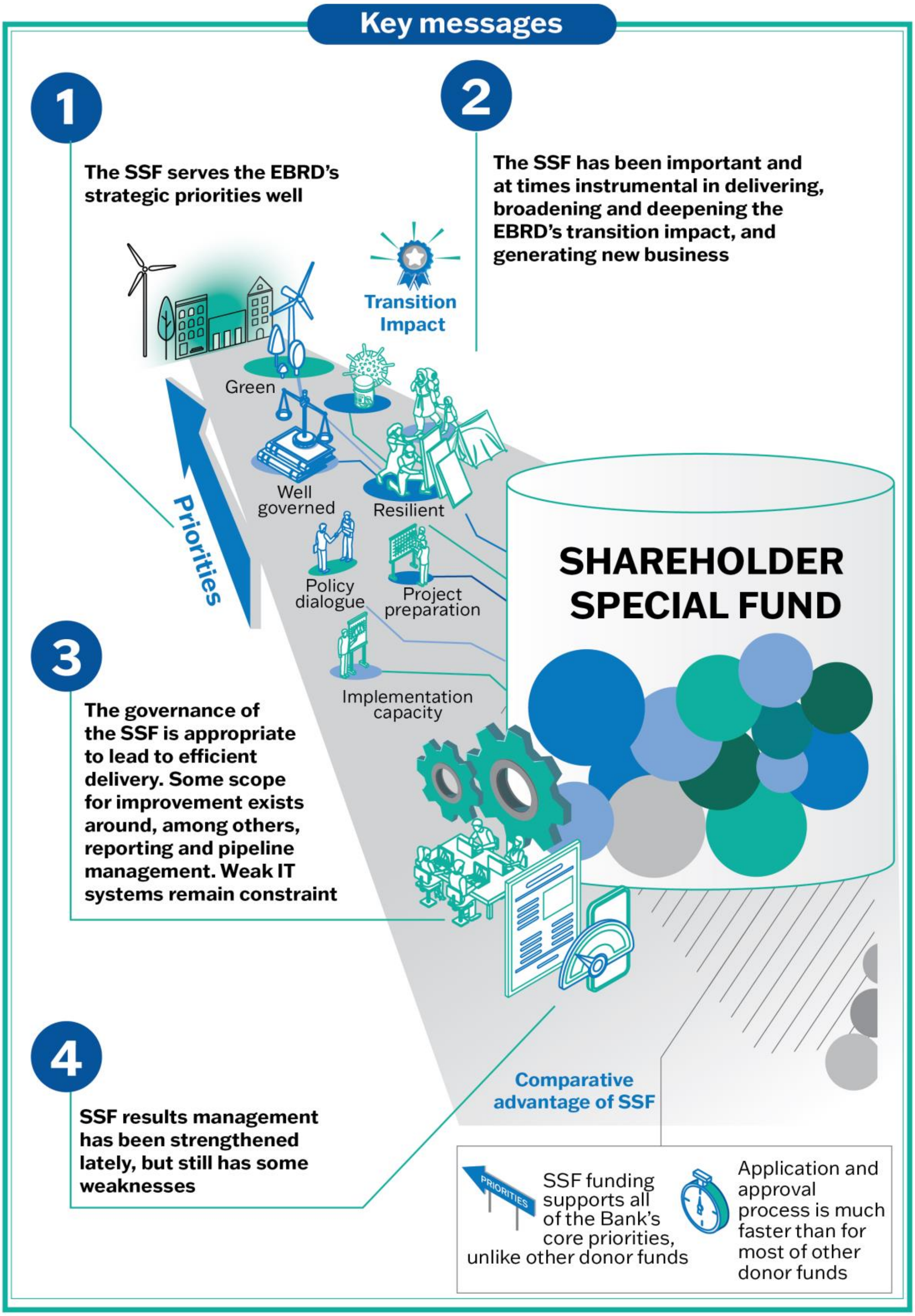

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Abbreviations

ABI	Annual Bank Investment
BAAC	Budget and Administrative Affairs Committee (EBRD)
Capex	Capital expenditure
CRS	Community Resilience Sub-Account (EBRD)
CS	Country strategy
CSDR	Country strategy delivery review (EBRD)
DCF	Donor Co-Financing (EBRD)
EPG	Economics, Policy and Governance team (EBRD)
ETC	Early transition countries (EBRD)
ETI	Expected transition impact (EBRD)
EU	European Union
EvD	Independent Evaluation Department (EBRD)
FI	Financial institutions (EBRD)
GAM	Greater Amman Municipality
IT	Information technology
LT	Legal Transition Team (EBRD)
LTP	Legal Transition Programme (LTP)
MD	Managing Director
MR3	Municipal Resilience Refugee Response Framework
NIA	Net income allocation
ODA	Overseas Development Assistance
OECD DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
OL	Operations leader (EBRD)
RAR	Rapid Advisory Response (EBRD)
RO	Resident office (EBRD)
SBI	Small Business Initiative
SBS	Small Business Support programme
SCF	Strategic and Capital Framework
SEMED	Southern and Eastern Mediterranean region
SIG	Sustainable Infrastructure Group (EBRD)
SMEs	Small and medium-sized enterprises
SSF	EBRD Shareholder Special Fund
TC	Technical cooperation (EBRD)
TCRS	Technical cooperation reporting system (EBRD)
TQ	Transition quality
VP3	Vice Presidency for Policy and Partnerships (EBRD)
WP	Work Plan

Defined terms

Capacity-building technical assistance (as work stream of policy dialogue)	Complementing policy advice, the Bank may provide capacity-building technical assistance to institutional counterparts to support the implementation of policy reforms.
Co-Investment funds	Capital expenditure (capex) grants go to recipients that have EBRD loans which are subject to EBRD procurement rules. These recipients are either sovereign (under loans to a country or guaranteed by a country and made to a government agency) or sub-sovereign (which are generally to municipalities but administered as private loans). Other specialised grants have been developed primarily to encourage a certain sector/ priorities, i.e. climate change and for purposes of technology and energy efficiency. Donor loans are generally lent parallel to EBRD loans, within the same loan agreement. In a few cases, however, there have been standalone donor loans alongside other forms of financing, such as bonds.
Donor funds	Donor funding provided to support EBRD investments or activities in the form of grants, risk participation and loans.
Expected transition impact	Expected transition impact (ETI) is a score assigned at the project level, derived using an internal scoring system based on the transition impact assessment of investment projects. ETI incorporates both transition impact potential (that is, setting appropriate objectives for projects in the context of transition challenges in a country) and risks to achieving those objectives, thus reflecting the most likely "transition value" of a project. The ETI in the Bank's scorecard measures the average ETI of all new projects rated over the course of a year. The Bank's projects are assessed individually during the project approval process and categorised according to the matrix in the scorecard.
Policy engagement/policy dialogue/policy reform dialogue/policy work – terms are used interchangeably. Definition of what is meant is found in Enhanced Approach.	Within its mandate and leveraging its knowledge, investment experience and local presence, EBRD engages in dialogue with the authorities in the economies where we invest and promotes a dialogue between the public and private sectors, to help identify policy and institutional challenges to transition to open market economies and private sector-led sustainable and inclusive growth. In doing so, it helps induce or re-ignite reforms, and supports the formulation of new or amended policies, legislative and regulatory frameworks and their implementation.
Reform advocacy (work stream of policy engagement)	Rooted in robust country diagnostics and thematic/sector analytical work, reform advocacy represents regular EBRD interaction with relevant authorities, with or without the involvement of the private sector, at national or regional level. Reform advocacy aims to further general or particular reform agenda points, providing analytical evidence of problems, to share knowledge, including on best practice, and to nudge thinking and gauge reform appetite and commitment. The EBRD may also assist with establishing and maintaining platforms for public-private sector dialogue on policy reform.
Technical cooperation (transactional and non-transactional TC) – taken from March 2019 Review and Approval of the Use of Grant Funds	TC means technical assistance/cooperation activities. Transactional TC means a TC activity directly linked to or in direct support of a specific EBRD investment operation, framework or programme. Non-transactional TC is a TC activity that is not directly related to a specific EBRD investment operation, framework or programme.

Key messages

1. The SSF serves the EBRD's strategic priorities well

- The SSF is universally appreciated as an important and at times critical resource available to the Bank.
- Reforms since 2015 have strengthened the Fund's strategic alignment, though Board members have different perceptions of the extent to which these are adequately operationalised.
- The SSF helps drive delivery of the Strategic and Capital Framework (SCF) priorities. It has been instrumental in developing projects with public sector clients in the early transition countries (ETCs) and has enabled the Bank to develop and deliver its non-transactional work related to new areas of SCF ambition and policy priorities.
- The SSF's flexibility has enabled it to contribute positively to crisis response on several occasions (for example, Syrian refugee and Covid-19 crises). This flexibility of the Fund also allows it to be agile and adapt to the evolving priorities of the Bank.
- The current level of available SSF financing appears *broadly* sufficient. Yet, if Bank activities/ambitions expand and the Fund's firepower in real terms is further eroded by surge in inflation, this would warrant a careful reconsideration.

2. The SSF contributes significantly to broaden the scope and deepen the intensity of the Bank's transition impact

- The SSF has been important and at times instrumental in delivering, broadening and deepening the EBRD's transition impact. Without it, the Bank's transition impact would have been weaker and ability to generate new business would have been impacted materially.
- The SSF is the backbone of several of the Bank's flagship investment and advisory activities (such as the Small Business Support [SBS] programme and Legal Transition Programme [LTP]) and there is convincing evidence of its catalytic role in enabling investment and policy work as well as in pioneering new areas of support (for example, in green, inclusion and digitalisation). Its part in supporting non-transactional work, including policy dialogue priorities, has been major and grown recently with the share of the non-transactional Technical cooperation (TCs) in SSF-approved funding rising from 18 per cent in 2018 to 27 per cent in 2020.
- At the country level, SSF has enabled country strategy delivery in some EBRD economies facing higher transition challenges, particularly in the public sector in the field of sustainable infrastructure or where the EBRD asks the client to go beyond traditional requirements.
- Compared to most other alternative donor funds, including European Union (EU) funds, the SSF offers banking and non-banking teams a distinct type of funding that is much faster and less burdensome to secure, as well as more responsive to concrete needs on the ground.
- Although relevant, despite seven years since the peak of the Syrian refugee crisis and establishment of the SSF Community Resilience Sub-Account (CRS), most investment projects that benefited from CRS-funded capex grants have not yet materialised, so results fall short of initial expectations.

3. The governance of the SSF is appropriate to lead to efficient delivery, but improvements are needed on, among other things, data and information technology (IT) systems used by the Donor Co-Financing (DCF) team its organisational set-up and process of pooling expertise and resources	▪ The shift from one to two-year Work Plans (WPs) has been consequential and positive, bringing, among other things, more certainty in planning over a longer time horizon and partly alleviating the "end-of-the-year effect", with a typical rise in funding requests in the last quarter of a given year. The introduction of the Country Allocation model guiding the allocation of SSF funding increased transparency and reduced scope for bargaining across the teams. Nonetheless, some tangible scope for improvement in governance exists, for instance in terms of reorganisation of set-up and responsibilities of some DCF teams and streamlining of certain administrative tasks, better collaboration with other departments and upgrading of IT systems. ▪ In relation to other donor funds, the SSF funding request is easier to prepare (also thanks to better alignment with the Bank's mandate), speed of response on a request is greater and overall clarity of approval process compares favourably. ▪ Although somehow challenging to conduct comprehensively, the ex-ante SSF needs assessment that underpins the conceptualisation of each WP is not comprehensive enough. ▪ The SSF disbursement rate rose markedly over recent years (contrary to the rate for other donor funds) from 53 per cent in 2018 to 66 per cent in 2021. However, the Fund's disbursement rate can be further improved. One potential area is more rigorous monitoring and more transparent reporting on the SSF control mechanisms to further identify and address some persisting bottlenecks. ▪ More meaningful changes in the SSF, including its eligibility criteria, could have been preceded by wider consultations and more structured feedback from banking and non-banking teams. ▪ More systematic training sessions on practicalities of requests and approval process run by the DCF team and catered to first time/heavy SSF users could reduce frictions and raise efficiency of the Fund's deployment. ▪ There is a lack of transparency of information on alternative donor funding options available for the banking and non-banking teams that, by default, are obliged to explore alternative funding options to the SSF at the outset. This is still lacking.
4. SSF results management has been strengthened lately, but still has some weaknesses	▪ While significant strengthening of reporting is visible, in particular with the introduction of annual SSF reporting at sector level, the major issues of data and fragmentation of the process for producing the SSF sector level report persist. Some of these issue were highlighted in the 2014 SSF evaluation. ▪ Overall, and in line with the 2014 SSF evaluation, weak IT infrastructure and data continue to hamper management of the SSF by the DCF team.

Executive Summary

The EBRD Shareholder Special Fund (SSF) was established in 2008 so the Bank could respond more effectively to the remaining transition challenges in its region of operations by providing essential grant resources – technical cooperation (TC) and co-investment grants – to support the Bank's operations and policy dialogue.

The DCF team manages the Fund, which has been operationalised through Work Plan programmatic documents (with a two-year time horizon since 2019). Its sole source of funding has been EBRD's net income allocation (NIA), which typically hovered around €100 million annually. Since its inception, more than €1.1 billion of the Bank's NIA has been channelled through the SSF, supporting upwards of 2,200 TC and co-investment grant projects throughout the EBRD regions. In parallel to backing the Bank's transition agenda, the SSF has also become an integral part of its crisis response toolbox.

The last full evaluation of the SSF took place in 2014. This latest evaluation offers an independent, comprehensive up-to-date assessment of the Fund. It looked principally at the period January 2016 to December 2020, though it also considered changes in and performance of the SSF since, where relevant.

Generally, the evaluation confirms that the SSF is "fit for purpose". It is widely valued and an essential input to transactional and non-transactional work. Its flexibility and strong alignment with Bank priorities make it a preferred (and sometimes matchless) source of funding to advance the Bank's transition impact. At the same time, some of the historical weaknesses persist, such as a suboptimal disbursement rate, gaps in reporting and weak IT infrastructure and data. There are also several considerations to bear in mind as the Bank reflects on what is needed to address the transition challenges that its economies face going forward.

This evaluation sought to answer three evaluation questions:

Evaluation Question 1: *"To what extent does the SSF serve the Bank's strategic priorities?"*

The evaluation found that the SSF is broadly appreciated as an important and at times critical resource available to the Bank. Reforms since 2015 have strengthened the Fund's strategic alignment, helping to deliver the SCF. 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). The current level of available SSF financing appears *broadly* sufficient, although this would warrant careful reconsideration if Bank activities/ambitions were to expand, emergency calls on the Fund continued, assuming flows of other donor funds remain constant.

Evaluation Question 2: *"To what extent does the SSF broaden the scope and deepen the intensity of the Bank's transition impact?"*

The SSF has been an important and at times matchless source of funding in delivering, broadening and deepening the Bank's transition impact. Without it, the Bank's transition impact would have been weaker and ability to generate new business would have been impacted materially. 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). The SSF plays a central role in supporting non-transactional work, including policy dialogue. This role has expanded recently with the share of the non-transactional TCs in SSF-approved funding, rising from 18 per cent in 2018 to 27 per cent in 2020. Compared to what most other alternative donor funds may currently propose, including EU funds, the SSF offers banking and non-banking teams a distinct type of funding that is much faster and less burdensome to secure, as well as more responsive to concrete needs on the ground – often a game-changing feature.

Evaluation Question 3: *"Is governance of the SSF appropriate to lead to efficient delivery?"*

SSF governance works, though tangible scope for improvement exists. The shift from one- to two-year WPs has been consequential and positive bringing, among other things, more certainty in planning over a longer time horizon and alleviating the "end-of-the-year effect" to some degree. Ex-ante needs assessment that underpins the conceptualisation of each SSF WP is not comprehensive enough. Regarding other donor funds, especially EU funds, the SSF funding request is easier to prepare, speed of response on the request is greater and overall clarity of the approval process compares favourably. However, some transparency in terms of alternative donor funding options for the teams is still lacking while training/guidance offered to SSF first/heavy users is insufficient.

The SSF disbursement rate, contrary to that for other donor funds, rose markedly in recent years from 53 per cent in 2018 to 66 per cent in 2021. Still, there is some scope for further uplift. Efforts to continue to improve could include more rigorous monitoring and reporting of selected SSF control mechanisms so that some remaining disbursement bottlenecks could be identified, further analysed and potentially addressed. While significant strengthening of the SSF reporting is visible and well acknowledged, particularly with the introduction of new sector level reporting, there is room for improvement to respond fully to recommendations made in the 2014 SSF evaluation. Generally, and in line with the 2014 SSF evaluation, weak IT infrastructure and data continue to hamper DCF's management of the SSF, while reorganisation of its teams' set-up and streamlining of some administrative tasks are under way.

Management and Board may wish to consider the following insights that stem from this evaluation:

- **Insight 1: The portfolio analysis confirms that SSF remains an important and sometimes crucial source of funding for banking and non-banking teams.** Despite the current level of NIA to the SSF being *broadly* sufficient, maintaining the status quo going forward may warrant careful reconsideration, especially in the context of potential expansion of Bank's activities/ambitions and continuous emergency calls on the Fund due to crises.
- **Insight 2: The speed at which SSF funding is made available has far-reaching implications going beyond a simple notion of time and convenience**. For some types of interventions (for instance, individual stand-alone TCs and policy dialogue), it may be a decisive factor whether such go ahead or not.
- **Insight 3: In times of crisis, the SSF offers an opportunity to respond quickly to priority areas**. Using the SSF as part of the Bank's response tool during the Syrian refugee crisis demonstrated that the creation of a dedicated CRS within the SSF with ring-fenced NIA provided for a rapid channel to access funds. Its simplified approval process helped teams to access that funding when time was of an essence. Yet, it would have been beneficial to have built-in flexibility permitting a timely reallocation of the funds across the CRS priorities/pillars when the ex-ante assessment of needs differed from what was eventually possible/needed. For further insights on the CRS specifically, see Section 3.3.3.

- **Insight 4: The SSF allocation system is efficient and its regular review is a good practice.**
- The multi-year WPs provide an efficient allocation process, matching needs to funds and enabling smoother fund approvals throughout the year.
- The country allocation model provides an efficient governance mechanism to guide the allocation of the SSF funding across regions, tying SSF more closely to delivery of results at the country level. Regular review allows a transparent discussion of its continued adequacy.
- **Insight 5: Sufficient monitoring and reporting on SSF control mechanisms are not available.** This, in view of the EvD, may still hamper somehow the understanding of some outstanding bottlenecks to deployment of SSF funding and potentially prevents further improvement in disbursement seen over recent years.
- **Insight 6: There is demand for enhanced SSF knowledge management and sharing that would improve SSF performance**. This was seen when the SSF was used as a vehicle to respond to crises.. Furthermore, users of the Fund and the DCF team would benefit from more tailored training on better information about alternative donor funding.

Recommendations

Based on the findings identified under each question and extracted insights, this report makes four recommendations with respect to the SSF.

<u>Two strategic recommendations</u>

- **Recommendation 1: A review of the adequacy of the SSF level of funding and its sustainability will be valuable to ensure that the Fund can continue being instrumental in driving the Bank's transition impact.** With the mid-term SCF period fast approaching as a time to reflect on strategic priorities, alongside EBRD response to the compounding and multiple global crises in its CoOs, this offers a timely moment for reflecting on the level of the SSF support that will be necessary to deliver the Bank's mandate and ambitions in the next period.
- **Recommendation 2: Make the adjustment of initial funding allocations, as part of the SSF crisis response sub-accounts/ vehicles, more flexible, and strengthen the learning loop to maximize the use of the SSF as a crisis response tool**. Concretely, consideration should be given to the possibility of creating a built-in mechanism/ procedure allowing a swift reallocation of funding across priorities/pillars/windows under future SSF sub-accounts/ vehicles set up to respond to crises, should needs change with regard to an ex ante assessment. In addition, SSF-funded expenditures on diagnostics work and real-time monitoring should be facilitated from the outset.

<u>Two technical recommendations</u>

- **Recommendation 3: Improve the SSF resource monitoring and reporting**: Enhance the SSF results reporting (including to Board of Directors) by adding regular (at least on an annual basis) analysis on the SSF Control Mechanisms 3,4 and 5, to increase transparency, identify disbursements' bottlenecks, and ultimately contribute to increased efficiency in the use of the SSF financing.
- **Recommendation 4: Set-up a comprehensive and up to date on-line platform/ tool and accessible to SSF users.** Comprehensive and regularly updated on-line platform/ tool offering an overview of all available donor funds, and ability to run searches by key eligibility criteria (sector, product and country at the minimum), should be set-up, piloted, operationalised and made accessible to the SSF users by mid-2023.

1. Evaluation objectives, methodology and key SSF features

1.1 Rationale for evaluating the SSF

It has been eight years since the last independent evaluation of the Shareholder Special Fund (SSF)[1]. In light of considerable changes of the SSF that have taken place over recent years, and in the context of the upcoming mid-term evaluation of the Strategic and Capital Framework (SCF) 2021-2025, both the Board of Directors and Management welcomed a fresh and up-to-date evaluation of the Fund. This evaluation should contribute to ongoing discussions on shaping the SSF to support delivery of the EBRD's mandate, including its suitability to help deliver the second phase of the Bank's current SCF and, where relevant, may also feed into current discussions on the role of the SSF in the Bank's response to Russia's war on Ukraine.

1.2 Objectives, questions, methodology and the report's structure

The evaluation aims to answer an overarching question:

Is the SSF fit for purpose?

The evaluation seeks to answer this query by asking three key questions, in line with Organisation for Economic Co-operation and Development's DAC (OECD DAC) evaluation criteria:[2]

EQ1: To what extent does the SSF serve the Bank's strategic priorities?

- Does the SSF support the Bank's strategic priorities?

EQ2: To what extent did the SSF broaden the scope and deepen the intensity of the Bank's transition impact?

- To what extent does the SSF contribute to transition results?
- What did the SSF help to deliver?
- What evidence is there of the SSF acting as a catalyst fund?
- What key SSF characteristics enable/constrain delivering transition impact?
- How has the SSF Community Resilience Sub-Account (CRS) performed?

EQ3: Is governance of the SSF appropriate to lead to efficient delivery?

- To what extent is the SSF WP conceptualisation and approval process efficient?
- To what extent are the SSF funding application, allocation and disbursement efficient?
- Has management of the SSF, including reporting, been efficient?

The evaluation took "top-down" and "bottom-up" approaches. To examine the relevance of the SSF, the evaluation looked at SSF objectives and the changes implemented in its governance and structure. The evaluation considered the EBRD's strategic priorities for the periods 2016-20 and 2021-25 SCF and its

[1] EBRD, 2014. EBRD Shareholder Special Fund – Interim Evaluation. Available at: https://www.ebrd.com/downloads/about/evaluation/140723AP.pdf

[2] The OECD DAC Network on Development Evaluation has defined six evaluation criteria: relevance, coherence, effectiveness, efficiency, impact and sustainability.

country-specific priorities as identified in relevant country strategies. The evaluation also looked at SSF added value and coherence in terms of the benefits it brings to the Bank, and how it fits into the Bank's donor funding activities. From the efficiency perspective, the evaluation considered to what extent the SSF's arrangements and resources relating to the SSF support an efficient use of the net income allocation, focusing, among others, on themes such as efficiency of funding application, approval, disbursement, monitoring and reporting processes. To assess results, the evaluation sought evidence on how the SSF has contributed to the Bank's delivery of its transition agenda and transition results. It also examined drivers of the Fund's performance (for example, speed and in-built alignment with EBRD objectives) and their benefits, including comparison with those offered by alternative donor funds.

The evaluation also includes a stand-alone assessment of the CRS, looking at its relevance, efficiency and the extent to which it contributed to intended results. The CRS analysis has also been included because, unlike the rest of the Fund, it acted more like a programme as it had more measurable objectives in terms of its objective to support the Bank's refugee response plan. In addition, there has been no assessment of the Bank's response to the Syrian refugee crisis until now. This, coupled with considerable interest in the topic across the organisation, further reinforced by the large refugee flows triggered by Russia's war on Ukraine, warranted a stand-alone analysis, too.

The scope of this evaluation *principally* covers the period January 2016 to December 2020, corresponding largely to four consecutive SSF Work Plans (WPs): 2016, 2017, 2018 and 2019-20. Yet, recent changes in the SSF called for more selectivity and pragmatism in designing its scope. While some aspects such as sequencing of the WPs (subject of an ongoing discussion) were excluded, the evaluation scope includes other post-December 2020 changes, such as the introduction of the new sector-level reporting system and its ramifications.

This evaluation applied a mixed methods approach and used various data sources including, among others, interview program encompassing 60 semi-structured interviews across various teams in the Bank, on-line survey of 136 Operation Leads (OLs) who requested the SSF funding over 2019-20 period, mapping of 560 individual assignments funded under 2019-20 WP, portfolio & data analysis, and extensive desk research. Details are outlined in Annex 1.

This report starts with a brief summary description of the SSF instrument in Section 2. Section 3 outlines the main evaluation findings around the three core evaluation questions identified in the Approach Paper. Section 4 sums up conclusions and offers lessons and a limited number of recommendations.

The report includes eight annexes with more granular evidence and in-depth analysis supporting the assessment presented in the main body of the report.

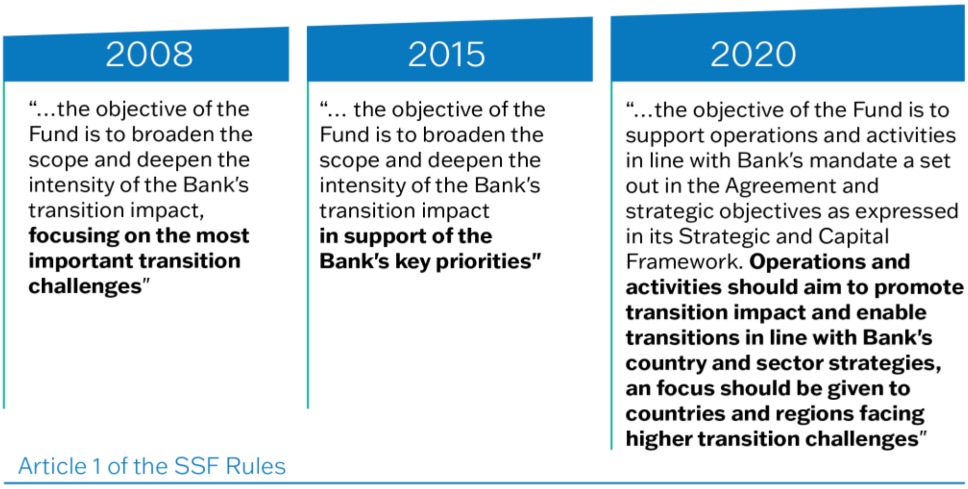
2. Shareholder Special Fund

2.1 SSF objectives

The Shareholder Special Fund was established in 2008. **The rules of the EBRD SSF have been amended over time to clarify its aim and focus**, in line with the Board's views. Historically, these tended to follow recommendations from evaluations of the SSF, a change in Bank policy regarding donor funds and/or shifts in the Bank's priorities as reflected in SCF.

Figure 1 depicts evolving SSF objectives (as per Article 1 of the SSF rules), including the latest change that took place in 2020.

Figure 1: Evolving SSF objectives: 2008-20



Source: Independent Evaluation Department (EvD) depiction of objectives over time as stated in CSAU15-55, approved in BDS 15-133 (final) and BDS20205r1 (clean).

SSF governance and conditions for use

The SSF has operated based on resolutions of the Bank's Board of Governors[3] and **a set of rules**[4] **approved by the Board of Governors.** Together, these cover the objectives and source of SSF funding and set the conditions attached to the use of funds, administration of the SSF (including reporting) and conditions for its effectiveness, termination and amendments. **Within this framework, the Donor Co-Financing (DCF) team designs WPs and the EBRD's Board of Directors approves them.**

It is noteworthy that in terms of the key conditions to use the SSF, and throughout subsequent WPs, the Fund has embedded some key ratios related to the fund allocation to Overseas Development Assistance (ODA)/non-ODA countries with a clear prioritisation of early transition countries, as well as TCs/co-investment funds ratio.

[3] See Annex 5 for relevant Resolution for 2016 to 2019-20 WPs.
[4] Rules of the SSF were approved in April 2008 and amended in January and October 2011, January 2013, June and December 2015, December 2020 and most recently in April 2022 following Russia's war on Ukraine.

The SSF guidelines also include a set of ineligible items[5] that are reviewed regularly at WP approval. Here, compliance is operationalised via the SSF fiche submission.

2.2 SSF Work Plans and net income allocations

SSF WPs identify priority areas for the proposed use of SSF resources and set operational focus, including specific regional allocation and eligibility criteria. Since the establishment of the Fund in 2008, the norm has been to propose one-year SSF WPs to the Board. As of 2019 and the SSF 2019-20 WP, however, WPs have been designed for a 2-year horizon. Annex 2 outlines the timeline for SSF sequencing, including key WP-related tasks.

The EBRD's annual net income allocations (NIA) are the sole source of SSF funding.[6] The Board of Governors makes decisions about the allocation of the Bank's net income under Article 36.1 of the EBRD Agreement. Common practice has been to request that balances left under previous WPs be transferred for reuse in subsequent SSF WPs discussions and to reduce the request of that WP NIA. While the value of available donor funding mobilised for TC and co-investment funds has historically varied markedly from year to year,[7] **the EBRD's NIA hovered typically around €100 million annually**. The latest update to the SSF from December 2020[8] approved the suggestion to maintain this figure: "While availability of net income cannot be predicted over time, it is however suggested to maintain an annual allocation from net income in the order of €100 million as an appropriate orientation also for the future, which can subsequently be adjusted in view of the Bank's emerging needs and financial results."

The SSF is now in its 14th year. It has received €1.165 billion and disbursed €692 million.[9] **So far, 12 WPs**[10] **have been approved**.

The size of the regional envelopes allocated within a given WP to specific regions is initially derived based on the country allocation model[11] (**top-down approach**) introduced in 2015 and refreshed at the start of each WP. Yet, once the size of the regional pots is determined, regional managing directors (MDs) are responsible for developing WP proposals within their jurisdictions.[12] They submit proposals determining de facto country-level allocations (**bottom-up approach**) within the size of regional pots derived by the model. MDs have no influence over the size of regional pots.

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[5] For 2022, according to the Board-approved WP 2021-22, these include EBRD staff and quasi-staff positions, organisation of, or EBRD staff participation in, conferences/workshops, regular or ad hoc registration or membership fees in external organisations or similar expenses, core Bank surveys, unless permitted by the EBRD Board, administrative expenses related to staff travel and equipment, running expenses for client operations (unless time-bound and well-justified), and purchase of non-capex equipment for clients.

[6] Net income (and reserve) allocation decisions are made in accordance with Article 36.1 of the Agreement Establishing the Bank, which provides that the "Board of Governors shall determine at least annually what part of the Bank's net income, after making provisions for reserves and, if necessary, against possible losses (…), shall be allocated to surplus or other purposes and what part, if any, shall be distributed. (…) No such allocation, and no distribution, shall be made until the general reserve amounts to at least ten (10) per cent of the authorized capital stock." The only exception was in January 2013 via an amendment to rules (BDS13-008) to accept funds from the SEMED Investment Special Fund to the SSF for use in any SEMED potential recipient country.

[7] For instance, from €556 million in 2016 to €945 million in 2017.

[8] BDS20205r1 (clean)

[9] These figures are as per EBRD, April 2022. EBRD & Donors 2021 Report. Disbursement figure includes transfers to the SME LCY Special fund.

[10] Includes the latest 2021-22 Work Plan that was approved in July 2021.

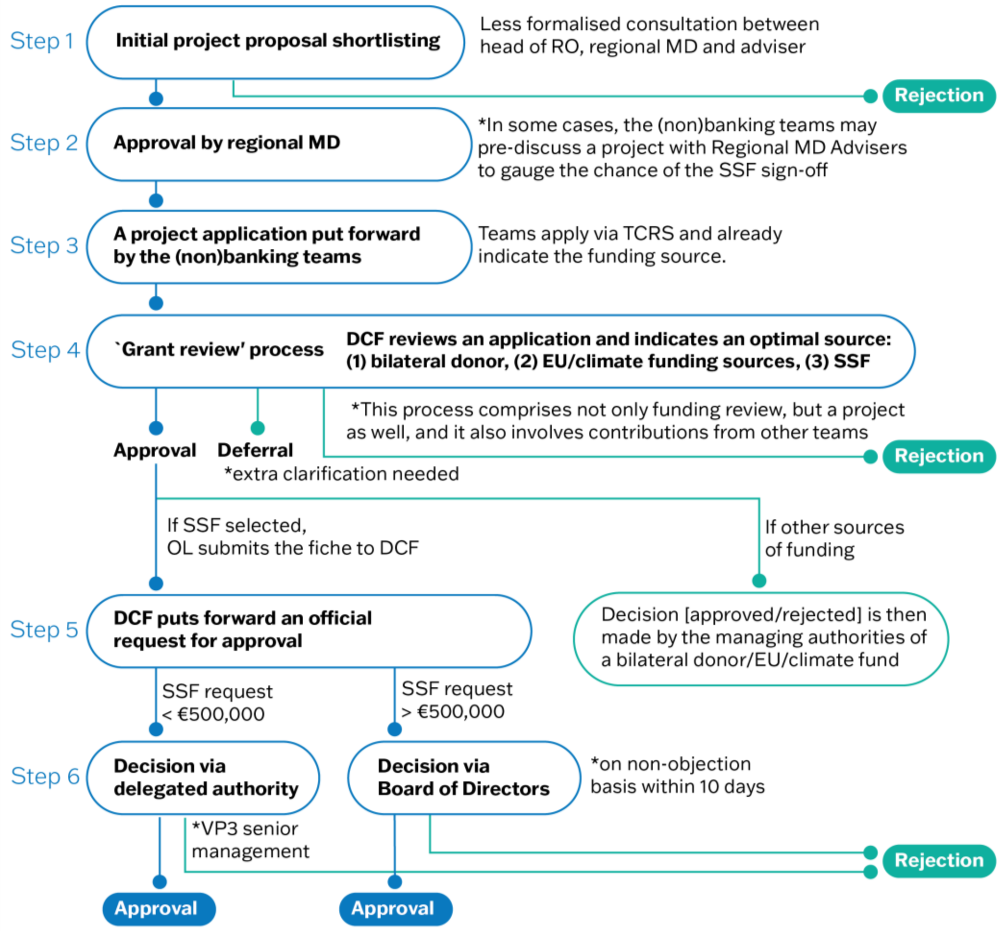
[11] As per allocation methodology introduced in 2015 [as per BDS15-133] and relying on three parameters to derive initial country allocations then aggregated to regional groupings: gross domestic product per capita, population and transition gap. The mid-point review of the model by the EPG team in 2020 did not result in any changes [as per BDS20-205].

[12] They do this by agreeing on a planned allocation of available resources with country directors, sector teams and non-banking operational teams, and in line with strategies and priorities.

2.3 SSF funding request and approval process

The SSF Principles, Processes and Controls document is updated for each WP and outlines the existing rules guiding SSF funding application and approval. Figure 2 depicts the full proposal selection, review and final approval cycle for SSF-funded TC projects specifically.

Figure 2: Project proposal selection and final approval cycle – SSF-funded TCs



Source: Constructed by EvD.

Note: Selection and approval process for co-investment funds differs slightly. For more details, consult EBRD, 2021. SSF Work Plan 2021-22 Principles, Processes & Controls.

Once a WP is approved, and in terms of actual mechanics behind the SSF financing request preparation, review and approval/rejection of it, an initial shortlisting of requests lies with the regional MD, who typically does it through less formalised consultation with her/his adviser and relevant head of Resident Office (Steps 1 and 2). Once shortlisted, a TC project to be funded under the SSF requires an operations leader (OL) to submit an official proposal[13] (Step 3), followed by internal approval in accordance with the EBRD's Procedure for the Review and Approval of the Use of Donor Funds,[14] the so-called grant review (Step 4). The grant review involves the DCF team, which first screens

[13] These proposals are initially submitted by an OL in the TCRS, including rationale, strategic fit with the SSF, basic results framework and availability of other donor funds.

[14] EBRD, 2019. Review and Approval of the Use of Grant Funds. Available at: https://intranet.ebrd.com/DCF/20171013-Final-Draft-Procedure-for-Grant-Review-(intranet).docx

other potential funding sources and then, in collaboration with other teams,[15] reviews the project proposal (including suggestions for changes) in view of SSF strategic orientations and its eligibility criteria. Following approval via grant review, an OL may submit an official funding request (summarised in the fiche) to the DCF team, which then puts forward an official request for approval (Step 5). Depending on the size of the requested funding, the Board of Directors or the Vice Presidency for Policy and Partnerships (VP3), External Relations and Partnerships, takes a final decision (Step 6).

2.4 SSF Portfolio Overview 2016-20

The total financial envelope under 2016 to 2019-20 WPs amounted to €566.2 million, of which €465 million was approved and €166 million eventually disbursed, as per November 2021 figures.

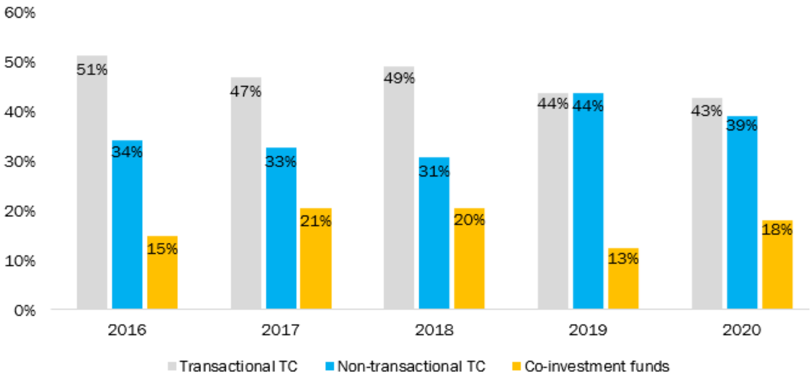
Table 1: Headline figures for 2016 to 2019-20 SSF Work Plans, € million

Work Plan	Total envelope	*NIA*	*Unused funds shifted from previous WP*	Approved	Signed	Disbursed
2016	136.2	*130*	*6.2*	89	70	56
2017	110	*105*	*5*	85	58	42
2018	120	*100*	*20*	89	59	36
2019-20	200	*190*	*10*	202	87	32
Total	**566.2**	***525***	***41.2***	**465**	**274**	**166**

Source: DCF team, figures as of November 2021.
Note: NIA to Community Resilience Sub-Account was €35 million, €50 million and €15 million for WP 2016, 2017 and 2018, respectively.

In terms of the number of SSF-funded projects comprising TCs and non-TCs, between 180 and 380 projects were approved annually between 2016 and 2020. Transactional TCs were more commonly funded under the SSF, though the 2019-20 WP saw a tangible increase in the share of non-transactional TCs (Figure 3).

Figure 3: Share of total SSF funding approved, TCs and co-investment funds



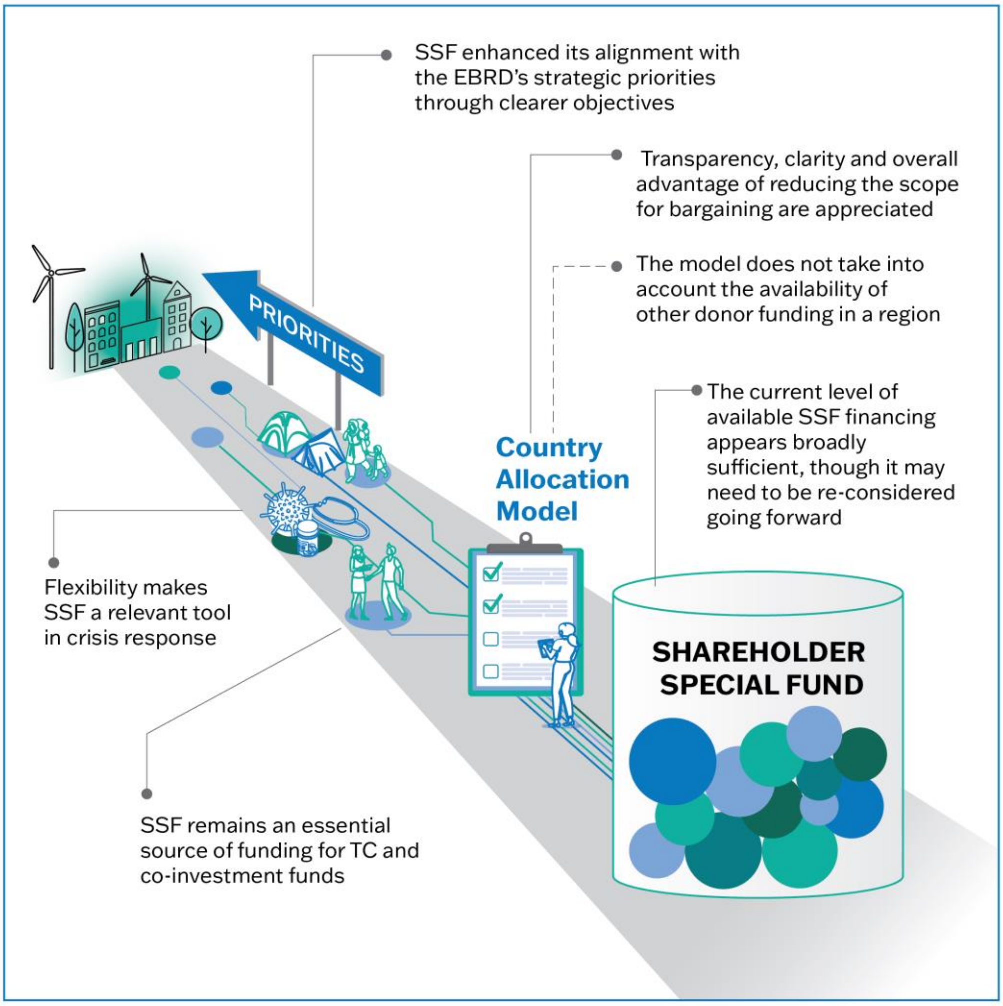
Source: Donor co-financing reports and DCF team.

A full set of headline figures from the portfolio analysis is presented in Annex 3.

[15] The clearing departments include, among others, the Country Strategy and Results Management team, the Economics, Policy and Governance (EPG), Procurement Operations and Delivery Department and Procurement Policy and Advisory Department.

3. Main evaluation findings: Is the SSF fit for purpose?

3.1 SSF is relevant and well aligned with the Bank's strategic priorities



3.1.1 The SSF has enhanced its alignment with the EBRD's strategic priorities through clearer objectives, more synced up work planning with the Bank's overall cycles and a revised fund allocation mechanism

The 2014 SSF evaluation found that the SSF suffered from a duality of objectives that needed to be reconciled (Box 1).

Box 1: Recommendation of the 2014 SSF evaluation

- **Irrespective of the size of future resource allocations, divergent views on SSF purpose and priorities should be reconciled**. An operational reinforcement of the SSF's originally stated prime purpose would require rooting programmatic management and operation more clearly in identified transition objectives and playing a more distinctive role in their support.
- **While the SSF should remain a source of finance that responds to demand, it should become more selective by responding more clearly to demands that align with clearly defined priorities**. These priorities may be identified in and drawn from the transition gap analysis already intended to be part of the Bank's sector and country strategies.
- **The definition of SSF priorities on a medium-term basis should be specific enough to assure shareholders that the objective of transition impact maximisation remains at the heart of the SSF and to allow for reconsideration of the Fund's governance.**

Source: CSAU14-55.

Following the 2014 SSF evaluation and before the 2016-20 SCF period, the Bank approved the 2015 *EBRD Shareholder Special Fund Reform Proposal and Rules (BDS15-133F).* **This attempted to clarify SSF purpose via a change to Article 1, aligning the SSF objective with the Bank's strategic agenda.** Further precision was made in 2020 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". These changes correspond directly to the call for greater clarity and consistency of understanding of SSF core objectives. EvD gathered that some Board Directors questioned whether changes in Article 1 translated sufficiently into changes in the way the SSF was operationalised, or rather remained a statement of intentions.

To better align SSF planning with its objectives, the Bank introduced two-year work plans to bring the SSF more in sync with the Strategic Implementation Plan (and SCF). Further, geographic objectives to focus on ODA countries, especially early transition countries (ETCs) and economies in the southern and eastern Mediterranean (SEMED) region, have been enabled by changes and refinements to SSF rules and regulations on eligibility. The stated purpose to prioritise ETC was in part operationalised through the introduction of an ODA/non-ODA ratio approved by a Board of Governors resolution. Though originally introduced at 80:20 in 2008, this has trended upward: first to 90:10 for the 2016 to 2019-20 WPs, and then 95:5 under the most recent 2021-22 WP. This was recently lowered to 90:10 to accommodate SSF allocations to Ukraine and neighbouring countries following Russia's war on Ukraine. In practice, the share of SSF-funded projects in ODA countries (as per approvals) has been stable in recent years, reaching 94 per cent in 2016 and 2017 and then levelling off at 95 per cent over the 2018 and 2019-20 WPs, always remaining compliant with ODA/non-ODA ratio. Further, a provision has been introduced in the latest eligibility principles that "Projects in advanced transition countries must be well justified, taking into account the availability and timing of alternative sources of funding, and only when the SSF is the fund of last resort."[16]

3.1.2 The country allocation model introduced in 2015 allows for SSF planning to be grounded in transition gap analysis while giving flexibility in the use of SSF funds to country management teams

Reflecting the restatement of the SSF's purpose in support of the Bank's SCF priorities – that it should be used more selectively as an extender of the Bank's transition impact versus general use as a source of

[16] Listed as an eligibility principle for the use of SSF as per SSF Work Plan 2021-2022.

incremental funding – the Bank introduced the country allocation model in 2015 (Box 2), updated at the start of each WP and presented for approval. This constitutes a top-down mechanism for regional allocation that gears SSF resources towards regional and country priorities.

Box 2: Country allocation model

- Since the reform in 2015, the country allocation model has guided the allocation of SSF resources. This model consists of three variables:
    - i. assessment of transition qualities
    - ii. gross domestic product per capita
    - iii. population size[17]
- On balance, the model directs NIA towards regions with higher transition challenges. On the other hand, regional MDs in banking manage these regional pots in line with the EBRD's country-strategic objectives and other considerations, providing the bottom-up approach.

Most interviewees appreciated its transparency, clarity and overall advantage in terms of reducing the scope for bargaining (and artificially inflated needs).[18]

However, EvD also noted conceptual limits of the model, as it does not take into account the availability of other donor funding in a region. Several interviewed stakeholders, including some MDs and members of non-banking teams, noted that the model only considers the transition challenge partially and in a mechanistic way based on assessments of transition qualities (ATQs). This is because it does not account for the availability of other donor funding (such as EU funds) whose level differs across regions and might in practice exacerbate or ameliorate the transition challenge that the EBRD seeks to support. Yet, the EPG team and the DCF team determined that capturing this parameter in the model would not be feasible given the constant (and sizeable) variability of donors' funds flows and inherent challenges to predict it.

EvD believes the review of the model that took place in 2020 and which deemed it suitable for 2021-25 SCF ambition, along with regular revisions of the underlying factors envisaged by the DCF team, have been an important part of the arrangements to ensure that the SSF supports the Bank's strategic agenda. This revision shows good practice, and EvD would encourage this going forward. If technical resources allowed for better understanding and visibility of donor funds' landscape, it might be possible to get a clearer picture of donor funds' changes over time, for example, in certain Bank SCF or country strategy (CS) priority areas, and thus augment the model to account for currently absent factors such as availability of donor funds across regions.

3.1.3. Strategic alignment with EBRD priorities has been operationalised in the portfolio and the SSF remains an essential source of funding for TC and co-investment funds

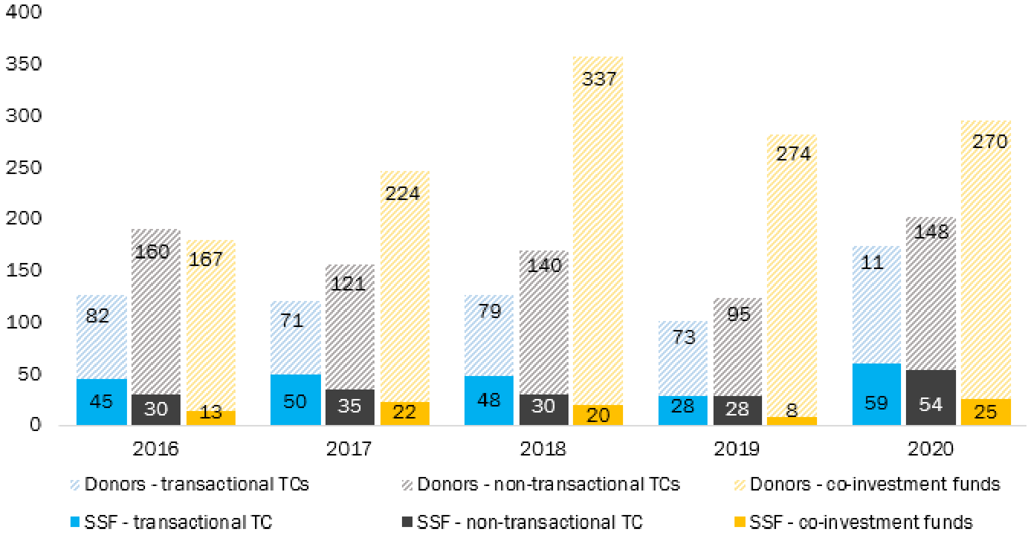
The portfolio analysis confirms that the SSF remains an important, and sometimes crucial, source of funding for banking and non-banking teams. In 2016-20, the SSF contributed, either alone or along with other donor funding,[19] to more than three-fourths of all transactional and non-transactional TCs and more than half of all co-investment funds (both by number of projects) approved by the Bank.

[17] (BDS15-133(F))

[18] Before the model was introduced, regional allocations were derived, among others, by seeking (gu)estimates of future needs from country/regional teams. This, as stated by the DCF team, often led to unrealistically high figures provided by country/regional teams interested in exaggerating their respective needs to maximise eventual allocation.

In absolute terms, the SSF's share in financing of TCs and co-investment donor funds is significant, but donor funds remain vital (Figure 4).

Figure 4: SSF and donor funded: transactional and non-transactional TCs and co-investment funds, 2016-20, in € million



Source: Donor co-financing reports and DCF team.

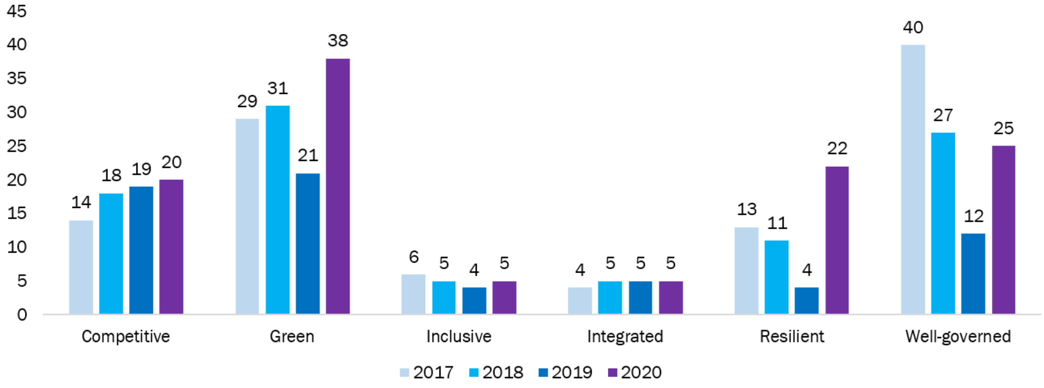
The evolution of SSF funding over time reflects a high degree of alignment with Bank-wide priorities. EvD found that very little SSF funding had been allocated to areas that do not feature in country-strategic priorities.[20] Section 3.3 contains more details on operationalisation of this alignment.

This evaluation found that the SSF has contributed to delivery of work in SCF 2016-20 strategic themes. The portfolio analysis shows positive contributions to addressing common global and regional challenges (green), some important work in building transition resilience (more in well-governed than inclusive, for example) and very little in terms of supporting market integration (integrated). Figure 5 outlines the different transition quality (TQ) distributions within the portfolio. SSF funding may be more necessary in certain areas of TQ than others, and indeed WP planning since 2018 has given indicative transition quality allocations for SSF engagement, however both inclusive and integrated have fallen short of initial programmed expectations.[21]

[20] As per CSDR 2020 and 2021 compared with country usage of SSF.

[21] Indicative allocation ranges draw on both assessments of transition qualities for countries and regions and a bottom-up analysis of business needs, as suggested by country and regional MDs, and considering the needs and opportunities identified by operational teams and based on established country and regional priorities and key Bank initiatives. For WP 2018, the following were envisaged: competitive and well-governed (18-20 per cent each), green (28-30 per cent), inclusive (15-17 per cent), resilient (6-8 per cent) and integrated (10-12 per cent).

Figure 5: Funding per TQ, 2017-20, in € million

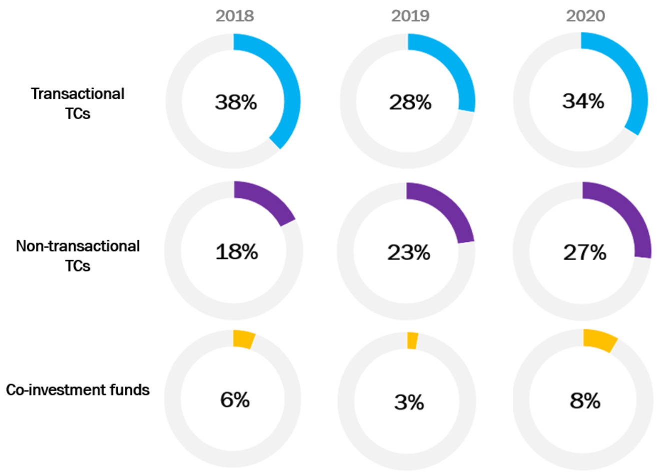


Source: DCF data.

Note: A sudden drop in 2019 in approved amounts for some TQs and then a spike in 2020 are partly explained by the introduction of two-year WPs that led to the "end-of-the-year effect" in the second year instead of the first year. Therefore, to compare approved amounts across TQs, an average for the 2019 and 2020 period rather than years 2019 and 2020 individually may offer more accurate picture.

The share of SSF funding channelled to non-transactional TCs (including policy dialogue) has been rising, in line with the SCF objective (Figure 6), while SSF funding to co-investment funds remains limited. Specifically, in 2018-20, the share of SSF devoted to non-transactional TCs – among which many related to policy dialogue – rose from 18 per cent to 27 per cent of overall approved funding Bank-wide.

Figure 6: Share of SSF funding in all financed TCs and co-investment funds and increase on non-TCs, 2018-20

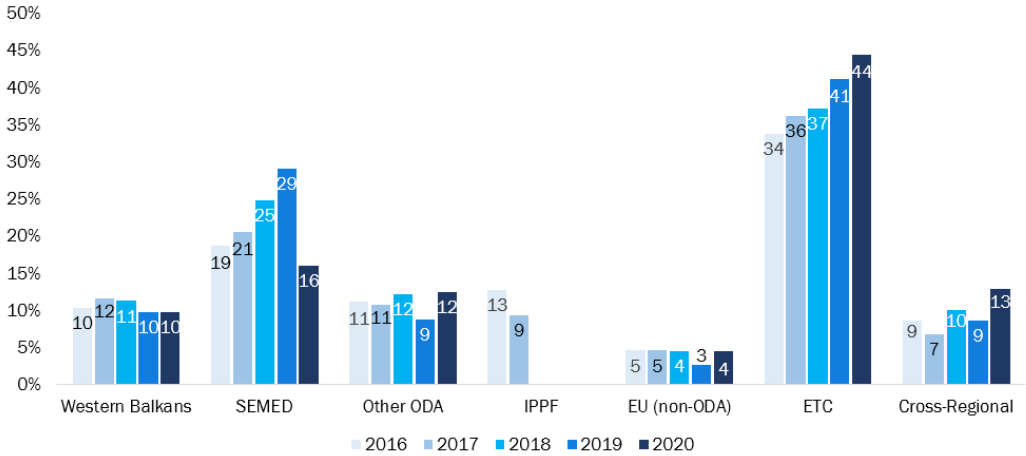


Source: Donor co-financing reports and DCF team.

As intended, **early transition countries[22] have consistently been the top recipient of SSF funding since 2016.** ETCs have also steadily increased their share of funding in recent years, with 44 per cent of all approved SSF financing directed to this group in 2020 (Figure 7). SEMED economies have been the second-largest recipient. **Individually, Tajikistan, the Kyrgyz Republic, Ukraine, Egypt and Uzbekistan have been the top five recipients of SSF funding over the last five years**.

[22] Armenia, Azerbaijan, Belarus, Georgia, the Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

Figure 7: SSF funding by region, as a percentage of all SSF approved funding



Source: Donor co-financing reports and DCF team

3.1.4 SSF flexibility makes the Fund a relevant tool in crisis response

Alongside systematic planning through the country allocation model, SSF has contributed to the EBRD's capacity to respond rapidly to crises. WPs have recently accommodated multiple crises to provide supply-led solutions in an agile way: the Syrian refugee crisis, the Covid-19 pandemic and the Russian war on Ukraine. On the Syrian refugee crisis and CRS, interviews suggested that creating this sub-account had a signalling effect, establishing a platform for bankers to deliver concrete support while the streamlined approval process allowed teams to focus on tailoring approaches and swift delivery rather than administrative hurdles. Regarding actions supporting the Covid-19 response, the Bank introduced a blanket requirement for SSF funding during the remainder of the WP 2019-20 funding period to enhance the response. Box 3 offers detail on the relevance of SSF funding to support the Bank's response to the Covid-19 crisis.

Box 3: Degree of SSF flexibility during the pandemic

- In May 2020 the EBRD decided to set up a new ring-fenced central allocation of SSF resources ("central pot") within the ongoing 2019-20 SSF Work Plan for crisis response and recovery projects that were either cross-regional or could not be funded from the regional allocations held by country MDs in banking.

  Funding request documentation reflected this priority, with teams required to present within the fiche: (i) how the project related to the Covid-19 crisis and how it could help tackle the crisis and/or support the Bank's recovery efforts and (ii) how the project would be delivered during the crisis and deal with any crisis-related challenges.

  A look at WP 2019-20 approvals shows how much work across the Bank went to support the Covid-19 response, mainly in the well-governed, resilience and competitiveness TQs. Most were multi-country requests (that is, directed to more than one country) and save the big frameworks, were often of short duration (nine months).

- **The Bank approved the Rapid Advisory Response (RAR) framework of €500,000 in May 2020. This framework aimed to operationalise** the rapid delivery of Covid-19 advisory policy support, to complement Solidarity Package investments. A total of €1.6 million was allocated to RAR, and €1 million was used.

- **EvD's rapid assessment of the Solidarity Package describes the RAR as the second of three building blocks that enabled the EBRD to set up and deliver its response quickly.**

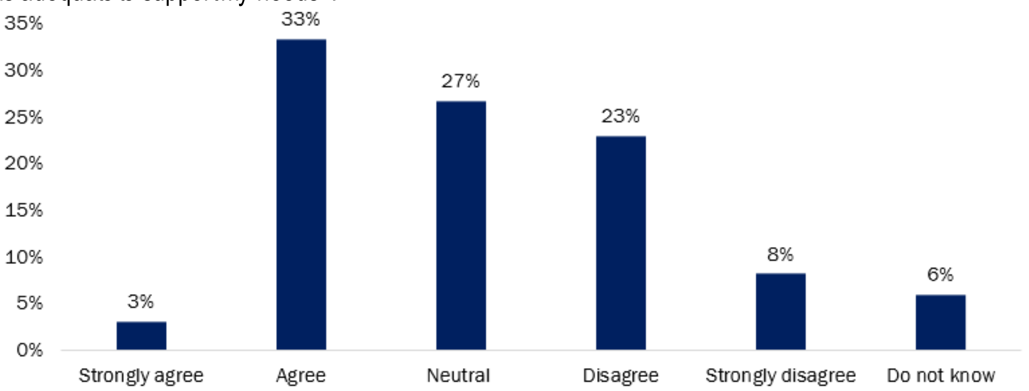
Source: EvD elaboration based on EBRD documentation and EvD's rapid assessment of the Solidarity Package SS21-164.

3.1.5 The current level of available SSF funding appears to be broadly sufficient, although views vary across teams

The adequacy of funding for SSF is another aspect that relates to SSF ability to contribute to the Bank's strategic agenda – in other words, whether the funding is sufficient (and sustainable) to allow SSF to contribute and support the Bank's strategic agenda.

As of Q2 2022 when the EvD conducted primary data collections, insights from interviews and a survey of the OLs[23] indicated that the level of available funding was *generally* not an issue for SSF users, although there were some regions, teams and pockets of users where securing funding was more of a challenge. The operations leader survey indicates that 63 per cent[24] of OLs find the size of the SSF envelope broadly adequate, though almost a third (31 per cent) disagreed/strongly disagreed (Figure 8). The OLs who disagreed were often those who sought funding for projects in the Advanced Transition Countries (ATCs), where the SSF should in principle be used much more selectively.

Figure 8: To what extent do you agree or disagree with the following statement: "The amount of SSF funding is adequate to support my needs"?



Source: Survey of the OLs, N=136.

Perceptions across departments on the level of available SSF funding vary significantly. The Climate Strategy and Delivery team stands out in terms of the percentage of OLs who agreed/strongly agreed that SSF funding is adequate – 60 per cent. This reflects efforts to align with SCF priorities, particularly with the green TQ. Still, the percentage of OLs in the Policy Strategy and Delivery, Sustainable Infrastructure Group (SIG) and Financial Institutions (FI) departments who agreed/strongly agreed that SSF funding is adequate was much smaller: 29 per cent, 36 per cent and 38 per cent, respectively.

Furthermore, while most heads of Resident Offices (ROs) and MDs wished more funding was available, they did not suggest that the level of SSF funding was necessarily a pressing issue. Interviewees from the regions where the availability of the EU funding is comparatively lower (for instance, Central Asia and Türkiye) were more vocal about the need of sufficient funding.

[23] An online survey reaching 300 operations leaders from banking and non-banking teams who benefited from funding approvals under the SSF 2019-20 WP, of whom 136 provided complete responses (45 per cent response rate)
[24] Here, defined as the sum of respondents who strongly agreed (3 per cent), agreed (33 per cent) and were neutral (27 per cent).

While the current level of NIA to the SSF appears *broadly* sufficient, maintaining the status quo going forward may warrant careful reconsideration:

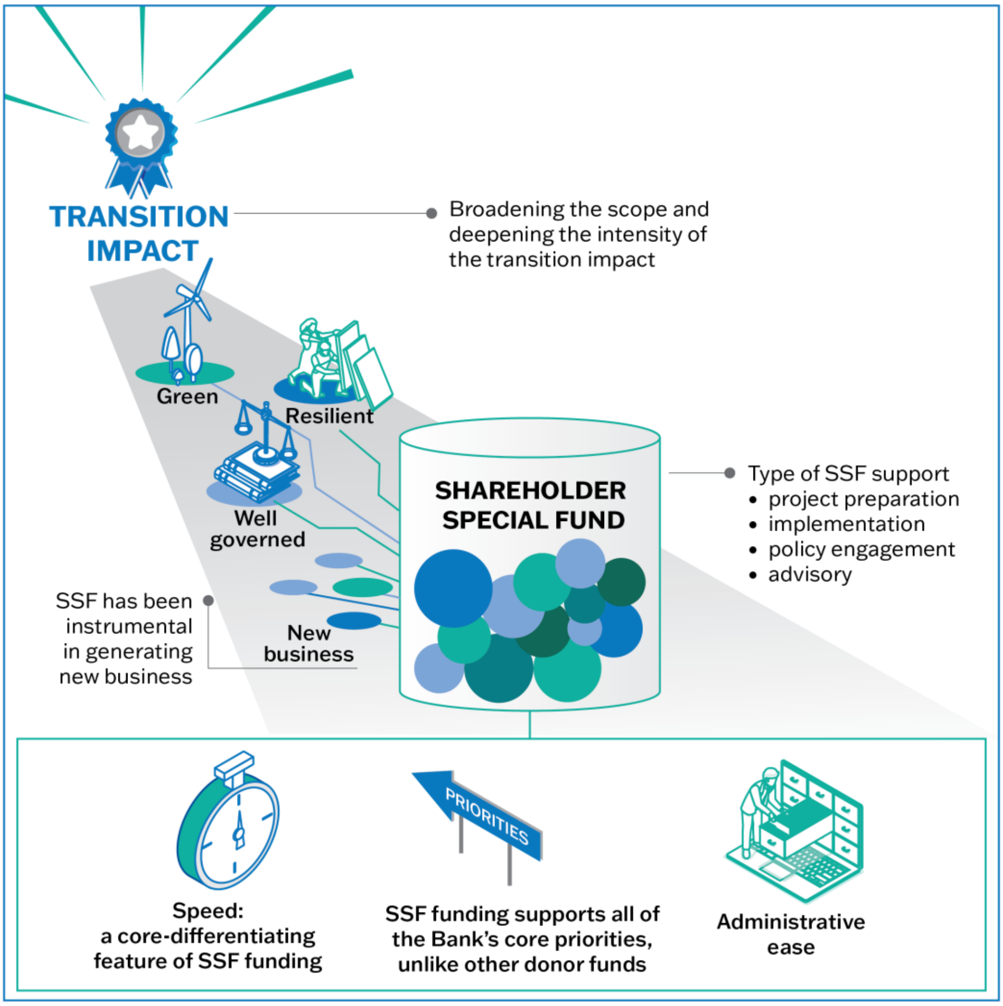
- Assuming donor funding and NIA of about €100 million a year stay constant while Annual Bank investment (ABI) increases in a meaningful way – say, from €10.5 billion to €14 billion – the relative availability of SSF financing with all funding to support the Bank's business would decrease.
- Recent skyrocketing inflation rates across the EBRD regions means that, unlike during the pre-pandemic times, the financial firepower of the SSF envelope drops in real terms – and it does so rather fast. In real terms, €100 million of NIA in January 2015 was worth only €67 million in December 2021, drop by one third[25]. This trend could amplify the relative decline in SSF availability due to an ABI increase.
- Crisis situations of various nature that affected the EBRD economies over the recent years (e.g. Syrian refugee crisis, Covid-19 pandemic and Russia's war on Ukraine) became somehow a 'new normal' requiring carving out a separate and significant financial envelope, as part of the SSF. It is plausible that going forward, these extraordinary demands on Fund's funding may not subside.

Widening the Bank's ambition – that is, requiring more innovative and risky approaches in new areas and any expansion of the Bank's mandate to new economies – may also change the status quo and justify a careful review of the current NIA level.

Recently, rise in needs for the SSF funding, for instance as a result of Covid-19 pandemic and Russia's war on Ukraine, was met through combination of measures such as reallocation of funding from regional pot and use of contingency, and the SSF portfolio clean-up exercise that identified some approved but undisbursed funding that could be released and used for other purposes. EvD notes, however, that every subsequent clean-up exercise may free up marginally lower amounts given shrinking pool of projects offering a straight-forward closure/ scaling-down, and the most recent needs analysis also revealed excess demand over the usual NIA[26].

[25] Calculation using average annual GDP deflator for all EBRD countries of operations and period 2015-2021.
[26] The most recent needs analysis underpinning 2022-23 WP pointed out to EUR 120 – EUR 140 mln needs, EUR 20-40 mln in excess of a usual NIA.

3.2 The SSF contributes substantially to broadening the scope and deepening the intensity of the EBRD's transition impact



3.2.1 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 OLs' survey results,[27] point to the Fund's instrumental role in both project preparation and implementation as well as funding non-transactional work.

[27] For instance, when asked "To what extent do you agree or disagree with the following statement: 'My investment project would not have gone ahead without using SSF funding approved at some point over the period April 2019-March 2021?'," 81 per cent and 19 per cent of respondents (N=16) strongly agreed and agreed, respectively. When asked "If you ever used SSF funding to support a non-transactional TC, please tell us the extent to which you agree or disagree with the following statement: 'Generally, SSF funding for non-transactional TCs helps EBRD to create enabling

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 per cent 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.

Several Bank flagship programmes count on the SSF for their core funding year after year. For example, the Small Business Initiative (SBI) advisory work relied on SSF for more than 20 per cent of its annual budget 2018-20 and LTP for 70 per cent. SBS interviewees described the Small Business Support programme as a product of SSF funding that in substantial part enables its offering, such as the prolonged existence of its direct advisory support, which other donors lose interest in funding over time, and its work on innovative products, because SSF helps finance its feasibility studies, testing and design.

The SSF has also funded new areas of work for the Bank, bolstering/pioneering EBRD work on inclusion, green and digitalisation, and thus strengthening its performance:

- The SSF supported the Egypt Youth in Business product and provided some capacity in inclusion expertise where the Bank was lacking. This demonstrates the de facto influence of the SCF on SSF-funded engagement.
- Within the area of 'well-governed', the SSF provides the financial resources to fund many of the Investor Councils, capital markets work (for example, the resolution of non-performing loans) and certain LTP products (for instance, public and e-procurement).
- The SSF has also been responsible for non-transactional product innovation that may not yet be aligned strategically with a CS, but which contributes to SCF ambition.

More generally, with respect to non-transactional TCs specifically, 91 per cent of the OLs agreed/strongly agreed with the sentence "Without SSF financing approved at some point between April 2019 and March 2021, this non-transactional TC project would very likely or likely not have gone ahead."

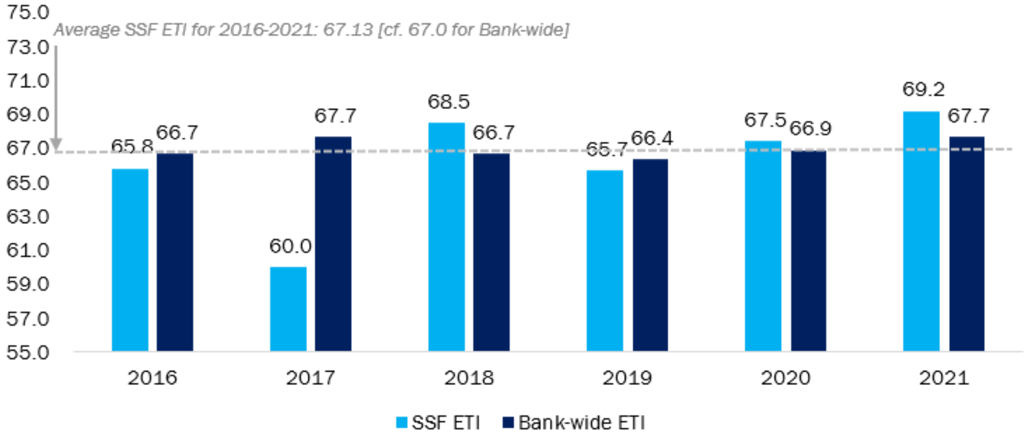
At the country level, the SSF has enabled CS delivery in some EBRD economies facing higher transition challenges, particularly in the public sector in the field of sustainable infrastructure or where the EBRD asks the client to go beyond traditional requirements – for example, when introducing novel products and more risky approaches. Tajikistan, the Kyrgyz Republic, Ukraine, Egypt and Uzbekistan have been the top five recipients of SSF funding over the last five years. EvD looked at each CS, country strategy delivery reviews (CSDRs), BPN investment distribution, priority policy objectives and donor-funded TCs to understand the relative importance of the SSF to the delivery of the country strategy. As an illustration of this weight in CS delivery, the SSF supported most transactions in Tajikistan and delivered several outcomes that feed into objectives and indicators. SSF work to support project implementation and capacity building in the state sector is also listed as a way forward for continuing to deliver the CS. Separately, looking at the Bank's work in eastern Europe and the Caucuses, the CSDR 2020 explicitly highlights the Bank's SSF-supported work in renewable auctions and legal regulatory framework for green TQ as policy highlights of the year.

EvD found that investment transactions accompanied by the SSF typically had fairly similar expected transition impact (ETI) scores compared to Bank-wide ETI scores for all operations over the same period (Figure 9). ETI scores serve as some proxy for a project's transition impact ambition. Therefore, although not perfect and subject to certain caveats, it may be useful to compare ETI scores for

environment for investment'," 52 per cent and 28 per cent of respondents (N=126) strongly agreed and agreed, respectively.

operations that benefited from SSF funding[28] with ETI scores for all operations approved in the Bank in a given year to understand the contribution of the SSF to the Bank's transition impact. Importantly, however, ETI data do not capture the SSF's non-transactional work, as noted by previous evaluations and a recent internal audit report.[29] Indeed, there is no systematic and consistent capture of non-transactional work.

Figure 9: ETI scores for operations supported by SSF-financed TCs and co-investment funds versus Bank-wide ETI scores for end-2016 to 2021.



Source: (1) For SSF ETI scores, technical cooperation reporting system (TCRS) data on SSF-funded assignments under 2016 to 2019-20 WPs linked with the investment operations signed between January 2016 and December 2021 that benefited from the SSF support (N=94) and (2) for Bank-wide ETI, BPN data available at: http://bpnavigator.ebrd.com/bpn_Factsheets.htm#section|EBRD|TransImpactDev
Note: SSF ETI scores aggregate scores for individual investment projects for which TCRS data allow linking SSF-funded TCs/non-TCs with their Operation IDs (Op IDs).

The SSF has funded key projects that drive the Bank's transition impact, most of which are in the public sector. About 80 per cent of investments supported by SSF in 2019-20 were public sector investments.[30] Section 3.3.2 offers more details on the Fund's vital role in supporting public sector clients.

Lastly, the SSF has helped ensure the sustainability of transition results. The rapid assessment of the Solidarity Package describes the Covid-19 response RAR as "highly successful", indicated as one of three successful markers of the Bank's SP (Box 4).

Box 4: Selected findings from EvD on RAR contribution to results

- **Policy work conducted under the RAR has been praised and successfully deployed in 18 countries.**
  - Key operational lessons may be derived from the experience of the RAR. Interview-based evidence shows that the Bank can respond effectively to a crisis by helping bankers prepare for policy support assignments, reporting and ensuring replicability that could benefit the EBRD's wider policy work.
  - These and other lessons may inform the ongoing policy review and represent valuable inputs in finalising the Bank's reorganisation. This reorganisation will centralise policy activities at VP3 to strengthen the Bank's policy offering and maximise the support that the EBRD can give to the economies where it invests.
- **The RAR has been already extended to advise on policies supporting sustainable recovery.**

[29] Internal Audit Report IAR 21/01
[30] EvD mapping exercise covering the 2019-20 WP.

- Under the so-called RAR.2, the centralised team helps define the engagement and benchmarking of policies, accessing funding, accelerating the approval process, selecting and procuring consultants, reporting to the Board and maintaining the repository of policies.
- **Several successful RAR assignments from 2020 are being expanded and followed up through broader policy initiatives including the 2021 Priority Policy Objectives.**

Source: CS/AU/22-01 EvD Knowledge Product Rapid Assessment of the Solidarity Package

3.2.2. Zooming in on the SSF portfolio – funding, prima facie, has supported the right type of projects with transactional and non-transactional TCs and co-investment funds

Until very recently,[31] the DCF team's reporting on the SSF provided only a fairly generic breakdown of funding for transactional/non-transactional TCs and co-investment funds (including capex grants) when reporting on the SSF. However, this has lacked more granular disaggregation that would make it possible to zoom in and gauge what specific types of items were funded under these broad categories. For instance, what share of the SSF funding for transactional TCs has gone to due diligence and within that, what type of due diligence has been most commonly funded by the SSF, for what type of clients and for what type of projects?

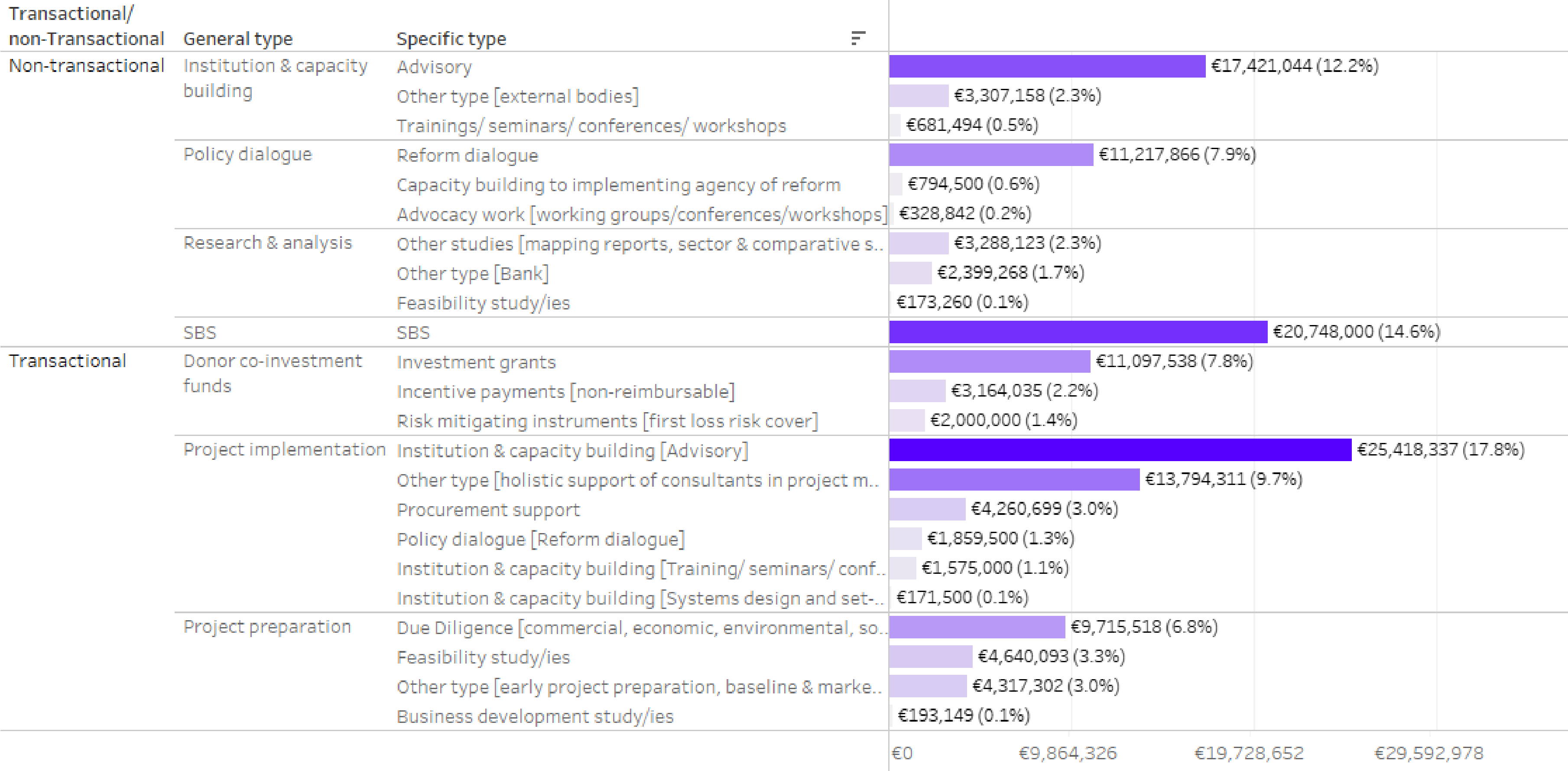
This evaluation therefore went beyond the standard analysis and undertook an extensive mapping of 560 individual assignments for which funding was approved under the SSF 2019-20 WP. This offers a close and yet aggregate look at what did the SSF actually funded. Annex 6.1 presents the methodological approach for this task.

Figure 10 illustrates the main output from the mapping exercise and provides a detailed breakdown of the types of assignments for which funding was approved under the SSF 2019-20 WP. These results offer only a snapshot of the SSF. Any extrapolation of these results for earlier WPs, as well as for the most recent 2021-22 WP, must be made with caution.[32]

[31] Annual reporting (sector level) brought some tangible improvements

[32] This is due to many factors, for instance, evolving priorities of the WPs and the unique impact of Covid-19 on the type of approvals made under the 2019-20 WP. Nonetheless, it still appears plausible to assume that number of trends observed under the 2019-20 WP will hold for some earlier as well as existing WPs.

Figure 10: SSF funding by type of assignment, 2019-20 WP



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.

SSF supporting project preparation and implementation phase

Before looking at the most common type of SSF-funded assignments under transactional TCs, it is important to get a sense of how much of those underpinned the *project preparation* stage of an operation versus *project implementation*. Project preparation is often the stage where major project risks occur. Additionally, some donors may shy away from project preparation as it is much harder "to showcase the impact" (and gain publicity), reducing funding options at this stage. Project preparation is the stage where often-tedious groundwork needs to be laid and the project's outcomes are far from certain.

In WP 2019-20, the approved amounts for assignments under project preparation totalled about €18.5 million versus €47 million under project implementation stage – or roughly 13 per cent and 33 per cent of all approved amounts under this WP, respectively.

SSF supporting transactional TCs

The largest share of funding under transactional TCs – €25.4 million or 17.8 per cent of total funding approved under the 2019-20 WP – went to assignments in the category "Institution and capacity building [advisory]". Here, most commonly funded TCs fed into infrastructure projects in the sustainable infrastructure sector and sought to provide technical advisory of various sort to enhance the capacity of sovereign/sub-sovereign clients in Central Asia, south-eastern Europe, eastern Europe and the Caucasus, and the SEMED region. 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.

The second biggest share of funding under transactional TCs, about €13.7 million or 9.5 per cent of overall funding approved under the 2019-20 WP, went to assignments falling under category "Other type [holistic support of consultants in project management/supervision]". Here, the most common type of assignments involved financing of project implementation units (PIUs) and Lender's Monitor, frequently set up to support sovereign/sub-sovereign clients with suboptimal capacity in implementing large and multifaceted capital-intensive projects in the transport infrastructure, energy and water/waste management sectors – in short, a vital component of projects where the Bank and the client lack sufficient expertise/capacity to supervise/execute a project.

Some €9.7 million or 6.7 per cent of funding approved under the 2019-20 WP went for due diligence assignments (often a core component in the project preparation stage). Within that category, environmental and social due diligence – often in the form of an Environmental and Social Impact Assessment provided to sovereign/sub-sovereign clients – were by far the most common. Typically, environmental and social due diligence feeds into wider technical assistance support provided as part of the complex infrastructural projects delivered to sovereign/sub-sovereign clients in ETCs, such as transport, water and solid waste management or energy efficiency projects implemented by municipalities. Georgia, Kazakhstan and Uzbekistan were the main users of SSF WP 2019-20 in this area. 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 (see Box 5).

Box 5: SSF-funded due diligence for private 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.
- Certain restrictions relate to the funding of legal due diligence, that is normally not eligible and exceptions are considered on a case by case basis only. Here, the mapping revealed that around 20 individual TC assignments under the 2019-20 WP included legal due diligence in the package (always coupled with other types of due diligence rather than stand-alone legal due diligence).
- 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.

Meaningful SSF funding under the 2019-20 WP was also approved for assignments in the "procurement support" category (€4.2 million) and for various studies, such as feasibility studies (€4.6 million), baseline and market studies as well as various type of audit reports (€4.3 million).

SSF supporting non-transactional TCs

Non-transactional TCs represent a significant share of SSF funding (€39.5 million), making up 42 per cent of the amounts approved for WP 2019-20. In terms of the number of SSF engagements, non-transactional TCs primarily supported well-governed (one-third or more if one looks at legal transition work not tagged as such), competitive (20 per cent) and green TQ (18 per cent). In terms of volume, competitive TQ was followed by green and well-governed.[33]

After SBS and institutional capacity building, the remainder of non-transactional TCs mostly supported policy dialogue efforts encompassing reform dialogue, with many of these packaged together with anticipated capacity building for implementation. In the final category, non-transactional "Research & Analysis", both Bank-related and external client-related work mainly supports well-governed or integrated TQs. This category included support for activities such as the development of SMEs and PPP products, work towards better quality indicators for sustainable infrastructure and climate results, and work to support the Bank's response to Covid-19. In most cases here, the beneficiary was the Bank itself.

In terms of regional use, at least under WP 2019-20, **Central Asia and eastern Europe and the Caucasus accounted for a third of non-transactional work, both in number and volume**.

Most clients for non-transactional work were in the public sector. Likewise, about 90 per cent of the projects supported by the transactional SSF were also public sector. Most of the private sector projects that were supported by transactional TC were in SEMED region.[34]

Several non-transactional TC were approved as cross-cutting projects. Many were Covid-19-related, which suggests the SSF cross-regional pot was a useful crisis response tool. These cross-regional engagements tend to be longer in duration, and many support the TQs 'well-governed' and 'green', followed by 'resilient'.

[33] Which may appear less frequently than it ought to due to tagging.
[34] Combination of FI or ICA.

Lastly, the mapping of WP 2019-20 identified a subcategory of SSF-funded assignments that were categorised as non-transactional, but which could rightly be seen as pre-transactional. Section 3.2.3 discusses the role of the SSF in this area. At a WP level, around 15 per cent of non-transactional TCs could be reasonably seen as related to the development of investment, mainly "pre-transactional".

SSF supporting co-investment funds

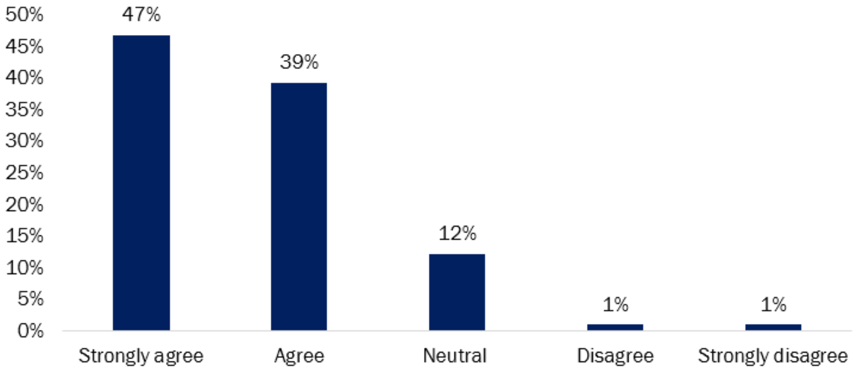
Donor co-investment funds approved under the 2019-20 WP stood at nearly €16 million. Seven individual capex grants accounted for nearly 66 per cent of that amount (€10.5 million), with the remaining 21 per cent (€3.2 million) and 13 per cent (€2 million) corresponding to three incentive payments and one first-loss risk cover instrument, respectively. All capex grants benefited clients with projects in the sustainable infrastructure sector (including public transport and district heating systems) in Central Asia and eastern Europe and the Caucasus. Importantly, all these clients were from the sovereign/sub-sovereign sector while most (59 per cent) co-investment funds coming from other donor funds targeted private sector clients (versus 41 per cent for sovereign/sub-sovereign clients).[35]

3.2.3 The SSF serves as a catalyst for investments and for generating support for pioneering non-transactional work

As the previous SSF evaluation noted, the SSF can act as a catalyst in two main ways: expanding the universe of bankable investments and leveraging donor funds. The SSF can strengthen the Bank's ability to expand the universe of bankable investment projects by helping to turn unviable projects into viable ones and, more broadly, by helping to create an enabling environment for investment.

Nearly 90 per cent of OLs who had used SSF to fund a non-transactional TC said they agreed or strongly agreed that generally, SSF funding for non-transactional TCs helps the EBRD to expand the universe of bankable investment projects.

Figure 11: To what extent do you agree/disagree with the following statement: "Generally, SSF funding for non-transactional TCs helps EBRD to expand the universe of bankable investment projects"?



Source: Survey of the OLs, N=136.

The evaluation also finds a wealth of anecdotal evidence on how a relatively small amount of SSF funding can lead to important investments across EBRD sectors. For instance, some interviewees, including heads of ROs, MDs and advisers in ETCs, said they would not have been able to originate many deals without SSF funding for social and environmental due diligence. Sector teams may have some limited budget that would typically be used for integrity due diligence and/or tend to favour larger countries and ticket items.

Box 6: Selected qualitative responses (verbatim) from the survey of OLs on how the SSF acts as a catalyst for investment

- **Albania** - SSF funding was offered for the TC provided to the Albanian Ministry of Infrastructure and Energy on the competitive procurement of renewables. The TC exceeded €1 million and helped the Bank structure the auctions so the resulting projects could be bankable. The Bank is working alongside other international financial institutions to fund projects resulting from the auctions.
- **Ukraine** - The TC amount was €450,000 and it covered a broad scope of work designed to help the National Bank of Ukraine obtain regulatory equivalence under EU law for its bank prudential regulation and supervision framework. The TC objective was to strengthen financial stability and improve the functioning of local currency bond markets. The project was the main source of transition impact for a subsequent Guarantee for Growth transaction executed with a local bank for a total notional amount of €75 million.
- **Serbia** - SSF funding allowed development of an implementation model that made possible EBRD financing for implementation of a rural broadband scheme (€118 million sovereign project).
- **Türkiye** - Turkish Vocational Qualifications Authority received €300,000 to establish an innovative skills verification mechanism for young people and women. The TC unlocked the first tourism project loan (€50 million) in Türkiye.

Source: EvD Survey of OLs.

Separate to the way the SSF contributes to expanding the universe of bankable projects, the Fund is also intended to create advantages by mobilising incremental funding. For instance, where its objectives overlap with those of donors, SSF may help to crowd in external funding, effectively co-financing with donors and helping to broaden the donor base. The evaluation found some qualitative evidence that the SSF could catalyse donor funds – also in relation to its ability to fund more innovative projects, scaling and testing new products before other donors would provide support. Examples include a well-known and highly successful public e-procurement system in Ukraine called ProZorro. Early SSF funding meant it could pilot the concept, help it build credibility and trust, and then pull in other donors to scale up the system.[36] Savings from e-procurement in 2015-18 reached $2.76 billion.[37]

3.2.4 SSF speed, strong alignment with EBRD priorities and administrative ease are distinct characteristics that give an extra boost to the Bank's performance in transition impact areas

The evaluation team sought to identify comparative advantages (and disadvantages) of the SSF (also with regard to other donor funds), that have been most valuable for the teams, and therefore supported them in driving transition impact. The notions of (i) speed,[38] (ii) strong alignment with Bank priorities and (iii) administrative ease emerged as chief SSF features identified by Fund users as its comparative advantages. While these are elements of SSF additionality, due to the nature of the SSF they may also be considered drivers of performance and hence discussed as part of its effectiveness.

[36] Some other donors also played a crucial role in rolling out ProZorro, and the sole attribution to the EBRD cannot be claimed.

[37] EvD, 2019. MDA Report.

[38] The speed at which funding can be secured, here defined as the average time that elapses between an OL's decision to seek funding and the point when the funding is actually available, will typically depend on factors such as resources required to prepare the application, time frame within which the decision can be obtained and the existence of windows throughout the year during which the application can be submitted.

Speed of the SSF

The evaluation found strong evidence that the speed of the SSF has been a core-differentiating feature of SSF funding. A large number of interviewees across various teams and roles stressed this. **Further, more than two-thirds of the OLs who responded to the survey agreed/strongly agreed that it takes less time to secure funding from the SSF than from other donor sources**, while only 6 per cent disagreed/strongly disagreed. Importantly, it appears that securing SSF funding is much faster than the equivalent process for EU funds.[39] This is a crucial added value of the SSF, given that the EU has been the largest donor to the Bank and there are sometimes very few (or no) alternatives to the SSF that allow teams to be agile and move fast.

The comparative speed in which the SSF funding can be secured has been crucial in the context of crisis response (Section 3.3.4). Once the Municipal Resilience Refugee Response Framework (MR3) set as part of the Syrian refugee crisis response was approved, for instance, individual co-financing grants did not face the same approval process. Interviews with banking teams stressed how useful that feature was in order to progress swiftly, and in some cases making the EBRD as a preferred financier.

Benefits from being able to secure funding fast may differ, depending on the type of intervention sought by the teams. **This evaluation found that one area where speed may matter even more (than for other type of interventions) is policy dialogue**. Specifically, the recurring theme brought by number of interviewees (from the LTP, SEMED and FI teams) was that the success (or failure) of advancing policy dialogue reforms often hinges on short opportunity windows where authorities are more keen (and capable) to take up a reform and make efforts, and those often depend on personal changes in administration or frequent swings of electoral cycles.

The teams may be able to capitalise on these opportunities when they move in real time, while the conditions to lock in reforms are still favourable. One of the interviewed heads of RO noted that "policy work is very opportunistic, we have to be quick – and then you really need it here and now. We have to have that flexibility." A member of the SEMED team said: "Another big advantage of the SSF is speed – if you have a chance to do something with policymakers, you have got maximum a few months. You do not go with those things to donors, it takes too much time".

The SSF is strongly aligned with the Bank priorities

SSF funding supports all of the Bank's core priorities, which by default is not the case for other donor funds. First, the SSF is less prone to shifting sands and changing views of donors and shareholders (for example, the recent shift of donors' attention from SEMED to Ukraine).

Second, donor funds are often less interested in untested products, such as project preparation or expertise for specific initiatives that may not be able to be funded elsewhere. Likewise, products with long-term gains including sectoral changes, investor councils, yield curve development, research for knowledge

[39] Many interviewees and OLs who responded to the survey noted that it takes much more time to secure EU funds than SSF (12-16 months compared to several weeks for the SSF). First, applying for EU funds typically implies compliance with a set of stringent criteria and a relatively laborious application process. Second, the team's inability to define specific parameters of the project months in advance of the implementation may hinder access to EU funds. As an OL leading projects in SEMED said, "Many projects do not come out of roadmap. You can not anticipate some of those projects one year in advance…What we do is that we go to the client and say we may have grants. We develop projects based on assumptions, and then we go to a donor and pitch. Here, the sequencing with the EU funds is tricky. It may be sometimes really hard to build in the EU timeline and all procedures – and so effectively fundraising – into a project timeline. So sometimes, you have to run a risk. With SSF money, there is certainty for everyone."

development within the Bank and smaller TC projects. Mapping and interviews suggest a strong reliance on the SSF when it comes to some core Bank business.

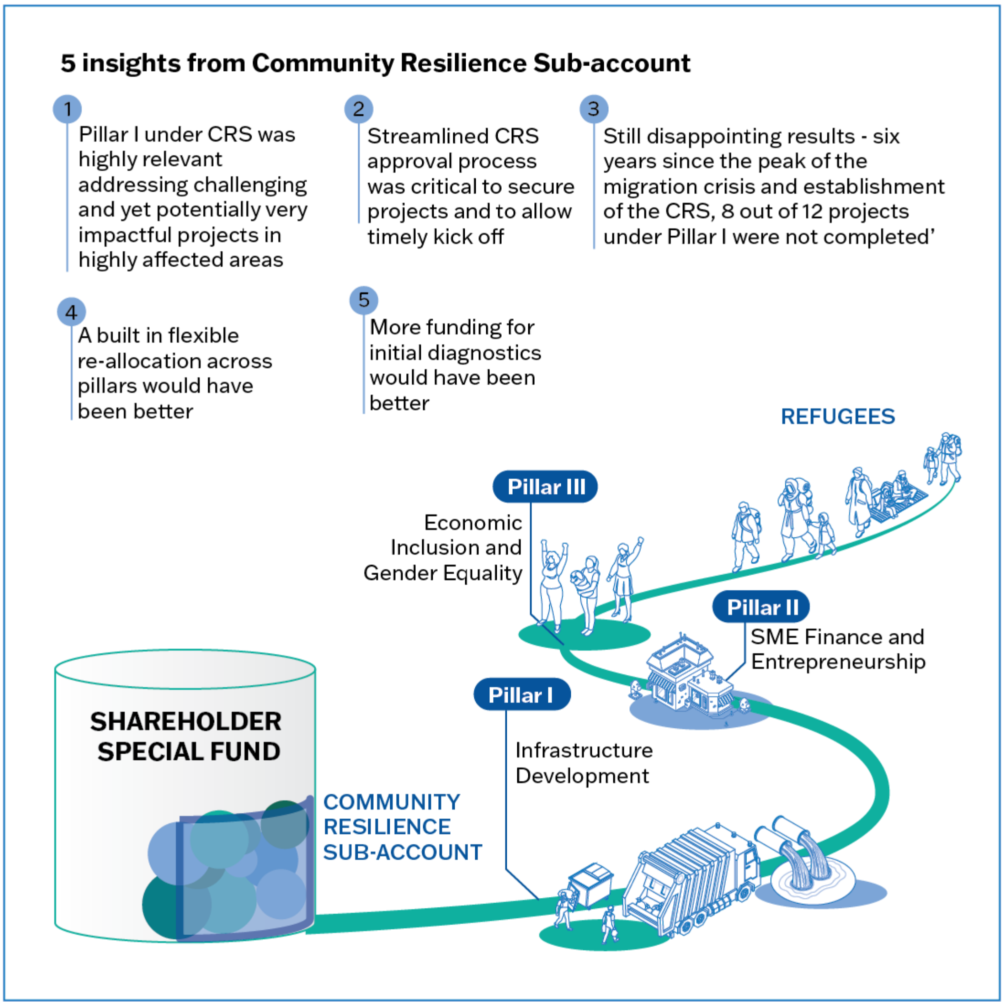
SSF administrative ease

SSF funding is not subject to annual funding cycles in the same way as other donor funds (EU funds in particular). 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.

Interviewees frequently mentioned that SSF funding is available for small requests, while submitting such requests to other donors may not be practical or feasible.[40] Here, several interviews (among them two regional MDs and some heads of ROs) raised the point that small ticket size requests may often lead to disproportionately large impacts, for example a small TC to prepare a piece of legislation that then opens up a market, a crucial DD/ feasibility study that is a prerequisite for the whole investment but for which the client may not have funds, or others. In other words, the "bang" here is not always commensurate with the "buck" and small SSF funding may lead to disproportionately high impact.

[40] For some teams, it may be impractical to devote substantial resources to prepare small requests to donors – for instance, for a single TC – or it may often take months for a donor to approve €20,000 or €30,000 TC, while the funding is needed immediately (for example, to begin project preparation).

3.3 The SSF Community Resilience Sub-Account was highly relevant, but results are (still) short of initial expectations



This section presents in-depth analysis of the core component of the Community Resilience Sub-Account (Pillar I: Infrastructure Development) as a way to look at the performance of the CRS. It concludes with broader CRS-related insights for learning.

3.3.1 The CRS was a dedicated window of support in a new area for the Bank, designed to align with and help enable delivery of the wider refugee response plan

In response to the refugee and migrant situation facing the EBRD regions following the civil war in Syria, the Bank formulated a refugee crisis response plan that was summarised in the EBRD's Response to Refugee Hosting Communities as submitted to the Board on 29 January 2016 (SGS16-032) and discussed in the Financial and Operations Policies Committee on 2 February 2016. This operational response included a financing plan of up to €900 million in loans, grants and technical assistance. The refugee response plan had three focus areas: (i) municipal infrastructure investment, (ii) SME growth and small business support, and (iii) economic inclusion and gender activities to support access to skills and employment.

In May 2016, intending to support delivery of the Bank's response to the crisis, the Board approved a net income allocation to be channelled through a CRS of the SSF. The CRS received an allocation of €100 million across the 2016, 2017 and 2018 WPs. The CRS included three work streams (pillars) that mirrored those of the refugee response plan it had been created to support, as shown in Table 2.

Table 2: CRS – allocations and approvals under all three WPs, in € million

Pillar		Türkiye	Jordan and Lebanon	Total
I: *Infrastructure Development*	Allocation	Up to 30.5	Up to 52.2	Up to 82.7
	Approved	22.6	53.7	76.3
	Disbursed	6.7	12.2	18.9
II: *SME Finance and Entrepreneurship*	Allocation	Up to 20	Up to 10.5	Up to 30.5
	Approved	6.1	2.2	8.3
	Disbursed	3.6	0.6	4.2
III: *Economic Inclusion and Gender Equality*	Allocation	Up to 5	Up to 4.7	Up to 9.7
	Approved	1.3	0.9	2.2
	Disbursed	1.3	0.1	1.4
Total allocation		Up to 55.5	Up to 67.4	Up to 122.9
Total approvals		30.0	56.8	86.8
Total disbursements		11.6	12.9	24.5

Source: Approval figures (as of December 2021) – DCF data; Allocation figures – donor co-financing reports 2019 and 2020.

Note: Indicative allocation amounts reported in donor co-financing reports exceed the €100 million envelope allocated under the three WPs.

3.3.2 Allocated and approved volumes of financing focused on Pillar I: Infrastructure Development. This pillar was highly relevant, but results are (still) short of initial expectations.

The highest priority across the three pillars was on Pillar I: Infrastructure Development, with nearly 90 per cent (€76.3 million) of all approved financing under the CRS (Table 2). This entire allocation was envisaged in the form of capex grants, which ultimately supported 12 investment operations in Jordan and Türkiye. See Annex 7.1 for a complete list.

EvD notes a *very* high relevance of investment operations supported under Pillar I. The Bank aimed high, going for challenging and yet potentially very impactful projects and prioritising heavily affected areas. Nearly all investment operations related to three sectors that were heavily affected by the Syrian refugee crisis – waste management and remediation services, water and sewage systems, and public transport – and located in highly affected areas.[41] A sound diagnostics preceded selection of these

[41] For instance, the Greater Amman Municipality (GAM) benefited from 7 out of 12 investment projects under Pillar I. Amman's population doubled from 1.9 million in 2004 to 4 million people in 2015. As of 2015, the city hosted 34 per cent of the refugee population and 50 per cent of Jordan's population. In addition, the vast majority of refugees in Jordan have lived in towns (only 10 per cent in the refugee camps) and been direct users of municipal services, including solid waste, water supply, wastewater and urban transportation. In the same vein, projects in Türkiye focused on communities that saw the proportionately largest influx of refugees, excluding larger metropolitan areas not near the Syrian border, such as Istanbul and Izmir.

investments,[42] which concentrated on rehabilitating existing and creating new critical municipal infrastructure to deal with surging demand (from refugees and host communities). Some of the investment operations[43] sought to address long-standing issues where local authorities had failed to find solutions and where pressure was already high before the crisis.

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." However, local municipalities had very limited fiscal headroom and commercial financing was lacking. The loan components of the EBRD financing package had long tenor (15+ years) and were accompanied by comprehensive technical assistance, enhanced procurement and environmental and social standards, as well as the Bank's tailored expertise[44] and strong foothold on the ground. While counterfactual analysis for each infrastructure operation was not feasible as part of this evaluation, interviews with the RO team in Amman as well as local donors in Jordan suggest that for a few projects,[45] other donors may have stepped in had the EBRD not been there. In such a scenario, however, these projects would have faced major delays. Despite some initial ambitions, none of 12 investment operations attracted private capital.

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 per cent[46] 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. Fast forward to Ukraine. 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.

Despite high relevance of support provided under Pillar I, eventual uptake of funds was uneven. Although all allocated financing in Jordan was approved for specific projects, about 25 per cent of available allocation in Türkiye was still unused by December 2021, while no approvals took place in Lebanon. **Lebanon did not manage to tap into any available funding, mostly due to political instability.[47] In Türkiye, on the other hand, interviews with local staff (corroborated by some documentation)[48] pointed to two main issues. First, large grants offered under the EU Facility for Refugees in Turkey[49] made any loans offered by the Bank, even if accompanied by the SSF capex grants, less palatable to some local authorities. Second, the MR3 Framework underpinning the CRS excluded large cities such as Izmir and Istanbul from the list of eligible communities, and they typically had greater capacity to originate and implement projects. In turn (and rightly so), it focused on the most affected cities closer to the**

[42] For instance, a specific study on solid waste sector was commissioned to external consultants to establish the pipeline of priority projects. The MR3 approved in July 2016 also includes a detailed list of priority projects in Jordan and Türkiye, including potential co-financiers.
[43] For instance, a lagoon remediation project for GAM [Op Id: 50488]
[44] Other donors interviewed as part of this evaluation also mentioned EBRD's comparatively high expertise, especially in the water and waste management sectors.
[45] For instance, GAM Solid Waste Crisis Response - LFG Expansion [OP Id: 50354]
[46] It varied from 20 per cent to 62 per cent. Note that the grant intensity ratio here also takes into account grants provided from sources other than the SSF.
[47] Donor Co-Financing Report, 2019.
[48] BDS16-119 (Addendum)
[49] European Commission, 2022. The EU Facility for Refugees in Turkey. Available at: https://ec.europa.eu/neighbourhood-enlargement/enlargement-policy/negotiations-status/turkey/eu-facility-refugees-turkey_en

Syrian border, albeit with a weaker financial standing and lower capacity to advance the initial investment concepts. Lastly, in Türkiye specifically, high foreign exchange risk combined with euro or dollar loan financing envisaged under the CRS was also a constraint.

The results of projects funded under Pillar I, and therefore the CRS more broadly, have fallen short of initial expectations. For a crisis – especially one like the Syrian crisis, involving abrupt and large flows of refugees – time and a speedy response are vital. The implementation timing[50] of Pillar I envisaged that all projects, many of which are arguably complex and challenging to implement, would be signed by 2019 and fully implemented by 2022. Yet, more than six years after the peak of the migration crisis and the introduction of the CRS, 8 of the 12 investment projects supported with capex grants funded under the CRS have not been completed (Annex 7.1). Furthermore, the disbursement rate of the underlying CRS-funded capex grants, as of December 2021, was just under 25 per cent of all approved funding under Pillar I. Annex 7.2 presents EvD's assessment of the key factors behind this underperformance.

Projects funded under Pillar I generally addressed well-governed as the primary TQ (and resilience as secondary) and envisaged two sources of transition impact:

- Benefits for the refugee and host communities generated directly by the actual investment projects, such as better access to clean water and public transport, a reduction in health hazards thanks to improved and safer waste management systems, and fewer carbon dioxide emissions.
- Increased sustainability of municipal funding by moving towards cost recovery, increased commercialisation and private sector participation of municipal agencies, such as GAM in Jordan. These were addressed largely by TCs that supported the investment projects.

Given major delays in the implementation of most projects under Pillar I, it is too early to gauge the actual results, outcomes and impacts. If these projects are completed, however, the outcomes and impacts would be considerable. Annex 7.3 offers a snapshot of the underlying issues addressed by the four projects that have been completed, along with some evidence on results, outcomes and impacts. Note that only a few impacts could be attributed directly to the SSF as other sources (and forms) of financing were involved in those projects.

Progress in improving the sustainability of municipal funding envisaged through, among others, the shift towards cost-recovery fees, greater efficiency of public agencies, sounder financial management and, in the longer term, privatisation of some of them, has been slow. Eventual outcomes are likely to fall short of initial expectations by a considerable margin. Annex 7.4 provides more details.

3.3.3 Five insights from CRS as a tool to support the refugee crisis

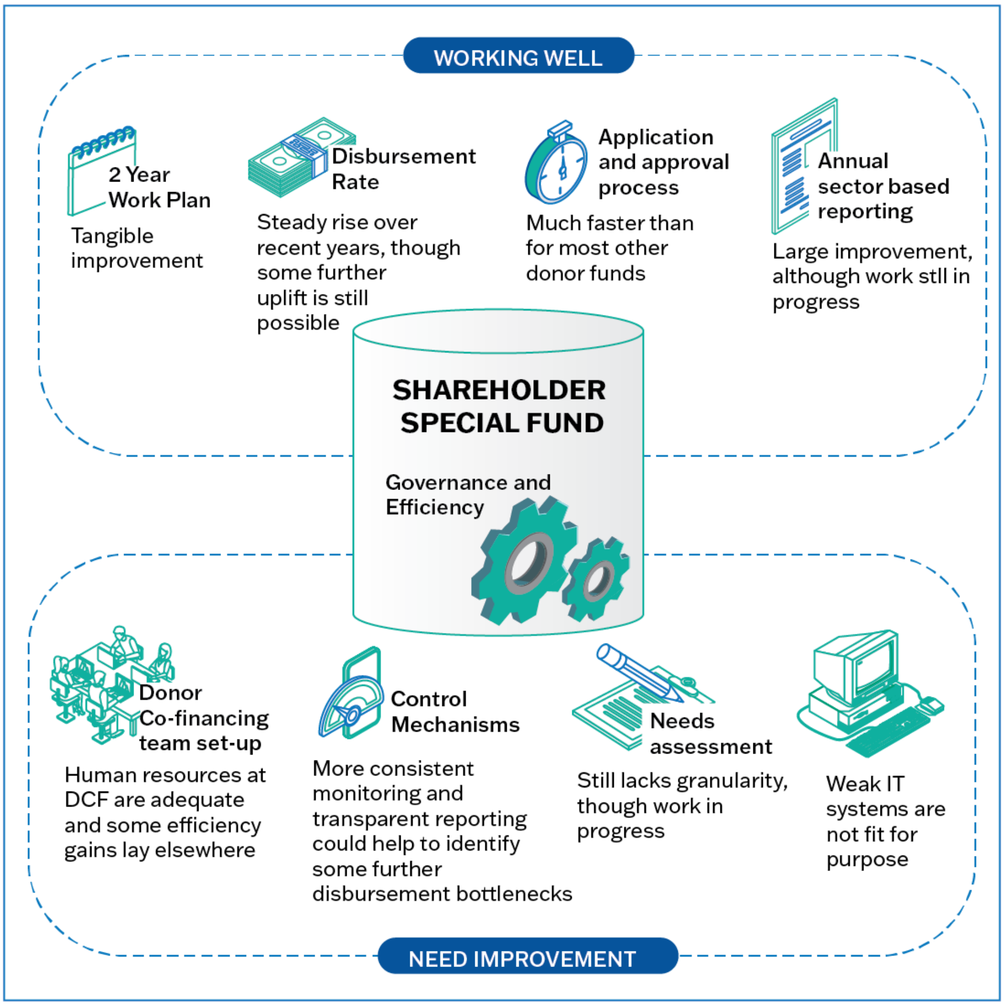
The five insights in Box 7 were gathered from interviews and analysis of the experience of CRS across the three pillars, with specific insights drawn from an in-depth assessment of the performance of Pillar I. Insights comment on the relevance of the CRS as an instrument and the efficiency of the sub-account and its deployment, and offers some suggestions for learnings.

[50] As per the MR3 implementing framework. The implementation timing was revised with an extension of the MR3 in 2019 and subsequent signings and project implementation deadlines were set for end-December 2021 and end-December 2025, respectively.

Box 7: Five insights from the CRS as a tool to support the refugee response plan

- **Insight 1: The signal created by the Bank's commitment to create a sub-account for grants in support of its refugee response plan created space for the EBRD to have a voice in an area where it had not been present and where other donors were already active.** The inclusion team indicated that refugees had become a sustained lens of their work, originating from the CRS.
- **Insight 2: The distinctive CRS approval process helped to expedite delivery of support at the right time.** The sub-account was set up in a timely way to allow access to funds when they were needed by teams, at the very start of the crisis response. Teams accessing these funds said the absence of additional Board approvals was important. The dedicated window eased the administrative burden of justifying fund requests to this particular focus. Approvals of requests for co-investment funds under Pillar I of the SSF CRS (mostly capex grants) were made at the MR3 level. And while the MR3 itself required Board approval (in June 2016), requests for the individual co-investment grants deployed under it did not (with a few caveats). The teams that implemented the CRS on the ground saw this as the top factor that helped to expedite the initial deployment of support and, more generally, facilitated the Bank's ability to "…sit at the table and say 'yes' to the local authorities".
- **Insight 3: The absence of regular reporting on the refugee response plan raises the question of whether one could be confident that management was delivering on that commitment** and whether its relevance remained. However, Budget and Administrative Affairs Committee (BAAC) discussions on CRS implementation were regular: as part of SSF WP discussions, occurring in 2019, 2020, to allow for management responses to real-time project implementation.
- **Insight 4:** Regular CRS updates to BAAC allowed reallocation of funding when the local context became better understood. However, **a built-in mechanism of flexible reallocation across pillars (when demand differed from ex-ante assessment) would better reflect the unpredictable and evolving nature of the crisis response instrument.**
- **Insight 5:** Disbursement of approved funding certainly fell short of allocation expectations. Various factors drove this, including a mismatch between expectation and feasibility on the ground in the case of efforts to support SME finance through credit lines, and a slower-than-expected pipeline development for inclusion work to hinge on. **More funding for initial diagnostics would have been beneficial to further inform teams about fast-moving issues and provide more guidance for operationalising the aims of the response plan**. This last point may, in fact, pertain to the SSF more broadly, as some interviewees support more openness to fund studies/evaluations, especially considering the Board's increasing focus on impacts.

3.4 The governance and efficiency of the SSF's delivery are broadly appropriate



3.4.1 While the shift to two-year WPs brought tangible improvements, needs assessments underpinning WPs remain a constraint

Needs assessments underpinning WPs

The conceptualisation of WPs hinges to some degree on funds raised from donors during funding outlook exercises. The funding outlook reveals the size of the funding gap as well as geographies and themes that donors have been less keen to cover, but which may tally well with Bank priorities and therefore lend themselves to SSF support (and inclusion in a WP).

The efficiency of conceptualisation and approval of the SSF WPs has been related to the issue of needs assessments that should, in principle, underpin both the design of a WP and the size of the corresponding NIA. Board Directors have often identified the lack of sufficiently comprehensive, granular and timely ex-ante needs assessments as a major weakness of the process. Some Board Directors believe such analysis should go beyond a bottom-up analysis and be substantiated with other aspects such as key thematic priorities, particularly sought after products, degree of availability of funding for upstream activities across regions and even political consideration pertinent at a given point. The practice of sequencing and approving of the SSF WPs is outlined in Section 2.3. Note that "sequencing" of the SSF WPs is not in the scope of this evaluation.

EvD acknowledges that conducting a comprehensive, timely and reliable needs assessment has not been a straightforward exercise in the SSF context for several reasons:

- Needs are not static and keep evolving – at a speed that rose sharply due to Covid-19 and the war on Ukraine most recently.
- The DCF team tried to gauge those needs by seeking the views of the banking/non-banking teams, but the data received from such feedback were notoriously unreliable (an issue already highlighted in the 2014 SSF evaluation).[51]
- The needs for the SSF have been conditional on flows of other donor funds, and historically those have been fairly volatile in volume and type, making a forecast a difficult and error-prone exercise.
- The needs for the SSF have been conditional on the Bank's anticipated ABI.

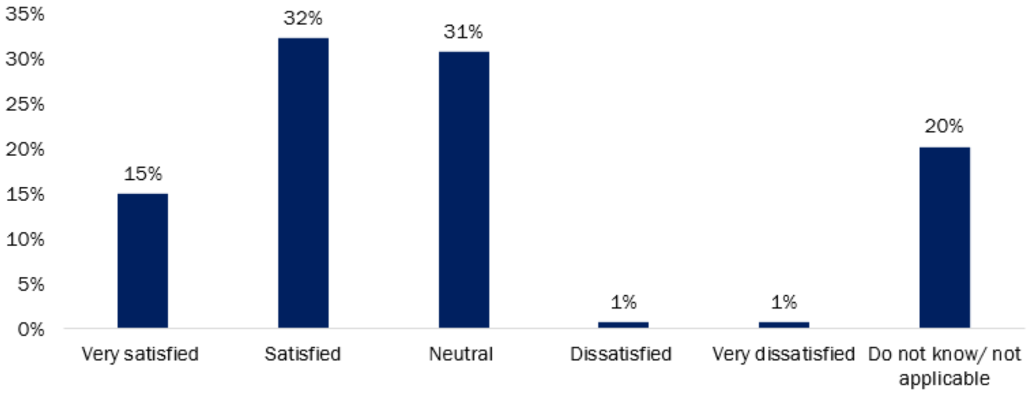
Approval of the upcoming 2023-24 WP will be preceded by an enhanced needs analysis conducted by the DCF team, though its details are unknown to the evaluation team and beyond the scope of this evaluation.

However, one answer to the issue of insufficient needs assessments is better reporting that should underpin such assessments (Section 3.4.5 details the issue of SSF reporting)**.** Knowing how SSF funding was used in the past (for example, including the right degree of granularity of the data and trend analysis of some indicators covering several past WPs rather than reporting on a single figure without historical context), may help gauge future needs. It could also provide more clarity and reassurance for the Board.

<u>Shift from one- to two-year SSF Work Plan</u>

The shift from one-year to two-year WPs that first took place under the 2019-20 WP was consequential. **The Board as well as the DCF team, heads of ROs, regional MDs and their advisers strongly support this change.** OLs from banking and non-banking also generally see it as a positive move, with 47 per cent of survey respondents satisfied/very satisfied with this change (Figure 12).

Figure 12: Satisfaction/dissatisfaction with shift to two-year WPs



Source: survey of the OLs, N=136.
Note: Many of the OLs who chose the 'neutral' option did so because they used the SSF only occasionally and not because they held a firm view on this matter, according to the qualitative comments received.

According to management and the OLs, concrete benefits of the longer WP include more certainty in planning over a longer time horizon that translated into a reduced need to tranche projects

[51] The evaluation noted that individual teams had an incentive to overstate their expected needs to maximise their stake in SSF planning.

artificially, and some alleviation of the "end-of-the-year effect". While the latter has not been eliminated, the incentives for teams to rush requests and avoid the gap between cycles has been reduced. The longer WP time span is also more aligned with many SSF-funded projects with durations exceeding 12 months (common for complex infrastructural projects) and, more fundamentally, the SCF itself has a five-year time horizon.

Some managing directors and one adviser have called for a "rolling programme". This would imply that any unspent funding within a region under a given WP would be automatically shifted to the next WP. While this could eliminate spikes in funding requests in the fourth quarter of the second year of a WP, it is also risky. Specifically, having no clear-cut deadline to use the allocation in a given WP could reduce the SSF disbursement rate, as there would be no effective incentive mechanism to use the entire regional allocation within a set time frame. Identification and reuse of savings would be majorly constrained while the management of country allocations would have become considerably more challenging and burdensome.

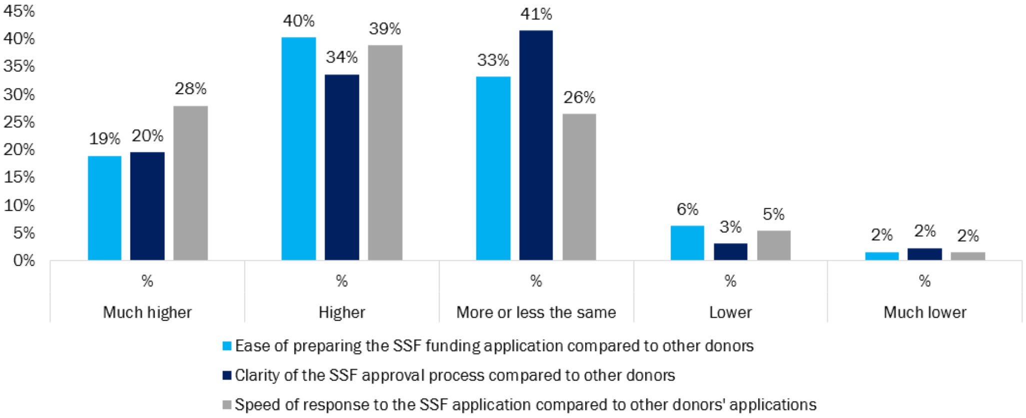
3.4.2 The SSF funding application and approval process are relatively efficient and take less time than equivalent processes for other donor funds

Advisers to regional MDs play a crucial role in managing both funding requests and the portfolio. They will often screen all initial requests in a region and give MDs a pre-selected list for their approval based on, among others, the fit of a request with SSF objectives. They also frequently provide a guestimate of available funding in a regional pot versus volume and types of other competing requests. The approach to such screening varies between advisers, who play an essential role in monitoring the portfolio of approved SSF projects, including selective checks on delayed/undisbursed funds, in coordination with the DCF team. **No IT solution is available for MDs or advisers to track and monitor SSF requests or existing portfolios; everything is based on individual spreadsheets, which creates some key person risk and makes the system more opaque**.

The SSF application and approval process outlined in Section 2.5 is a relative concept. Much depends on whether it is compared with application and approval processes for other donor funds (bilateral and multilateral) or gauged on a stand-alone basis. **The survey of operations leaders reveals that the SSF performs well – and by a sizeable margin – on all three fronts: (i) ease of preparing the funding application, (ii) speed of response and (iii) clarity of the approval process (Figure 13). Most interviewees supported this finding.** For instance, while preparing a SSF financing request for €500,000 or less and its approval (Steps 2–6 in Figure 5) should normally take **five to six weeks,**[52] an equivalent cycle for many donors (especially the EU) often lasts **six to twelve months** – a game-changing difference for some projects pursued by teams facing tight timelines (see more on speed under Section 3.2).

[52] The process for requests exceeding €500,000 would normally take an extra two to three weeks.

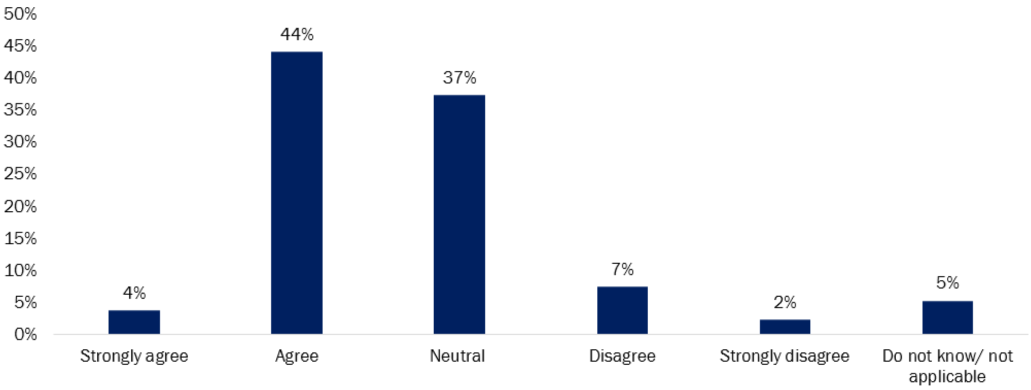
Figure 13: OLs' views on preparing the SSF application, clarity of approval process and speed of response in relation to equivalent features of other donor funds



Source: survey of the OLs, N=136.

The picture is less clear-cut on a stand-alone basis, however. While almost 50 per cent of respondents in the OL survey agreed/strongly agreed that "the process of applying for SSF money works well", nearly half either could not fully support the phrase or disagreed with it (Figure 14).

Figure 14: To what extent do you agree or disagree with the following statement: "The process of applying for SSF money works well."?



Source: Survey of the OLs, N=136.

Several issues have been highlighted. First, most OLs believe the SSF process of assessment and approval is easier, clearer and faster than for most (if not all) alternative funding sources. Yet, a meaningful number felt it could be simplified and accelerated by the DCF team. One OL said "DCF is very busy, so the process can be in a bottleneck from time to time" while another called for less red tape and a faster process and said "the sense of urgency in turning fiches and earmarking is sometimes missing".

Second, while the application process itself seems to be sufficiently clear, some OLs said it could be improved. For instance, the DCF team routinely ask OLs to provide evidence that the availability of alternative funding had been assessed. However, it does not maintain any comprehensive and regularly updated/real-time overview of alternative donor funds, their objectives, eligibility and portfolio, that these OLs could use, even though the DCF team manages these donor funds. There is also limited evidence of the Bank providing regular training on the application process, potentially a more problematic issue for OLs who seek SSF funding only occasionally and are less familiar with SSF processes (Box 8).

Third, EvD found that while the DCF team seeks feedback and consults with the banking/non-banking teams before substantial changes are made to SSF eligibility criteria, this could be done in a more structured way.

Box 8: DCF-led training activities and information on alternative donor funds

- The SSF Work Plan 2021-22 Principles, Processes and Controls[53] sets out the main steps in the application and approval process for TCs and non-TCs and includes templates of fiches for TC and non-TC requests with a brief explanatory note;
- The DCF team organised a few induction sessions for ROs in 2021-22 devoted to the SSF and several generic presentations on the Grant Unit itself for new Bank staff. Yet, training on specificities of the application and approval process is limited, including the correct way to fill out a common type of requests or to deal with ambiguities that teams may face throughout the process. No FAQs section or sessions that would be tailored to a heavy users/ first time users of the SSF have been available.
- No tool allows OLs (or advisers) to scan available donor funds efficiently and decide on the best course of action (seeking SSF or alternative donor funds). The DCF team, which has discussed the matter with the IT team, envisages such a tool in the Client Dynamics solution to be in place by Q1 2023, although EvD gathered that some major milestones still remain to be completed as of October 2022.

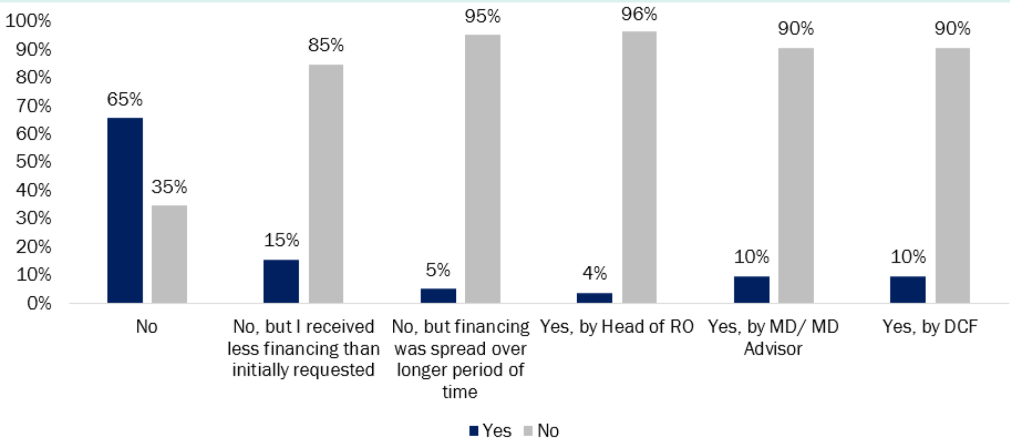
In terms of approval process, as seen by the Board and for requests >€500k specifically, this has been generally working well. None of Members consulted for this evaluation raised any issue with the process while 65 per cent of Board Directors/Alternates and Board Advisers who responded to the survey agreed with the statement that "the process of approval of SSF funding for requests below €500,000 works well".

Interestingly, the DCF team informed EvD that the Board had not rejected any request exceeding €500,000 over the 2016 to 2019-20 WP period. This may indicate that the screening in the run-up to the Board review had been thorough and that no dubious requests had slipped through. Box 9 provides further details on the topic of rejections of SSF funding requests.

Box 9: Rejections of the SSF funding requests – zooming in

- **There is no systematic monitoring or recording (by advisers, MDs or the DCF team) about rejections/the rejection rate of requests for SSF funding**.
- EvD understands that rejections at the MD/grant review stage are rare. Instead, consultations with advisers take place at an earlier stage, during which a decisive preselection of requests occurs.
- The OL survey indicates that nearly two-thirds of the OLs never had a request rejected.

Figure 15: OLs responses to the question: "Have any of your applications for the SSF funding been rejected in the past?"



[53] https://intranet.ebrd.com/DCF/SSF-Workplan-2019-20.pdf

Source: Survey of OLs, N=136.

- OLs who have had at least one request rejected said the reasons given included insufficient funding in the regional pot and rejections of the requests for legal due diligence.
- Survey results (and interviews) also reveal that instead of a rejection, an OL may be asked to revise a request, including trimming down its size. A funding request may be also deferred to the next Work Plan if funds under the current WP were not available.
- Although EvD gathered only anecdotal evidence on it, it is plausible that with time the teams have learnt further how to meet eligibility criteria and prepare a successful funding request.

In terms of the conditions to use the SSF stipulated in the Board of Governor's Resolution and minimum share of funding approved for ODA countries and TCs (as opposed to co-investment funds), the portfolio analysis conducted by the EvD and the data shared by the DCF team confirmed full compliance across all four WPs that were the subject of this evaluation. Interviews with the Board, DCF and Management revealed no fundamental differences in their views on the recent and current ODA/non-ODA ratio; the principle of steering funding towards countries with greater needs has not been disputed, although some Directors called for even more ambitious ratio. With respect to co-investment funds/TCs ratio, set primarily with an intention to prevent too rapid exhaustion of the SSF allocation given typically larger size of co-investment funds (such as capex grants), this ratio across recent WPs have not been contested and appeared to be broadly adequate (even if there has been some evidence that specific TCs/co-investment funds ratio set-up for the CRS contributed to underuse of funds (Section 3.3.4).

3.4.3 The SSF disbursement rate has risen steadily but there is scope for it to rise further

There are several ways to analyse how efficiently SSF funding is used. These include looking at the differences between NIA and earmarked values, earmarked and signed values, or earmarked and disbursed values. Material opportunity costs arise from committed but undisbursed SSF funds, and these have increased sharply in a high inflationary environment. For instance, earmarked funds need to be parked until they are deployed, with rising costs of foregone interest the longer these funds remain parked. There is also the wider issue of inefficient allocation reducing the scope to support other projects.

The disbursement rate will never reach 100 per cent as it is also driven by various external factors which are independent of the SSF. These may include procurement processes slowing down implementation, a typically longer timetable of capex-heavy projects accompanied by long-term TCs (with the disbursement proportional or even back-ended, depending on the contracting structure), loan effectiveness often conditioning the disbursement of a TC, client's absorptive capacity, necessary changes in some ongoing projects or use of risk-sharing guarantees that are only disbursed in case of default. In some cases, projects may end with some funds left over.

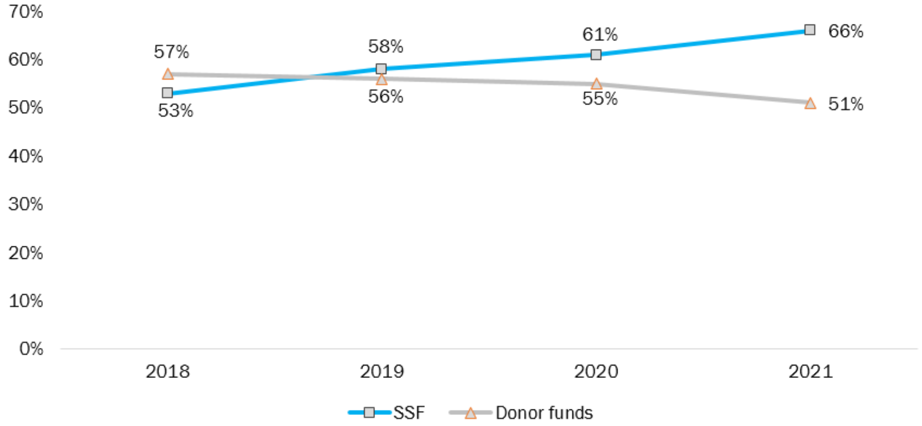
Historically, SSF funds have been underspent, though the cumulative SSF disbursement rate[54] has improved steadily, from 53 per cent as of end-2018, to 58 per cent in 2019, 61 per cent in 2020 and 66 per cent in 2021. In contrast, the reverse was true for the equivalent rate for the donor funds' portfolio, which stood at 57 per cent, 56 per cent, 55 per cent and 51 per cent as of end-2018, 2019, 2020 and 2021,[55] respectively (Figure 16). The DCF team attributed the improved SSF disbursement rate largely to increased

[54] Here calculated as the aggregate level of disbursements compared to earmarked amounts and covering all WPs at a given point in time.

[55] Data on cumulative disbursement rates for both the SSF and donor funds' portfolio are available in the annual grant/donor co-financing reports.

application of control mechanisms (Box 10) and a Covid-19 related clean-up exercise in 2020.[56] EvD notes that with the SSF portfolio maturing every year as each subsequent WP accounts for a gradually smaller share of SSF financing approved since 2008, one would expect the disbursement rate to rise, all else being equal.

Figure 16: SSF and donor funds' portfolio disbursement rate, end-year

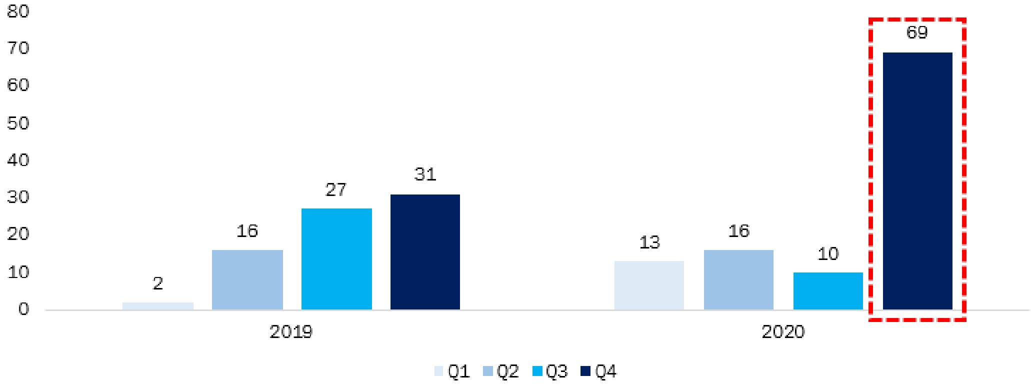


Source: Grant/donor co-financing reports.

Note: The disbursement rate corresponds to the period from the first SSF WP up to that year. For instance, the disbursement rate as of end-2018 will reflect all disbursed and approved amounts from 2008 (first SSF WP) to the end of 2018.

While the DCF team has made a major effort and good progress recently, the use of SSF funds can be optimised, including by addressing the "end-of-the-year effect", which refers to some teams habitually rushing in the fourth quarter to secure SSF funding before a WP closes. As a result, there is a spike in requests towards the end of the calendar year.

Figure 17: Approved under the 2019-20 WP, in € million



Source: Donor co-financing reports and DCF figures.

Several interviewees said some MDs and their advisers were overcautious about fund management in the first and second quarters of a given year, only to realise in the fourth quarter that comfortable level of funding in a regional pot may still exist. This, in turn, created a strong incentive in the fourth quarter for these advisers and MDs to offload the remaining funds and exhaust the regional allocation to avoid the impression that it may be too high for their regions. Introducing two-year WPs has helped ease spikes in requests (Section 2.1), though not entirely (Box 10).

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[56] For instance, according to DCF data, the value of projects with no disbursement despite 12 or more months since their approval fell to 14.4 per cent of total approved financing under 2019-20 WP, down from 25.6 per cent and 23.5 per cent for the 2017 and 2018 WPs, respectively.

Box 10: End-of-the-year effect – impact on quality of requests and disbursement rate

- **A spike in financing requests and approvals of funding in Q4 is not limited to the SSF only, and has been the case for Bank's investment projects in general.** Rise in SSF requests may be partly a function of this wider phenomenon.
- Rushing SSF requests in the fourth quarter could mean that an MD receives and approves requests that are not ready.[57] Determining if this has happened would require a case-by-case investigation that is beyond the scope of this evaluation. **However, comparison of the data on the share of approved requests in Q4 versus Q1-3 respectively that were eventually cancelled since 12+ months from their approvals may shed some light on the potential magnitude of this issue.** For instance, under the 2018 WP, of six cancelled assignments with a cumulative value of €4.3 million, four (with a cumulative value of €3.4 million) had been approved in the fourth quarter.
- **Data on the disbursement ratio for projects approved in the second quarter versus those approved in the fourth quarter also reveal major differences**. For instance, while only 16 per cent of SSF projects approved in the second quarter of 2020 had no disbursement, as of November 2021, there was no disbursement in 71 per cent of SSF projects approved in the fourth quarter of 2020.[58] From the OLs perspective, nonetheless, evidence is less conclusive. When asked whether they agreed/disagreed with the following statement: "If I request the funding towards the end of a given year rather than at the beginning of a year, I am more likely to get my request approved", 21 per cent of the OLs agreed/strongly agreed, 11 per cent disagreed/strongly disagreed and the remaining 68 per cent were neutral or had no opinion on the matter.
- A spike in requests in the fourth quarter usually causes an exceptional increase in the workload of the DCF team dealing with requests.

In terms of disbursement rates across the regions, DCF data shows relatively consistent underperformance of the SEMED region vis-à-vis other regions (Figure 18). This is partly due to the comparatively higher share of capex grants in the SSF funding mix for long-term infrastructure projects[59] in SEMED, some financed under CRS (Annex 7.1). A declining disbursement rate is not unexpected and reflects the fact that in more recent Work Plans, a higher number of TCs and non-TCs are still "works in progress" (and hence undisbursed).

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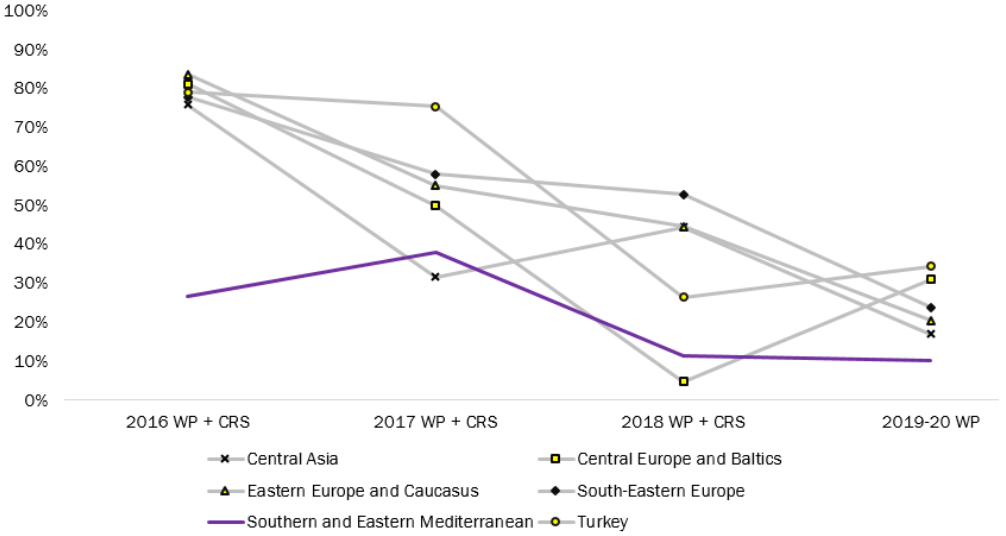
[57] That is, requests that are rushed and not sufficiently researched and/or conceptualised.

[58] Some of that difference may be explained by a shorter time that elapsed from approval for the latter subset.

[59] For instance, as reported in the latest SSF Progress and Completion Report, in relative terms and over the period 2019-21, SEMED had 56 per cent of the total funding allocated to co-investment grants, while co-investment grants in early transition countries accounted for 43 per cent of total SSF funding. More generally, co-investment grants accounted for 44 per cent of total SSF funding available for other ODA economies.

Figure 18: Disbursement rates per region, 2016 to 2019-20 SSF WPs



Source: DCF 007 – Projects and Assignments for Fund data analysed by EvD.

Notes: (1) Disbursement rate is defined as share of disbursed amounts, as of November 2021, in the overall amounts approved under each WP. (2) For the sake of clarity, these figures represent only assignments with the single beneficiary country specified in TCRS data (DCF 007 – Projects and Assignments for Fund) and therefore exclude multi-country and regional projects.

3.4.3 Addressing some gaps in monitoring and reporting on the active SSF portfolio may help to further improve the use of SSF funding

To use SSF funding more efficiently, the SSF Principles, Processes and Controls document envisages seven concrete control mechanisms (Box 11). These were implemented for the first time under the 2017 WP and, according to the DCF team, have been a key reason behind the steady and marked improvement in the SSF disbursement rates in recent years.

Box 11: SSF control mechanisms

- **Control 1: Use of balances under Work Plans** – Funds released through closure, cancellation or lapsed approval during the life of the Work Plan will be returned to that regional allocation, while balances left under regional allocation will be transferred to the general fund under the next WP.
- **Control 2: Change in scope in project/re-approvals** – If the scope of the project that was originally approved changes for any reason, OLs must request a re-approval by senior management in DCF/VP3.
- **Control 3: Time between approval of co-investment grants and signing of investment** – Re-approval will be needed for co-investment grants that have a more than one-year gap between Board approval (or equivalent) and investment signing.
- **Control 4: Time between approval of TC projects and contracting** – If a TC project was not contracted more than one year since its approval, teams must seek re-approval, failing which funding allocation will be cancelled within three months of expiry.
- **Control 5: When there has been no TC contract disbursement** – At least once a year, the DCF team will identify instances where there has been no disbursement on a contract one year or more after signing.

- **Control 6: Savings from completed projects** – Teams should close projects in TCRS as soon as the final invoice has been paid for all project components. Funds released through closure will be returned to the Work Plan.
- **Control 7: Grants linked to completed or cancelled investment projects** – The DCF team will review at least annually outstanding approved transactional grants (TC and co-investment grants) when the associated investment operation has been cancelled or completed and will inform the relevant regional MD so unused funds are released.

EvD understands that no systematic and consistent[60] monitoring in place for all seven control mechanisms since those were introduced. Such data either cannot be easily extracted due to limited IT systems or requires individual searches (often supported by the IT team) involving a certain degree of judgement in collating and interpreting the data. Furthermore, while currently not a requirement, none of the monitoring data on control mechanisms is reported to the Board despite its potential relevance in uncovering some bottlenecks hampering the SSF disbursement rate. Yet, some limited data that were shared by the DCF team on Controls 3 and 4 specifically suggest that across the 2016 to 2019-20 WPs, there was no single case of a TC or co-investment grants were uncontracted for more than 12 months since the approval, and which would be then cancelled by the DCF requiring subsequently another request from the team and the re-approval from the DCF. Going forward, the DCF team said it would include information in the 2023-24 Work Plan[61] document about the spend and savings analysis discussed during the BAAC session on SSF sequencing in September 2021.

In the past, advisers carried out a large part of the controls. The approach has been streamlined, however, and the DCF team now interacts directly with other teams. With respect to Controls 3-7, the DCF team periodically reviews the SSF portfolio (at least once a year) to identify any possible savings. No specific monitoring data are available, however. These periodic reviews are separate from more ad hoc clean-up exercises, such as those related to Covid-19 or urgent need to repurpose the SSF due to the war in Ukraine.

Overall, introducing controls has been an important step forward in systematic monitoring of the SSF – one that may have led to a marked improvement in the SSF disbursement rate. However, it is hard to pin down their precise impact and reveal more details on the nature of disbursement bottlenecks without an improvement in enabling easier monitoring and more transparent reporting.

3.4.4 The DCF team has adequate human resources to manage the SSF and efficiency gains lay elsewhere

According to the DCF team, the donor funds business has grown in scale and complexity in recent years without a commensurate increase in human and technical resources to manage the SSF.[62] A reflection of this is found in the workload in terms of commitments related to the SSF compared with other major funds managed by the EBRD. There was an average of 295 SSF commitments a year across 2020 and 2021 – a 40 per cent increase over the number of commitments in 2013 at the time of the last evaluation. To put this workload in perspective, SSF commitments for 2020-21 represented almost 90 per cent of total

[60] EvD was informed by the DCF that some of the figures on Control Mechanisms are not readily available and need to be compiled manually and that DCG has not monitored the Controls in a consistent way. Though, some figures are collected manually on an ad hoc basis to coordinate with the banking and non-banking teams. The SSF Principles, Processes & Controls document states that: "These controls are currently manually monitored by DCF, however automation of the control processes is being investigated. DCF will ensure that information is provided to user teams to allow for the timely review of project statuses".
[61] Available in December 2022.
[62] Donor Funds Business Project FAQs, available at: https://intranet.ebrd.com/DCF/donor-funds-project-faq.pdf

commitments across several major EBRD donor funds (ETC, SEMED MDA, Small Business Impact Fund and West Bank and Gaza Trust Fund).

And indeed, throughout this evaluation, the EvD team found signs suggesting that the current staffing level may be too modest, such as delays in turning fiches and earmarking (as perceived by some OLs) or delays in meeting essential SSF-related data requests. In addition, spikes in fourth-quarter funding requests have typically meant a heavy rise in the workload of responsible DCF staff. Still, the DCF team's management says the workload has generally been manageable', and more broadly SSF pipeline management and capacity of the team were strengthened in 2021.

SSF resourcing and processes – including request assessments and approvals and project closure – and other aspects of managing donor funds were evaluated as part of the Donors Funds Business Project[63] The project findings suggest that rather than staffing levels, potential improvements lay in changing the organisational set-up and responsibilities to eliminate overlaps and fragmentation of activities and to promote collaboration among relevant departments. This includes reducing the administrative burden in the DCF team through more efficient processes and pooling of expertise and tasks, and fixing IT systems that are not fit for purpose, requiring upgrades or replacements.[64] Recommendations made by the project are being implemented, with some scheduled to be in place by end-2022. DCF team members interviewed as part of this evaluation agreed with the project findings.

Given ongoing streamlining of some SSF-related functions (and some pending recruitment within the team), EvD concluded that the current staffing level of the DCF team devoted to SSF management appears broadly adequate.

3.4.5 The quality of SSF implementation reporting has improved markedly, but still suffers from several weaknesses

The 2014 SSF evaluation included one recommendation on SSF reporting and two on technical resources for grants management (Box 12).

Box 12: EvD SSF evaluation, 2014 – conclusion and recommendation on reporting and technical resources for grant management

- Reporting about the SSF has been overwhelmingly focused on the accountability for its complementarity function and reflecting the poor management for results related to grants management.
- In line with the Bank's recent efforts on TC grants, SSF-funded operations have included results matrices. However, the Board has not yet been given any report at aggregate level against the SSF objective.
- **The 2014 evaluation recommends substantially enhancing the quality of reporting on SSF results.** Reporting will need to be adjusted accordingly of the EBRD rebalances SSF objectives to maximise transition impact and develop its strategy. SSF reports should include an account of the SSF contribution to achievements against its strategy.

An EvD background information note from 25 November 2020 given to BAAC and looking at progress against these recommendations reinforced a pressing need to advance Recommendations 1 and 3 on

[63] EBRD Intranet. Donors Funds Business Project. Available at: https://intranet.ebrd.com/home/departments-and-groups/client-services-group/policy-and-partnerships/external-relations-and-partnerships/donor-co-financing/donor-funds-business-project
[64] DCF, July 2022. Donor Funds Business Project – Reforms Overview.

reporting, emphasising: "…improving guidance, enhancing the quality of reporting and creating a data-sharing platform for EBRD shareholders and SSF users".

Section 3.04 of the SSF Rules sets out reporting requirements for the Fund and was last modified in December 2020. It says**: "The Board of Directors shall be provided with an annual report on the current status of the approved, committed and disbursed uses of the resources of the Fund, including the reporting on related results financed with the resources of the Fund, according to the relevant established procedures of the Bank."**

In practice, SSF reporting has been delivered in two main formats:

- **SSF annual reporting (sector-based)**: Until recently, annual reporting was based on 500+ individual reports on SSF-funded projects generated from TCRS, bundled and shared with the Board and complemented with Word format reports for SSF-funded capex grants. This individual project-level reporting – highly inadequate, inefficient and frequently criticised by the Board – was replaced in 2021 by aggregate reporting at sector level (managed mostly by the sector teams). Initially piloted for two sectors (FI and SIG) following endorsement by Board Directors, the new system was then rolled out to all sectors, with the first fully fledged report delivered in summer 2022.
- **Aggregate information and analysis on use and results of the SSF WPs presented in the grant/donor co-financing reports**: This has been provided in the form of a separate section on the SSF (3-6 pages) in the main report, accompanied by an annex and typically published in April of a given year. It highlights financial information (including some discussion on the disbursement rate), a regional breakdown of Fund use and a summary of how allocation maps onto transition qualities (with more details on SSF WPs' commitment to region and TQs provided in an Annex 3).

Before moving to details of the two formats, it should be noted that in EvD's view, conceptually and methodologically, there remains a major limitation on the extent to which implementation results can be reported on the Fund. This is because the SSF is often just one of many inputs and is typically small, making a precise attribution of a project's results to the SSF very challenging (if not impossible in some cases). The Fund also serves as a fungible input to the Bank's work, rather than a programme/project in itself with its own performance targets and indicators.

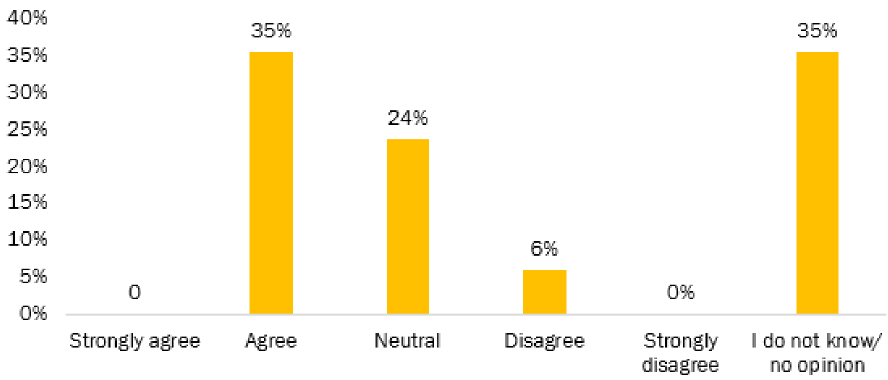
<u>SSF annual reporting (sector-based level)</u>

A new reporting methodology, based on portfolio reporting aggregated at sector level, was introduced for the SSF in 2021. The FI and SIG teams piloted the new methodology and submitted their reports to the Board. The pilot was generally well-received[65] and it was agreed to follow the same approach for all EBRD sector teams benefiting from SSF funding. The first fully fledged report with aggregate results for *all* sectors was prepared in summer 2022. It covers 11 sectors, each broken down by 9 stand-alone sections.[66] The results from the Board survey (Figure 19) conducted in the first quarter of 2022 do not capture the latest status following the publication of the report on all sectors, though they offer some insights on the general perception of sector-level reporting back then.

Figure 19 To what extent do you agree/disagree with the following statement: "The new SSF reporting based on sectors that was piloted last year is a significant improvement compared to the previous system of reporting"?

[65] They still called for further improvements, however.

[66] Financial status/portfolio composition; breakdown along geographies (regions); sub-sectors or products or strategy pillars, depending on nature of each sector; disbursement status; financing per transition qualities; type of support (TCs and co-investment funds); progress of results; success stories as a result of SSF support; implementation issues and lessons learned.



Source: Survey of the Board Directors/alternates and advisers, N=17.

EvD notes that the new aggregate and sector-based level reporting system has been a substantial exercise and is a major improvement and big step forward compared to the previous results reporting system that relied on 500+ individual projects reporting.

Box 13: Some improvements stemming from the new sector-level reporting system

- For the first time, the new system offers SSF results reporting *at aggregate level,* meaning it is possible to see the whole picture of how the SSF contributes to sector outputs.
- Granularity of reporting is fairly high, for example, analysis allowing a breakdown by subsectors for SIG.
- The report offers an overview of the prevailing typology of transactional TCs and non-transactional TCs (not covered by Monarch) broken down for each sector and provides a sense, even if only cursory at times, of the most common type of assignments supported. This is an improvement on the previous reporting, which could not comment on assignment types.
- It provides an overview of the implementation and disbursement status.
- The "implementation issues, actions and lessons learned" section produced for each sector fleshes out specific issues and offers candid reflexions as well as concrete alleviating measures.

EvD finds the methodology underpinning new sector-level reporting system to be broadly sound. Given the diverse nature of the work and projects pursued by teams/sectors, there is no one-size-fits-all and the methodological approach to aggregation had to be tailored to each team/ sector. Sound sequencing with the piloting exercise enabled important adjustments in the approach. The choice of sectors as the main unit of analysis comes with some constraints/trade-offs, but so would any other alternative unit(s) such as region/country. It therefore appears sensible. The report notes the challenge of attributing results to the SSF, and does so in a transparent way. Many limitations of the existing reporting system stem from the quality of the available data – a major constraint, regardless of the system that is in place.

Despite very significant improvements, early stage of the reform as well also trade-offs that alternative form of aggregate reporting would have implied, new sector level reporting, as it stands, still has major room for improvement in terms of quality and completeness of reporting, format, as well as the management of the reporting process itself.

Detailed EvD observations on qualitative and presentational shortcomings of the new sector-level reporting system are outlined in Annex 8**.**

For the SSF annual reports (sector-level based), interviews with members of several teams including FI and SIG suggest that the sectors themselves cover the budgetary responsibility for sector-level reporting and that the process is fairly fragmented, resource-intensive, time-consuming and requires plethora or manual inputs, checks and adjustments. Few standardised templates speeding

up the process are available today, while generally the process has been also hampered by weak IT systems.

More fundamentally, issues with the quality and availability of the data underpinning the reporting system continue to affect heavily the SSF reporting processes and outputs. Much relevant information about inflow and outflow of donor funds, including the SSF, is held in a central source of the Data Warehouse, which in turn also relies on TCRS data (with its long understood major deficiencies[67]) for the SSF. Generally, gaps related to the Bank's IT system are not specific to the SSF and are therefore being addressed centrally.[68]

Going forward, SSF reporting may be enhanced with data on TC indicators anchored in the investment projects' results matrices available in Monarch, in order to monitor SSF-funded transactional TCs and their contribution to transition impact. While indicators for SSF-supported transactional TCs have been incorporated in Monarch since 31 August 2021, **the timeline for the shift of non-transactional TCs to Monarch is unclear**.

Demand remains for real-time portfolio-level data, such as that provided in annual results reports. EvD found evidence of this during interviews, as many interviewees called for better access and information about access. This is in line with a recommendation in the previous evaluation that has still not been addressed.

SSF reporting as part of grant/donor co-financing reports

SSF-related content presented annually as part of grant/donor co-financing reporting has mainly covered allocation and approval figures disaggregated by regions and TQs. The information on ODA/non-ODA and TCs/co-investment funds ratios was presented consistently and clearly.

Recent reports have offered more granular information on the SSF disbursement rate, including a brief listing of some drivers behind it, and become more transparent about certain challenges, such as acknowledging end-year spikes in requests and delays related to CRS. In addition, the graphical outline of the reports was fundamentally revamped in 2020 and the content became much more accessible and the reports visually appealing.

Nonetheless, EvD systematically reviewed the SSF-related content presented in grant/donor co-financing reports and, despite some improvements, they still have shortcomings:

- Commentary on key factors driving the disbursement rate up or down compared to a previous year/WP is too limited and generic.
- There are virtually no essential figures on the SSF control mechanisms (Box 10), such as the value of TCs/co-investment funds and their sector and country concentration, that were signed more than a year ago but with no disbursement and the number of cancelled projects per WP. While the DCF team stepped up efforts to reduce SSF underspending in recent years, more details on its clean-up/portfolio reviews exercises are needed.
- Older reports offered only cursory information on SSF-induced results. Results reporting has focused on donors, or at times donors *and* SSF (rather than SSF alone). While the reporting still does not allow an aggregate overview of specifically SSF-induced results, this is no longer an issue as new (sector-level) annual reports have been introduced.

- Reports offered almost no information on the outcomes and impacts of the SSF.[69] Again, however, this should now be covered as part of the annual reporting (sector level).

More generally, and with just a few exceptions, reporting does not offer metrics permitting the trend analysis and comparison of relative performance across WPs. Instead, reporting is often provided with figures in absolute terms, which in isolation from the equivalent figures under past WPs do not allow a meaningful interpretation. This issue spans beyond these reports, and has been already highlighted by some Board Members.

4. Conclusions, insights and recommendations

4.1 Conclusions

Evaluation question 1: To what extent does the SSF serve the EBRD's strategic priorities?

- **While there are some perception differences among the users of the SSF and the Board, there is evidence that SSF is appropriately designed to be able to serve the Bank's strategic priorities, both in normal times and in times of crises.** The Bank has made substantial progress since the previous SSF evaluation across areas of planning, clarifying the SSF's purpose and introducing mechanisms to operationalise it. There is room to further clarify how the high-level alignment with the SCF is operationalised, including the level of information to be shared on SSF contributions to SCF priorities in reporting, and consideration on the optimal alignment with budgetary cycle. EvD commends the introduction of the country allocation model and its review that took place in advance of the SCF as good practice. At the same time, the value of the SSF is partly related to its flexibility to respond to EBRD priorities as they evolve.
- **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.
- **Evidence on how the SSF has been used suggests that SSF flexibility has enabled it to contribute to the Bank's crisis response on several occasions, and with positive results**. These include notably the refugee response plan (particularly in terms of supporting the development of critical municipal infrastructure) and the Covid-19 response (in terms of policy assistance).

Evaluation question 2: To what extent did the SSF broaden the scope and deepen the intensity of the EBRD's transition impact?

- **There is a broad appreciation (especially across users) of the critical nature of the SSF to the Bank's work.** Most interviewees consulted as part of the evaluation, along with the clear-cut OL survey results, point to the SSF's instrumental role in both project preparation and implementation.
- **There is a strong evidence from the WP 2019-20 mapping exercise that the Fund has been supporting the right type of projects.** SSF financing was generally directed to impactful TCs and non-TCs, supporting projects well aligned with the SCF, and offered to the clients that should be targeted (public sector clients with suboptimal capacity based in ETCs). It is reasonable to argue that the Bank's ability to deliver in regions such as Central Asia is contingent on the SSF, highlighting at the same time some risk if this funding were not forthcoming going forward.
- **Evidence from the mapping exercise and interviews show that the SSF has enabled country strategy delivery in some high-priority economies through project preparation and implementation support. This was particularly noted during the Covid-19 crisis as fundamental to delivery.**

- **Available data and interviews indicate that some of the Bank's flagship advisory programmes (~~SBI grants~~ SBI small business advisory work and LTP, for instance) rely on the SSF for their core funding year after year**. EvD understands that small business advisory work relies on the Fund for more than 20 per cent of its annual budget and LTP for 70 per cent (over the period 2018-20). This also constitutes some risk, in case such funding were not guaranteed.
- **There is evidence that the SSF has enabled the Bank to develop and deliver its non-transactional work, both related to new areas of SCF ambition and policy priorities.** Central Asia and eastern Europe and the Caucuses accounted for a third of non-transactional work, both in number and volume, indicating the importance of the SSF in policy work here in particular. An analysis of the Bank's policy priorities found that the SSF funded the majority.
- **Evidence suggests that the expected transition impact for investment operations supported by the SSF has been fairly similar to the Bank's average ETI.**
- **The speed with which SSF funding can be secured, relative to most other types of alternative donor funding sources, along with its unique alignment with Bank priorities (given the SSF is in-house Fund) and administrative ease allowing it to fund small yet impactful assignments, was a key distinctive SSF feature driving transition impact.**
- **Support provided under Pillar I of the CRS was (very) relevant.** The Bank aimed high under Pillar I, seeking to undertake projects that were very relevant and vital for both host and refugee communities. These were often complex and challenging undertakings, yet potentially very impactful. Additionality – both financial and non-financial – was generally strong under Pillar I.
- **While it has been seven years since the peak of the Syrian refugee crisis and the establishment of the Community Resilience Sub-Account, most investment projects that benefited from CRS-funded capex grants have not materialised. Therefore, results (still) fall short of initial expectations**.
- **In light of the major delays in implementation of most Pillar I projects, it is still too early to gauge actual outputs, outcomes and impacts.** If these projects are completed, however, the outcomes and impacts would be considerable.

Evaluation question 3: Is governance of the SSF suitable to lead to efficient delivery?

- **The shift from one to two-year Work Plans, which first took place for the 2019-20 WP, has been consequential and positive**. Teams said they had more certainty in planning over a longer time horizon. It also somewhat alleviated the "end-of-the-year effect" and the need to rush some funding requests so they could be approved before the gap in the funding cycle between the end of the work programme and the approval of the subsequent WP. More fundamentally, two-year WPs better align with the SCF's five-year time horizon (and the recommendation of the 2014 SSF evaluation). Despite some calls from the teams, it is not clear whether introducing a "rolling programme" that implies shifting unspent funding within a regional pot to the subsequent WP would (on balance) be beneficial.
- **Advisers to regional MDs play a crucial role in managing SSF requests as well as the pipeline of SSF-approved projects**. While few SSF funding requests have been rejected at the MD/grant review stage, it appears that a decisive preselection often takes place during discussions with advisers.
- **Relative to almost all other funding sources, particularly EU funds, the SSF stands out in terms of (i) ease of preparing the funding application, (ii) speed of response on the application and**

(iii) overall clarity of the approval process. Yet, the scope for improvement exists, including greater transparency about eligibility and the availability of other funds managed by the DCF team.

- **The SSF disbursement rate has improved markedly in recent years**. It rose from 53 per cent in 2018 to 66 per cent in 2021 (while donor funds followed the opposite trend). Control mechanisms introduced in 2016 and a recent portfolio clean-up on the back of Covid-19 may explain some of this uplift.
- **'End of the year effect' with spikes in requests in Q4 has been somehow alleviated by the introduction of 2-years WP**. However, data analysis still suggests that some requests submitted in Q4 may be less well thought out and prepared cf. those from earlier period of a year, backfiring subsequently in terms of delayed/ lower disbursements/ cancellations;
- **The available staffing level of the DCF team devoted to the management of the SSF has been broadly adequate, given the workload.** Without additional human resources, there is still potential to drive Fund's efficiency by eliminating some overlaps, fragmentation of activities and reducing the administrative burden on the DCF team through more efficient processes and pooling of expertise and tasks. It would also help to deal with data-related issues and fix IT systems that are not fit for purpose and require upgrades or replacements.
- **The Bank has made substantial progress towards addressing two recommendations from the 2014 SSF evaluation to enhance the quality of reporting on SSF implementation results**. This progress is seen in both donor co-financing reporting and SSF annual (sector-based) reporting:
  - For the first time, the new system (sector-based reporting) offers SSF results reporting at *aggregate level,* meaning it is possible to see the whole picture of how the SSF contributes to sector outputs. Granularity of reporting is also reasonably high. The overall methodological approach is sound.
  - The report offers an overview of the prevailing typology of transactional TCs and non-transactional TCs (not covered by Monarch) broken down for each sector and making it possible to get a sense of the main type of assignments funded.

- **However, the SSF reporting system could be still enhanced by:**
  - Reporting on the SSF as part of donor co-financing reporting lacks in-depth analysis with regard to the factors that drive the SSF disbursement rate, as well as trend analysis across WPs.
  - Although granular, reporting on the SSF as part of annual reporting (sector-level based) is provided in a hardly digestible format (400+ page report).
  - Control mechanisms, although potentially useful to shed further light on absorption bottlenecks, have not been systematically monitored and reported.
  - Technical resources for grant management have not improved significantly since the last evaluation**.** This continues to hinder planning, reporting and knowledge sharing. Access to a data-sharing platform on the SSF portfolio and the total donor fund portfolio that is accessible and interactive would benefit management capacity.

4.2 Key insights

Management and the Board may wish to consider the following insights from this evaluation:

- **Insight 1: The portfolio analysis confirms that the SSF remains an important and sometimes crucial source of funding for banking and non-banking teams.** Although the current level of NIA to the SSF is *broadly* sufficient, maintaining the status quo may warrant careful reconsideration, particularly in the context of the potential expansion of Bank activities/ambitions and emergency calls on the Fund due to crises.
- **Insight 2: The speed at which SSF funding is made available has far-reaching implications that go beyond a simple notion of time and convenience**. For some types of interventions (such as individual stand-alone TCs and policy dialogue), it may be a decisive factor in whether such funding is available.
- **Insight 3: In times of crisis, the SSF offers an opportunity to respond quickly to priority areas**. Using the SSF as part of the Bank's response tool during the Syrian refugee crisis demonstrated that creating a dedicated Community Resilience Sub-Account within the SSF with ring-fenced NIA provided a rapid channel to access funds. Its simplified approval process helped teams to access that funding when time was of an essence. Yet, it would have been beneficial to have built-in flexibility permitting a timely reallocation of funds across CRS priorities/pillars when the needs assessment differed from what was eventually possible/needed. For further insights on the CRS, see Section 3.3.3.
- **Insight 4: The SSF allocation system is efficient and its regular review is a good practice.**
  - Multi-year WPs offer an efficient allocation process matching needs to funds, and smoother fund approvals throughout the year.
  - The country allocation model provides an efficient governance mechanism to guide the allocation of SSF funding across regions, tying the SSF more closely to the delivery of results at the country level. Regular review allows a transparent discussion of its continued adequacy.
- **Insight 5: Sufficient monitoring and reporting on SSF control mechanisms are not available, which hampers the understanding of barriers to the deployment of SSF funding and may prevent further improvement in disbursement seen over recent years**.
- **Insight 6: There is demand for enhanced SSF knowledge management and sharing that would improve SSF performance**. This was seen when the SSF was used as a vehicle to respond to crises. Furthermore, users of the Fund and the DCF team would benefit from more tailored training on better information about alternative donor funding.

4.3 Recommendations

Based on the findings identified under each question and extracted insights, this report offers four recommendations on the SSF.

Two strategic recommendations

- **Recommendation 1: A review of the adequacy of the SSF level of funding and its sustainability will be valuable to ensure that the Fund can continue being instrumental in driving the Bank's transition impact.** With the mid-term SCF period fast approaching as a time to reflect on strategic priorities, alongside EBRD response to the compounding and multiple global crises in its CoOs, this offers a timely moment for reflecting on the level of the SSF support that will be necessary to deliver the Bank's mandate and ambitions in the next period.
- **Recommendation 2: Make the adjustment of initial funding allocations, as part of the SSF crisis response sub-accounts/ vehicles, more flexible, and strengthen the learning loop to maximize the use of the SSF as a crisis response tool**. Concretely, consideration should be given to the possibility of creating a built-in mechanism/ procedure allowing a swift reallocation of funding across priorities/pillars/windows under future SSF sub-accounts/ vehicles set up to respond to crises, should needs change with regard to an ex ante assessment. In addition, SSF-funded expenditures on diagnostics work and real-time monitoring should be facilitated from the outset.

Two technical recommendations

- **Recommendation 3: Improve the SSF ~~pipeline~~ resource monitoring and reporting**: Enhance the SSF results reporting (including to Board of Directors) by adding regular (at least on an annual basis) analysis on the SSF Control Mechanisms 3,4 and 5, to increase transparency, identify disbursements' bottlenecks, and ultimately contribute to increased efficiency in the use of the SSF financing.
- **Recommendation 4: Set-up a comprehensive and up to date on-line platform/ tool ~~hosted on Client Dynamics and~~ accessible to SSF users.** Comprehensive and regularly updated on-line platform/ tool ~~hosted on CD~~ offering an overview of all available donor funds, and ability to run searches by key eligibility criteria (sector, product and country at the minimum), should be set-up, piloted, operationalised and made accessible to the SSF users by mid-2023.

5. Selection of principal sources

Strategic and Capital Framework 2016-20 BDS15-013/F

BDS20-122 Strategic and Capital Framework 2021-25

EBRD Shareholder Special Fund Reform Proposal and Rules BDS15-133

Report by the Chair of the Budget and Administrative Affairs Committee on the EBRD Shareholder Special Fund – Reforming the SSF for 2021-2025 BDS20-205

SSF Work Plans 2016, 2018, 2019-20 and 2021-22

2020 Reporting Pilots

Shareholder Special Fund – Regional: Rapid Advisory Response (RAR) Framework (€ 500,000) BDS 20-145

Donor Co-Financing Reports 2018, 2019

2017 Grant Co-financing Report

2016 Grant Co-financing Report

CS/BU/21/17/Rev 1 EBRD and Donors – Partnering to Deliver Impact

EvD Special Study Shareholder Special Fund - Interim Evaluation

CS/AU/22-01 EvD Knowledge Product Rapid Assessment of the Solidarity Package CSAU2201

Information Session: Enhanced and Structured Approach to Policy Reform Dialogue at the EBRD

Enhanced and Structured approach to policy dialogue: Taking Stock and Way Forward CSFO1711

BPN Scorecards and online reports/tools including PPO

CS/FO/21-28 Draft Equality of Opportunity Strategy

SGS16-025 EBRD response to the refugee and migrant situation facing its countries of operation

SGS16-032 EBRD support for refugee-hosting communities

SGS16-196 Information Update – EBRD's Refugee-Related Response

BDS19-032 Report by the Chair of the Budget and Administrative Affairs Committee on the EBRD Shareholder Special Fund Third Work Plan for the use of the Community Resilience Sub-Account 2019 to 2020

BDS20-185 Report by the Chair of the Budget and Administrative Affairs Committee on EBRD Shareholder Special Fund Revised Third Work Plan for the Use of the Community Resilience Sub-Account

BDS16-119 /Add 6 Shareholder Special Fund: Regional: Municipal Resilience Refugee Response Framework ("MR3")

Annex 1: Sources of data for the evaluation and limitations

This evaluation drew on the following sources of data:

- an extensive desktop review covering EBRD and external documentation
- 60 semi-structured interviews, including 7 Board Directors, 5 Regional Managing Directors and their advisers, 6 Heads of Resident Offices, staff from the Advice for Small Business, Capital & Financial Markets Development, former Economics, Policy and Governance staff, Financial Institutions, Industry, Commerce and Agribusiness, Legal Transition, SFS and Trade Finance and Social Infrastructure Group teams, and multiple discussions with the Donor Co-Financing team
- attendance of the evaluation team at relevant Board sessions, including six Budget and Administrative Affairs Committee (BAAC) meetings devoted to the SSF in 2021-22
- an online survey reaching 300 operations leaders from banking and non-banking teams who benefited from funding approvals under the SSF 2019-20 WP, of whom 136 provided complete responses (45 per cent response rate)
- an online survey of 85 Board Directors/alternates and advisers, of whom 17 provided complete responses (20 per cent response rate)
- data analysis that covered primarily the SSF portfolio as well as donor funds' flows
- an extensive exercise of mapping of 560 individual TC and non-TC assignments approved under the SSF 2019-20 WP

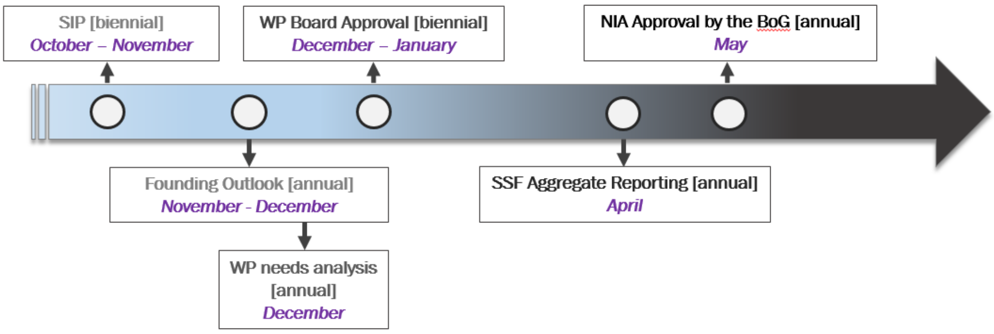
In addition, in the context of the assessment of the SSF Community Resilience Sub-Account, the evaluation team also reviewed the 12 investment projects that benefited from capex grants funded under CRS, further substantiated by a field visit to Amman, Jordan, that included field interviews with stakeholders.

This evaluation has certain limitations. Foremost, TC data (transactional and non-transactional) available in the TCRS and Data Warehouse systems are sometimes inconsistent, incomplete and challenging to aggregate. These limitations extended the time needed for the data collection and analysis, and required extra data inquiries with the DCF team. The issue of access and insufficient quality of the data has been stressed persistently by numerous previous EvD evaluations.

Annex 2: SSF Work Plan sequencing

Figure A2 outlines the timeline for SSF sequencing, including key WP-related tasks, until Autumn 2022, when the DCF team will pilot new sequencing. This is why SSF sequencing is beyond the scope of this evaluation, although some elements of the timeline are still crucial contextual factors for the evaluation.

Figure A2: SSF sequencing, including SSF WPs, as of end-2021



Source: CS/BU/21-32.

Annex 3: Portfolio analysis

Box A3: Headline figures from the SSF portfolio analysis that covered the 2016 to 2019-20 WPs (occasionally complemented by the most recent data)

- Annual inflows of donor support[70] in 2016-20 averaged €768 million versus an average €125 million of net income allocation to the SSF, with the latter accounting for 21 per cent to 13.5 per cent[71] of all mobilised funding annually.
- Relative to overall funding (combining donor and SSF monies), the SSF played the biggest role in financing transactional TCs (34 per cent of all SSF financing earmarked in 2020) followed by non-transactional *TCs* (27 per cent in 2020). Its relative importance in relation to donor funding in contributing to co-investment funds was fairly limited (8 per cent in 2020).
- Average annual SSF financing of transactional TCs under the 2016 to 2019-20 WPs was €46 million with no marked variations across the WPs. The equivalent figure for non-transactional TCs was €35 million, though there was a tangible increase in its relative envelope under the 2019-20 WP.
- Average annual SSF financing of co-investment funds under the 2016 to 2019-20 WPs was €18 million (with a slight decline under the 2019-20 WP) against an annual average of €272 million from donor funds. NB: Donors continue to fund more than 90 per cent of all co-investment funds deployed by the Bank.
- The most common funding structure (by value and number of projects) for all three types of products – transactional and non-transactional TCs and co-investment funds – combines both SSF and donor funds.
- The share of SSF-funded projects (as per approvals) in ODA countries has been stable in recent years, reaching 94 per cent in 2016 and 2017, respectively, and then levelling off at 95 per cent across the 2018 and 2019-20 WPs. This mirrors the geographical distribution of donor funding contributing to the Bank's projects and funds largely directed to ODA countries (with a very similar regional split, too).
- ETC countries and the SEMED region consistently attracted the largest share of SSF financing under the 2019-20 WP. ETC countries also saw the biggest increase in their relative share of funding over the last five years.
- The public sector attracted nearly four times more SFF funding directed to co-investment funds than the private sector (€100 million vs €26 million) over the 2016-20 period.
- Of the €100 million allocated to SSF Community Resilience SA, €69.3 million was approved. More than 70 per cent of this was co-financing funds (mostly capex grants). While financing of infrastructure investments under Pillar I was robust (in Jordan only, however), take-up of funds across two remaining pillars was below allocation expectations.
- TC and non-TC grants addressing (primarily) green TQ have attracted the largest share of SSF funding in recent years (33 per cent in 2020) while inclusive and integrated are the (primary) TQs with the smallest share. The Covid-19 response (and Solidarity Package 2) were the main drivers of the marked increase in funding addressing the resilience TQ in 2020.

[70] Including both secured exclusively for EBRD projects as well as open to other IFIs [rows 1 and 2 in Table A1]
[71] Averaged for the 2019-20 WP based on 12 per cent for fiscal year 2019 and 17 per cent for fiscal year 2020.

- Historically, SSF funds (like donor funds) are usually underspent, though there has been a steady improvement in the last few years. The cumulative SSF disbursement ratio, here calculated as the aggregate level of disbursements compared to earmarks and covering all previous WPs at any given point, stood at 53 per cent, 58 per cent, 61 per cent and 66 per cent as of end-2018, 2019, 2020 and end-2021, respectively.[72] The equivalent figures for the donor funds' portfolio stood at 57 per cent, 56 per cent, 55 per cent and 51 per cent as of end-2018, 2019, 2020 and 2021, respectively.
- The value of projects with no disbursement 12 or more months after their approval fell to 14.4 per cent of total approved financing under the 2019-20 WP. That is down from 25.6 per cent and 23.5 per cent for the 2017 and 2018 WPs, respectively.
- Excluding the 2018 WP, the volumes of SSF financing approved by the Board always exceeded those approved via delegated authority, ranging from 67 per cent of total approved SSF funding under the 2017 WP to 52 per cent under the 2019-20 WP.

[72] The five percentage point increase in 2021 corresponds mainly to the Bank's Covid-19 response, which prioritised quick interventions.

Annex 4: Summary of 2015 recommendations

Recommendation	Priority	Management response	Status– Management	Status- EvD	Last update
1. Divergent views on SSF purpose and priorities should be reconciled	High	Agree	Complete	Complete	June 2015
2. Align SSF planning with the EBRD budgetary cycle	Medium	Partly agree	Complete	Not yet completed	April 2020 (by email)
3. Base SSF strategic planning on existing transition gap analysis	High	Partly agree	Complete	Complete	January 2016
4. Better clarify EBRD priorities in dialogue with donors	n/a	Further clarification sought	N/A	N/A This recommendation did not imply a follow-up action plan	November 2014
5. Produce a binding SSF operations manual	Medium	Agree	Complete	Complete	January 2016
6. Review SSF governance structure	Medium	Agree	Complete	Complete	June 2015
7. Approve and enforce accountability mechanisms for non-TC grants	Medium	Agree	Complete	Complete	January 2016
8. Enhance quality of reporting on SSF results	Medium	Partly agree	On hold	Not yet completed	April 2020 (by email)
9. Present an action plan for interim solutions to urgent IT issues	Low	Partly agree	Complete	Complete	January 2017
10. Create a data-sharing platform for EBRD shareholders and SSF users	Low	Partly agree	On hold	Not yet completed	Apr 2020 (by email)
11. Review adequacy of human resource allocation to SSF administration	Low	Agree	Complete	Complete	July 2017
12. Evaluate the results of the future SSF strategy on a regular basis	Low	Partly agree	N/A	Not yet completed	January 2016

Source: EvD background paper to BAAC discussion on December 2020 on SSF reforms

Annex 5: Adoptions and amendments of SSF rules and regulations since 2015

Chronology of SSF Rules and Regulations adoption and amendments update to table included as part of the previous evaluation. Timeline runs from September 2014 to July 2022.

Date	Board Paper	Type	Content
June 2015	BDS15-133	Revised rules as part of reform of the fund	Included a new planning cycle, simplified governance arrangements and administrative rules, and a new rule-based allocative model
December 2015	BDS15-312	Amendment to Regulation N. 2	To enable the resources specifically earmarked for the SEMED region to be freed up and used for all countries of operation
April 2016	BDS16-052	Amendment to Regulation N. 2	To create Community Resilience Sub-Account and Work Plan for the use of sub-account resources
December 2020	BDS20205r1 (clean)	Revision of rules	Included a restatement of the Fund objective and a modification to reporting practices
Apr 2022	BDS22-055	Revision of rules and of WP 2021-22	Reallocations within WP 2021-22 to support Ukraine; time-limited change in the non-ODA/ODA split for the SSF for the duration of WP 2021-22

Annex 6 Mapping exercise

Annex 6.1 Methodological approach

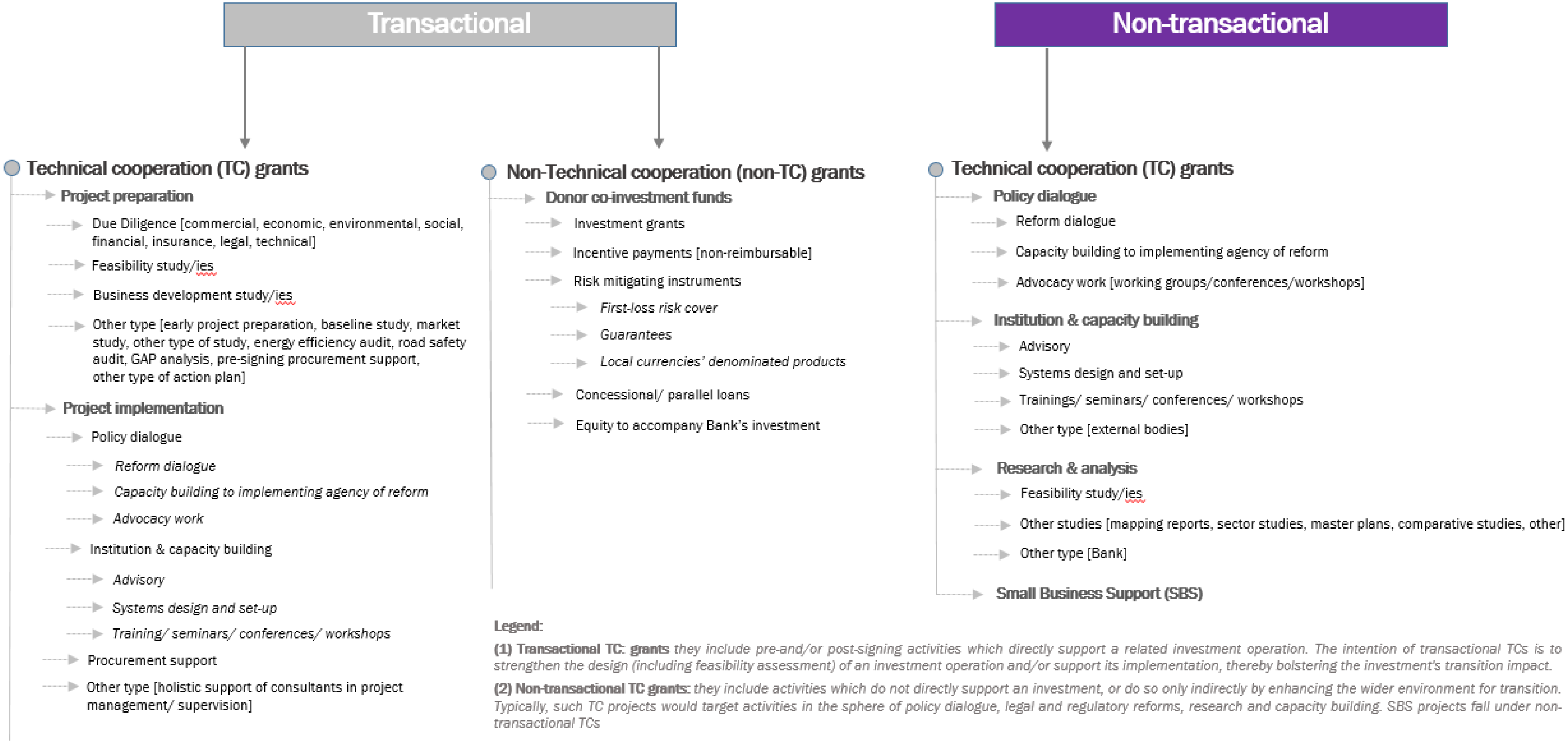
Rationale

The Board of Directors has frequently called for more clarity on what the SSF is actually supporting, with some describing the SSF as a "black box". A clearer and more granular overview of what the SSF has funded responds directly to the broader issue of needs analysis underpinning the design of Work Plans. A more granular analysis also offers more opportunity to address certain concerns about the appropriate use of SSF funding – such as the extent to which it has been used to support larger private corporates that, in theory, should have benefited from it only in limited cases. Therefore, EvD believes this mapping adds significant value for several reasons.

Operationalisation of the approach

At the outset, the evaluation team designed a bespoke taxonomy of SSF-funded assignments relying on, among others, DCF guidelines and definitions of specific type of activities falling under the category of transactional/non-transactional TCs and co-investment funds, as well as the EBRD Glossary. Figure A4.1 presents the diagram with final taxonomy that guided the actual process of mapping 560 SSF-funded assignments. The mapping itself drew on the project/assignment descriptions available in the TCRS, supported by cross-checks in Deal Tracking Module (DTM) data. Due to data limitations, it relied heavily on the judgement of the evaluation team and results should be seen as approximations rather than exact figures. Annex 4.1 provides the methodological note offering more details on the approach, as well as also some caveats and limitations.

Figure A6: SSF – taxonomy of funded assignments



Source: Designed by EvD.

Step 1: The mapping exercise began with the DCF 007 dataset available at Data Warehouse and selection of a sample of 560 assignments funded under the SSF 2019-20 WP. Coverage of earlier WPs was not possible due to the time-consuming nature of the exercise and the limited resources of the evaluation team.

Step 2: The evaluation team designed a diagram outlining a detailed typology of SSF-funded assignments (see Figure A6) to set up a consistent framework allowing more granular categorisation of each assignment (primarily its type) based on individual description of each assignment available in the TCRS (occasionally checked against DTM as well). Before the actual mapping exercise began, the diagram was discussed with and validated by the DCF team.

Step 3: Undertaking the pilot of the approach (including the fit of specific labels in the diagram) based on the subset of 60 assignments, and subsequent refinement.

Step 4: Main mapping stage of 500 assignments.

Due to patchy and often inconsistent descriptions of the individual assignments in the TCRS, the evaluation team had to apply some rules and considerable judgement, in particular while interpreting and labelling the typology of a given assignment. For instance:

- Transactional vs non-transactional TC – EvD took the pool of non-transactional TC from WP 2019-20 and made a further determination whether these were wholly non-transactional, contributing to a wider investment climate or transition objective, mis-tagged as such, or whether they had a clear pathway to (in some case already defined) investment (pre-transactional). When this deeper nuance was given, almost a fifth of non-transactional TC were given further tags.

Box A6: Issues with taxonomy of transactional and non-transactional TC

Non-transactional TCs are defined as TC activities that do not directly support an investment (by being approved as part of the investment package and transition objectives) or do so only indirectly by enhancing the wider environment for transition. Typically, such TCs would target activities in the sphere of policy dialogue, legal and regulatory reforms, research and capacity building.

Previous studies – including notably the Policy Engagement Study on SEMED – have partially addressed issues with this broad nomenclature. The blunt delineation between non-transaction and transactional is an administrative tagging but, as a result, leaves much of the story untold. Many types of TCs funded as non-transactional TCs are related to investment, either existing or potential, and could be better tagged and tracked as such to help the Bank optimise its priorities in any of the economies where it operates.

- Project preparation vs implementation stage – while TCRS categorises each assignment by the stage at which it supports a project (preparation vs implementation), EvD found some examples of incorrect or ambiguous categorisation.

- Policy dialogue – an assignment was categorised as policy dialogue if it met the EBRD's working definition of policy engagement as last defined by the enhanced Approach 2015 SGS15-220 (and reviewed both in 2017 and during the evaluation of policy work in SEMED).

The paper defined policy reform dialogue (policy engagement) as follows: Within its mandate and leveraging its knowledge, investment experience and local presence, the Bank speaks with the authorities in the EBRD regions and promotes a dialogue between the public and private sectors to help identify policy and institutional challenges to transition to open market economies and private sector-led sustainable and inclusive growth. To do so, the EBRD helps induce or reignite reforms and supports the formulation of new or amended policies, legislative and regulatory frameworks and their implementation.

- Institution and capacity building – an assignment was categorised as institution and capacity building if it consisted of capacity-building technical assistance to institutional counterparts that is not in support of the implementation of particular policy reforms supported by the Bank.

Sixty assignments were excluded from the final sample used for the reporting (Figure 10) due to their distinct characteristics that did not fit into the mapping typology or insufficient information available in the TCRS that would allow their categorisation.

Annex 6.2: Limitations

- Descriptions of the SSF-funded assignments in the TCRS provided by OLs[73] were at times inconsistent and/or incomplete. This may have affected the accuracy of the mapping, especially for typology of assignments.
- Some assignments involved more than one type of activity, which hinders a very precise estimation of the share of each activity in the total funding allocated to such assignment.

[73] Or other staff delegated to do the reporting.

Annex 7: SSF support to CRS

This Annex contains the list of operations supported with the capex grants funded from SSF CRS (Annex 7.1), EvD assessment of the key reasons behind the low disbursement rate under Pillar I CRS (Annex 7.2) and underlying rationale and key outputs/outcomes/impacts from CRS projects under Pillar I that have been already completed (Annex 7.3).

Annex 7.1: Operations supported with the capex grants funded from SSF CRS

#	Project name	Type [client]	Country	WP	Approval date	Signing date	Total project amount	Grant intensity*	SSF amount	SSF disbursement rate [data as of December 2021]	Project status
1	West Irbid Wastewater	Construction of a sewage collection network and lift stations [Water Authorities in Jordan]	Jordan	2016 + 2017	31/10/2017	20/12/2017	€53,200,000	52%	€5,900,000	0%	**Not started**
2	Ain Ghazal Wastewater Project	Construction of a new 30.4 km wastewater conveyor from Ain Ghazal Treatment Plant to As-Samra [GAM]	Jordan	2016	22/11/2016	28/12/2016	€51,100,000	53%	€4,635,853	0%	**Early implementation stage**
3	Gaziantep Solar Project	Construction of a solar photovoltaic plant for Gaziantep city own consumption [Gaziantep city]	Türkiye	2018	30/11/2021	15/12/2021	€17,000,000	40%	€7,000,000	0%	**Not started**
4	GAM Solid Waste Crisis Response - LFG Expansion	Design and construction of an extension to the existing biogas system at Al Ghabawi landfill [GAM]	Jordan	2017	28/09/2018	29/11/2018	€7,600,000	50%	€3,700,000	84%	**Completed**
5	GAM Lagoon Remediation Project	Remediation and prevention of a contaminated lagoon in densely populated area east of Amman [GAM]	Jordan	2017	12/11/2019	19/12/2019	€16,400,000	62%	€10,100,000	0%	**Early implementation stage**

6	GAM Solid Waste Crisis Response T2 – Equipment	Purchase of new fleet of 75 refuse collection vehicles and other equipment to use at Al Ghabawi and Amman solid waste collection systems [GAM]	Jordan	2017	15/12/2017	09/05/2018	€27,200,000	46%	€6,100,000	73%	**Completed**
7	GAM Solid Waste Crisis Response – Sweepers	Purchasing 25 sweepers for use at GAM's solid waste management operations [GAM]	Jordan	2018	08/11/2019	19/12/2019	€6,200,000	48%	€3,000,000	58%	**Completed**
8	Amman Bus Project	Financing the purchase of 150 buses (of which 17 are electric) for the city of Amman [GAM]	Jordan	2018	15/12/2020	31/12/2020	€21,100,000	38%	€8,000,000	0%	**Early implementation stage**
9	Mersin CNG Bus Project	Financing the purchase of 100 CNG buses for the city of Mersin [Mersin city]	Türkiye	2018	09/11/2021	09/12/2021	€22,000,000	32%	€7,000,000	0%	**Late implementation stage**
10	GAM Solid Waste Crisis Response - Al Shaer Waste Transfer Station	Financing the upgrade of the Al Shaer Waste Transfer Station [GAM]	Jordan	2018	08/11/2019	19/12/2019	€6,700,000	47%	€3,120,000	0%	**Not started**
11	Gaziantep CNG Buses	Purchase of CNG buses for Gaziantep city [Gaziantep city]	Türkiye	2016	20/07/2016	01/11/2016	€11,795,348	42%	€5,000,000	100%	**Completed**
12	Hatay Water	Rehabilitation of water collection network in Samanda [Hatay city]	Türkiye	2017	26/04/2018	20/06/2018	€15,500,000	20%	€850,000	73.46%	**Late implementation stage**

Annex 7.2 EvD assessment of the key reasons behind the low disbursement rate of CRS Pillar I

Factor 1: Client capacity

The team in the Resident Office in Amman identified client capacity as the top challenge in implementing CRS-supported investment operations. The Greater Amman Municipality carried out seven of eight projects in Jordan and needed considerable support to prepare and implement these projects. GAM, which was itself undergoing a major overhaul in 2017-18, also faced additional pressure due to the rapid increase in local population and related demand for its services. Insufficient technical expertise and lengthy processes, including multiple layers of approvals required by the local authorities, further delayed some projects.

Factor 2: Technical complexity of projects

Some of the investment operations supported with capex grants funded under CRS were relatively complex and technically challenging projects. More demanding and lengthier due diligence, elaborate procurement processes and complicated engineering works increased the risk of delays at the outset.

EvD found that many projects relied heavily on the support of TCs, such as consultants' support on due diligence and feasibility studies and project implementation units. This was generally a sound approach, although in a few cases, a substantial number of TCs, including some not related to project implementation per se, were overwhelming for the client (GAM) given its suboptimal capacity.

Factor 3: Capacity of the local team in Amman Resident Office

Interviews with local donor community representatives in Jordan suggested that the capacity of the team in the Amman RO has been stretched, potentially adding to delays. While some local donors praised the team's technical expertise and knowledge of the local context, the increase in the number of projects managed by the local team was not accompanied by an increase in staffing level.

Factor 4: External factors affecting projects' preparation and implementation

Frequent electoral cycles that led to changes among key decision-makers at GAM and central authorities, along with the Covid-19 pandemic, further amplified the issues of client capacity.

Annex 7.3: Pillar I – completed projects – underlying rationale and materialised results/outcomes/impacts

GAM Solid Waste Crisis Response – Land Field Gas Expansion at Al Ghabawi **Country:** Jordan **Client**: GAM
Scope: Design and build an extension to the biogas system at Al Ghabawi landfill. Underlying issues addressed by the project: Amman saw an increase of around 80 per cent in solid waste generation between 2012 and 2018, in line with a population that doubled between 2004 and 2015. The capacities of the Al Ghabawi landfill, the only operational transfer station in Amman at Al Shaler, were overstretched to the extent that absence of safeguarding works and an increase in capacity risked an environmental disaster. Examples of results/outcomes/impacts materialised: - The upgraded Al Ghabawi site has served the population of 5.5 million people, including a half-million Syrian refugees. - The upgraded site became compliant with the EU Landfill Directive, first of a kind project in Jordan, with potential demonstration effects. - The project has reduced various environmental, health and safety risks associated with adverse air emissions, unpleasant odours, potential landfill fires and explosions due to uncapped cells. - Three new power generators installed as part of the project, generating about 26,000 MWh of additional energy a year from renewable sources, equal the annual energy consumption of around 15,000 people in Jordan.[74] - Reduction in greenhouse gas emissions by more than 270,000 tonnes of carbon dioxide equivalent annually.
GAM Solid Waste Crisis Response – Sweepers **Country:** Jordan **Client:** GAM
Scope: Purchasing of 25 sweeper vehicles for use in Greater Amman Region. Underlying issues addressed by the project: Rapid raise in solid waste production in Amman put further pressure on GAM's infrastructure, including cleaning of roads and public areas. Examples of results/outcomes/impacts materialised: - The 25 new sweepers increased GAM's coverage area from 30 per cent to 80 per cent of Amman's 22 residential districts, also ramping up the quality and efficiency of cleaning services. - It allowed some cleaning workers to be shifted to areas that were insufficiently covered, including three refugee camps. - Increase health and safety of GAM's manual labourers. Sweepers have been deployed in high-risk areas (such as highways) with high accidents rates, including three to four deaths annually before the investment.

[74] As per Enerdata, annual per capita consumption in Jordan in 2019 was 1,780 kWh. Available at: https://www.enerdata.net/estore/energy-market/jordan/

GAM Solid Waste Crisis Response T2 – Equipment **Country:** Jordan **Client:** GAM
Scope: Purchase of 75 new refuse collection vehicles for use in Greater Amman Region. Underlying issues addressed by the project: Due to the rapid population increase, waste production was increasing an average of 5 per cent per annum between 2016 and 2018 while 44 per cent of the waste collection fleet used in Amman was 10 years or older (with an estimated life time of 15 years per truck). Examples of results/outcomes/impacts materialised: - 75 new vehicles increased the size of the waste collection fleet in Amman by 52 per cent. - The additional capacity of 75 new vehicles corresponded to an increase in coverage of waste collection by about 900,000 inhabitants, nearly a quarter of Amman's population, as of 2015. - New vehicles, compared to the old fleet, allowed significant efficiency gains in waste collection. - Less illegal dumping, inappropriate disposal and burning of solid waste. This has helped ease tensions between the host communities and refugees.
Gaziantep CNG Buses **Country:** Türkiye **Client:** Gaziantep City
Scope: Purchase of 56 CNG Busses for Gaziantep City. Underlying issues addressed by the project: - Gaziantep, located near the Syrian border, was often the first point of settlement for many Syrian refugees. Most refugees settled in the central districts of the city rather than the camps. - Gaziantep had and still has the second-largest Syrian refugee population (official figures indicate 464,000 currently) after Istanbul, which created capacity problems in public services. - An inefficient transport system combined with outdated public transport infrastructure and private operators (mini-bus companies) amplified traffic intensity and pollution. Examples of results/outcomes/impacts materialised: - 56 new buses increased the local bus fleet by 170 to 226 (a 33 per cent increase in fleet size). - A local population of more than 2.6 million, including 464,000 Syrian refugees, benefits from improved municipal bus services in the City of Gaziantep. - Modern CNG buses replaced diesel buses, increasing operational efficiency and reducing carbon dioxide emissions (improved air quality)

OFFICIAL USE

Annex 7.4: Results - sustainability

GAM in Jordan is the most prominent and illustrative example of challenges associated with the task. Investments in the solid waste and water sectors supported by SSF capex grants were accompanied by many ambitious TCs[75] covenanted in the loan agreements. These envisaged, among others, major corporate governance reforms including institutional overhaul and creation of a single solid waste management department at GAM, solid waste tariff reform in Amman with a reduction of municipal subsidies and revenue/cost ratio reaching 1.0x, a shift to higher quality financial management and reporting (including compliance with International Public Sector Accounting Standards), creation of a 10-year debt management strategy by GAM, pursuit of the credit rating by Amman City (the city intended to into the bond market in the midterm), and ultimately a privatisation of its solid waste management department. All of this was in the context of a highly turbulent environment and the relatively low capacity of GAM, which was already juggling some large-scale and complex infrastructural investments with a plethora of competing demands.

In hindsight, most of these conditions specified in TIMS turned out to be too much for GAM to absorb. Two-thirds of Transition Impact Monitoring System indicators (9 out of 14) had not been achieved as of mid-2022, and 6 had to be cancelled and replaced by more realistic ones. In addition, some TCs caused friction with the client as well as within the Bank (banking team and EPG). Generally, EvD found that the selection of TCs would have benefited from a more realistic and economic approach. A lower number of more prioritised and better sequenced TCs that avoided highly sensitive reforms such as tariff overhauls that, even in normal times, require considerable political capital and cross-governmental ownership, would have reduced the burden on both the client and some EBRD teams. Ultimately, this would have reduced delays in implementation of investments.

75 The EPG team strongly supported the addition of some.

Annex 8: Observations on shortcomings of sector-based SSF reporting

The following are examples of qualitative and presentational shortcomings of the new sector level reporting system:

- The report is 416 pages long and heavily narrative. Some unnecessary information is included, such as lists of approved projects (which are accessible elsewhere and, if removed, could free up many pages of the report). A summary of the report in a concise and digestible format would be highly beneficial for a busy reader and enhance learning.[76]
- The report structure does not allow effective integration of the SSF with the Bank's results framework. Splitting it up by sector implies that one cannot see other aggregated views of the SSF, for instance, by policy advice or country.[77]
  - The sectoral split may make it difficult to see the transition quality link, and differs from other Bank reports, such as CSDR. This stems from the fundamental issue outlined in Section 3.1.1 regarding the basis on which the SSF is planned – TQ or country level.
  - At times, analysis of the SSF alignment with SCF is insufficient. The SCF is mentioned only six times in the body of the report, even though the document states from the outset that the tracking of the WP against SCF is done on a quarterly basis. There is no mention of country strategies, CSDR or indeed importance of the SSF to engagement in the sector or the region/country and its country priorities. More generally, the lack of alignment with SCF results tracking was also brought up in the discussion at BAAC.
- Information across sectors is presented inconsistently at times. For example, ESD is the only department to look at SSF allocation by SCF theme.
- Reporting of results is generally limited to selected outputs and, sometimes, outcomes. Impacts are covered sparsely. The addition of a disbursement status subsection for all sectors is well warranted, though the information it currently contains is scant and explains the underperformance with only brief and generic content.
- Although 2022 is the first year that fully fledged sector level reporting is available, it is important to stress that the value of future reports will depend on readers' ability to track changes across time and WPs. This means reporting on absolute values should be complemented by some trends analyses and done consistently.
- Board survey responses indicate that Directors struggle to understand how much the SSF contributes to the SCF's various objectives, and the feeling is that this is due to the lack of distinct reporting.

[76] When asked in the survey to what extent Directors agree/disagree with the following statement "The new style of reports based on sectors provide appropriate learning and actions to improve SSF allocation and implementation", 18 per cent of respondents (N=20) agreed and the same share disagreed, while 41 per cent did not know/had no opinion and 24 per cent were neutral.

[77] When asked though the Board survey to what extent Directors agree/disagree with the following statement: "I can easily find information on SSF results in the Bank's countries of operations of my interest", 80 per cent of respondents (N=20) were either neutral or disagreed.