

# HIPCA INTERNAL REVIEW

HIGH IMPACT PARTNERSHIP FOR CLIMATE ACTION (HIPCA)  
INTERNAL REVIEW, 2024/25

## Contents

|                                                                  |    |
|------------------------------------------------------------------|----|
| <b>EXECUTIVE SUMMARY</b> .....                                   | 2  |
| <b>BACKGROUND</b> .....                                          | 7  |
| Introduction to HIPCA.....                                       | 8  |
| HIPCA Portfolio Overview .....                                   | 9  |
| Introduction to the Review.....                                  | 11 |
| Approach and Methodology.....                                    | 12 |
| <b>KEY FINDINGS</b> .....                                        | 15 |
| KEY FINDING #1: STRATEGIC RELEVANCE & COHERENCE.....             | 16 |
| KEY FINDING #2: RELEVANCE & COHERENCE OF THE BUSINESS MODEL..... | 17 |
| KEY FINDING #3: STRATEGIC DIRECTION .....                        | 19 |
| KEY FINDING #4: ALLOCATION.....                                  | 21 |
| KEY FINDING #5: REPORTING & RESULTS FRAMEWORK.....               | 23 |
| KEY FINDING #6: GENDER.....                                      | 25 |
| KEY FINDING #7: LEGAL & OPERATIONAL FRAMEWORK.....               | 28 |
| KEY FINDING #8: EXPECTED PORTFOLIO IMPACT.....                   | 31 |
| <b>RECOMMENDATIONS</b> .....                                     | 34 |
| Approach to recommendation development.....                      | 35 |
| Outline of Prioritised Focus Areas and Actions .....             | 35 |
| Other Points of Consideration .....                              | 37 |

## EXECUTIVE SUMMARY

This executive summary presents the key findings of the first internal review of the High Impact Partnership on Climate Action (HIPCA), as mandated under Article 22 of the HIPCA Partnership Framework. HIPCA, launched at COP26 in November 2021, is EBRD's multi-donor initiative dedicated to addressing climate change and environmental degradation across the bank's countries of operation.

The review assesses HIPCA's strategic positioning, operational effectiveness, and governance structures, with focus on three main questions:

1. Does HIPCA provide strategic additionality in regard to partnership options with EBRD?
2. Does HIPCA allocate, report, and monitor funds effectively and efficiently?
3. Are the required processes, governance frameworks, and procedures in place to ensure a high-impact multilateral partnership?

### **Key Findings**

#### **1. Strategic Relevance & Coherence**

HIPCA offers a unique value proposition through its flexible climate-focused partnership model. It serves as a one-stop shop for donors to access EBRD's climate offering across all regions and sectors. Its business model successfully combines bilateral flexibility with multilateral cooperation, allowing donors to align their climate commitments with specific priorities while benefiting from EBRD's operational expertise and coordinated platform efficiencies.

#### **2. Relevance & Coherence of the Business Model**

HIPCA's business model effectively accommodates both a diverse donor base and delivers high impact across multiple objectives and countries. Its hybrid approach combines tailored bilateral pipelines with programmatic multi-donor initiatives. The model's wide scope allows for both repayable and non-repayable contributions and deployment of various financial instruments across all EBRD countries and sectors. However, the hybrid model creates added complexity, which in turn requires significant coordination efforts from the Secretariat and limits opportunities to leverage synergies across the partnership. Going forward the complexity of the model needs to be managed to prevent it undermining the "Partnership Approach".

#### **3. Strategic Direction**

There is good mutual understanding of HIPCA's goals, but its medium to long-term strategic ambition could be further defined. The Partnership gets its strategic direction through various documents and has plans for specific workstreams. The Annual Work Plan is one of the main methods for providing annual direction. The document is appropriate for outlining non-programming workstreams, but an alternative approach is recommended, to better facilitate strategic discussions, on programming priorities.

#### **4. Allocation**

HIPCA's funding is being allocated effectively and efficiently, with all active projects pursuing at least one of the Partnership's primary objectives. Projects are expected to deliver significant results, including benefiting 14.5 million people, reducing 9.3 million tonnes of CO2 equivalent annually, and treating over 75 million m3 of wastewater yearly. HIPCA has also 62 active projects and allocated Euro 170m in funds – demonstrating its efficiency. However, there are opportunities to seek further efficiencies through streamlining the approval process, greater information sharing on project approval status and providing clearer guidance on "high impact" criteria.

#### **5. Reporting & Results Framework**

HIPCA's reporting and results framework align with OECD DAC criteria and provide comprehensive biannual reporting that meets contributor requirements. The HIPCA annual progress reports were also highly appreciated by donors. However, the framework could be enhanced to better capture cross-cutting themes

like nature, gender, and just transition, improve disaggregation of KPIs by gender, and provide more qualitative reporting on Technical Assistance projects.

## 6. Gender

Gender is well institutionalized as a cross-cutting priority in HIPCA, with 49% of projects in 2023 including gender and inclusive measures (exceeding EBRD's 30% target). Gender elements are present across all regions and thematic areas. However, reporting on gender outcomes could be improved. More comprehensive information on gender could be provided in the fiche and shared ambition and direction on gender could be established amongst contributors. A gender plan is in development and completion of this could help address these issues in conjunction with enhancing the HIPCA results framework and providing further guidance on the HIPCA High Impact criteria.

## 7. Legal & Operational Framework

HIPCA's governance framework allows it to sustain its unique business model and deliver on its strategic goals. Contributors are generally satisfied with current procedures. However, gaps have been identified in the framework's coverage, particularly around governance of non-programming issues, decision-making procedures, and handling project changes after approval. These gaps should be addressed in the next update of the operational framework.

## 8. Expected Portfolio Impact

Despite its early stage, the HIPCA portfolio demonstrates significant expected impact across climate action, environmental protection, and enabling policy environments. Projects are expected to reduce greenhouse gas emissions by 8.7 million tonnes of CO<sub>2</sub> equivalent annually, install 709 MW of renewable energy capacity, save over 5 million m<sup>3</sup> of water annually, and treat nearly 77 million m<sup>3</sup> of wastewater yearly. HIPCA's financial mobilization is exceptional, with €170 million in approved funding catalyzing €7.7 billion in co-financing. This demonstrated that HIPCA is on course to be impactful across climate, adaptation and environment.

## Conclusion on Key Review Questions

### Question 1: Does HIPCA provide strategic additionality in regard to partnership options with EBRD?

Based on the analysis conducted through this review, we conclude that **HIPCA is strategically additional**. It offers donors a clearly defined climate-focused partnership, streamlined access to EBRD's climate and environmental interventions, and an agile and unique business model that successfully combines multilateral coordination with bilateral flexibility.

The evidence of emerging impact across climate mitigation, adaptation, and environmental further demonstrates HIPCA's strategic value. Its programmatic initiatives highlight the Partnership's capacity to drive transformative change at scale by leveraging its flexible structure to address systemic barriers.

While there are opportunities to further enhance HIPCA's strategic direction, manage the complexity of its business model, and strengthen impact assessment approaches, the evidence strongly supports the conclusion that HIPCA provides valuable strategic additionality within EBRD's partnership landscape.

This is based on the following findings:

- As per **KEY FINDING #1 - STRATEGIC ADDITIONALITY** - it has a clear climate and environmental offering, with a comprehensive thematic and geographic coverage and provides a platform that streamlines donor access and coordination to EBRD climate and environmental efforts.
- As per **KEY FINDING #2 - BUSINESS MODEL**- HIPCA's unique business model is characterized It is setup to bring together the best of both a multilateral and bilateral approach, giving donors a unique

opportunity. It can both bring different Contributors and the EBRD together around shared thematic priorities through its programmes, as well as create bespoke bilateral pipelines to meet individual donor priorities. The flexibility of the HIPCA business model also adds to its additionality as donors can earmark their contributions towards specific regions or countries, for specific uses (investments and/or technical assistance), and thematic areas. Donors can also provide repayable contributions (i.e. concessional loans, but also other instruments, such as guarantees and equity) as well as non-repayable contributions (i.e. grants).

- As per **KEY FINDING #3 – STRATEGIC DIRECTION**- Members of the Partnership have a good mutual understanding of the goals and objectives of HIPCA. However, the Partnership can be enhanced through a focus on more strategic dialogues across its donor base and greater information flow on investment priorities.

## **Question 2: Does HIPCA allocate and report and monitor the funds effectively and efficiently?**

Based on the evidence gathered through this review, we conclude that **HIPCA is allocating funds effectively and efficiently**, and its reporting and monitoring systems are generally suitable. The Partnership has built an impactful portfolio that addresses its climate objectives while complementing donor priorities. Reporting mechanisms meet requirements set in the HIPCA framework, though there are opportunities to enhance the results framework to better capture HIPCA's full impact.

The Partnership has built a diverse portfolio that addresses its climate objectives while accommodating donor priorities. The substantial expected climate, environmental, and systemic impacts provide evidence that resources are being directed toward high-impact interventions aligned with HIPCA's objectives.

While there are opportunities to streamline the approval process, enhance the results framework, improve online visibility, and strengthen impact assessment approaches, the overall evidence supports the conclusion that HIPCA is managing its resources effectively and transparently, with a growing portfolio of interventions that are delivering meaningful results.

This is based on the following findings:

- As per **KEY FINDING #4: ALLOCATION**, HIPCA has allocated funding efficiently and effectively, and has built a portfolio of 62 active projects across 19 countries. HIPCA has built an impactful and effective portfolio as its projects speak to HIPCA's climate commitment and objectives well, whilst also complementing donors' priorities.
- As per **KEY FINDING #5: REPORTING** HIPCA's reports are well appreciated by donors, and they meet the requirements set out in the HIPCA framework. As per **KEY FINDING #7: OPERATIONAL FRAMEWORK**, the Partnership has strengthened its visibility and information flow and is considered satisfactory, but there is demand for greater sharing of information and online presence.
- However, as per **KEY FINDING #4: ALLOCATION** and **KEY FINDING #7: OPERATIONAL FRAMEWORK** the business model is considered complex and careful and proactive management of bilateral demands is required, simplifying the approval process and strengthening the secretariat's capacity will be important to keep the administrative complexity at manageable level and prevent undermining of the Partnership's overall effectiveness and efficiency.

**Question 3: Are the required processes, governance frameworks and procedures in place to ensure that a high impact multilateral partnership is developed?**

Through this review, we conclude that **HIPCA has established appropriate processes, governance frameworks, and procedures that are generally adequate for developing a high-impact multilateral partnership.**

The Partnership has a suitable legal and operational framework, effective approval and allocation processes, and comprehensive reporting mechanisms. The evidence presented demonstrates that these frameworks and procedures are enabling HIPCA to deliver substantial expected impact across climate mitigation, adaptation, and environmental dimensions. The Partnership's exceptional leverage ratio, growing portfolio of diverse interventions, successful programmatic initiatives, and strong performance on gender inclusion all indicate that the governance structures are supporting high-impact outcomes. However, as HIPCA evolves and grows, its operational framework would benefit from periodic updates to address identified gaps and enhance efficiency.

Moreover, HIPCA could enhance the reporting framework to better capture its potential impact. And whilst HIPCA has integrated Gender measures into its pipeline well, further steps are available to further integrate Gender within its framework and operations. This is based on the following findings:

- As per **KEY FINDING #7: OPERATIONAL FRAMEWORK**, HIPCA governance framework, on the whole, allows it to sustain its unique business model and deliver on its strategic goals. However, the review found that the operational framework may benefit from continued updates
- As per **KEY FINDING #4: ALLOCATION**, the approval, allocation, management, and disbursement processes have been found to be appropriate. Contributors have found the Secretariat and EBRD teams at large to be highly responsive. The Secretariat has shown to provide strong coordination efforts, ensuring that projects are progressing efficiently. However, there is space to increase efficiency of the approval process.
- As per **KEY FINDING #5: REPORTING**, the results framework has also been found to meet the requirements set out in the HIPCA framework through its biannual reports, with a strong alignment with the OECD DAC criteria. However, the Theory of Change (TOC) could be enhanced, and its indicators reviewed to capture a fuller picture of HIPCA's progress and impact, especially in regard to technical assistance measures and cross cutting thematic areas such as nature and gender.
- As per **KEY FINDING #6: GENDER**, although HIPCA has integrated gender into its operations and a good portion of its investments include gender measures, it could still further mainstream and strengthen the impact story on the gender and economic inclusion. This could be achieved by creating a shared understanding of EBRD's approach to gender and ambition level across HIPCA donors, better integrate gender into HIPCA's results framework, and enhance the project approval process to better consider gender expectations.

## **Recommendations**

Although HIPCA was found to be performing well, the review identified opportunities for continuing development. The recommendations below should help to further strengthen HIPCA's strategic additionality, effectiveness and efficiency in allocating funds and strengthen its reporting frameworks. The specific actions are:

### **Improving work planning and investment priority setting by:**

1. Restructuring the Annual Workplan document so it's focused on setting HIPCA secretariat deliverables
2. Changing the publication time of the Annual Work Plan to Q4 in order to align with the EBRD resource allocation and planning processes and the calendar year used for the annual reporting.
3. Setting out a systematic approach to conveying and discussing HIPCA investment priorities, separate from the annual work plan.

### **Seek further efficiency across the HIPCA approval process by:**

4. Presenting a fully worked up proposal for a tiered approval process that further streamlines the current approach, especially for technical assistance projects.
5. Present a fully worked up proposal that introduces new internal pipeline controls to better manage delays, increase efficiency and effectiveness.
6. Update internal operational guidance to provide further guidance on the criteria for 'High Impact' Projects and donor requirements on gender.
7. Enhance communication and visibility via the creation of a HIPCA page on the EBRD website and provide better access to HIPCA documents and pipeline information.

### **Enhance the results framework by:**

8. Updating and enhancing the HIPCA Theory of Change
9. Updating the list of HIPCA Key Performance Indicators (KPIs)
10. Aligning the results framework with SDGs, EBRD impact and GET reporting and HIPCA Gender considerations/plans

Furthermore, it is recommended that HIPCA should:

- Continue with already planned workstream and to create a gender plan and initiate annual strategic bilateral dialogues with donors
- Ensure, in regard to the 5-year independent evaluation: a comprehensive comparison of HIPCA's performance against other EBRD funds and partnerships through a statistical benchmarking exercise and a focus on 'Sustainability' as defined per OECD evaluation criteria.

# BACKGROUND

## Introduction to HIPCA

The High Impact Partnership on Climate Action (HIPCA) is EBRD's multi-donor initiative dedicated to addressing climate change and environmental degradation across the bank's countries of operation. Launched at COP26 in November 2021, HIPCA serves as a strategic platform for coordinating climate finance and advancing three primary objectives:

1. Supporting investments and policy solutions that reduce or prevent greenhouse gas emissions and protect the environment.
2. Enhancing adaptive capacity, strengthening resilience, and reducing vulnerability to climate change.
3. Creating and reinforcing enabling environments that unlock the private sector to act as an agent for climate and environmental action.

HIPCA's business model is designed to deliver high climate ambition and leadership through a unique value proposition that combines a 'Whole of EBRD' approach with bilateral flexibility embedded within a multilateral partnership framework. The model delivers High Impact by systematically addressing funding gaps, catalyzing higher ambition, and leveraging synergies across EBRD and partners.

Since its inception in 2021, HIPCA has grown rapidly to become a central pillar of EBRD's climate finance architecture:

- As of December 2024, HIPCA has secured approximately €420 million in financial commitments from twelve contributors: Austria, Canada, Finland, Germany, Korea, Netherlands, Norway, Spain, Switzerland, Taiwan, the United Kingdom, and the United States of America.
- The portfolio has expanded to 62 active projects across 19 countries and 2 regions, covering all HIPCA's thematic areas including Energy Systems, Sustainable Food Systems, Cities and Environmental Infrastructure, Natural Capital, and more.
- HIPCA's funding model combines both repayable and non-repayable contributions, allowing for deployment of a wide range of financial instruments including equity, risk sharing, investment grants, and concessional loans.
- The partnership launched two significant programmatic initiatives in 2024: the Programmatic Approach to Clean Energy (PACE) initially focused on Central Asia, and HIPCA Nature, supporting Nature Based Solutions across all countries of operation.

HIPCA's unique positioning within EBRD's climate finance landscape stems from its ability to combine the strengths of multilateral coordination with the flexibility of bilateral partnerships, offering donors the opportunity to align their climate commitments with specific geographic or thematic priorities while benefiting from EBRD's operational expertise and the efficiencies of a coordinated platform.

## HIPCA Portfolio Overview

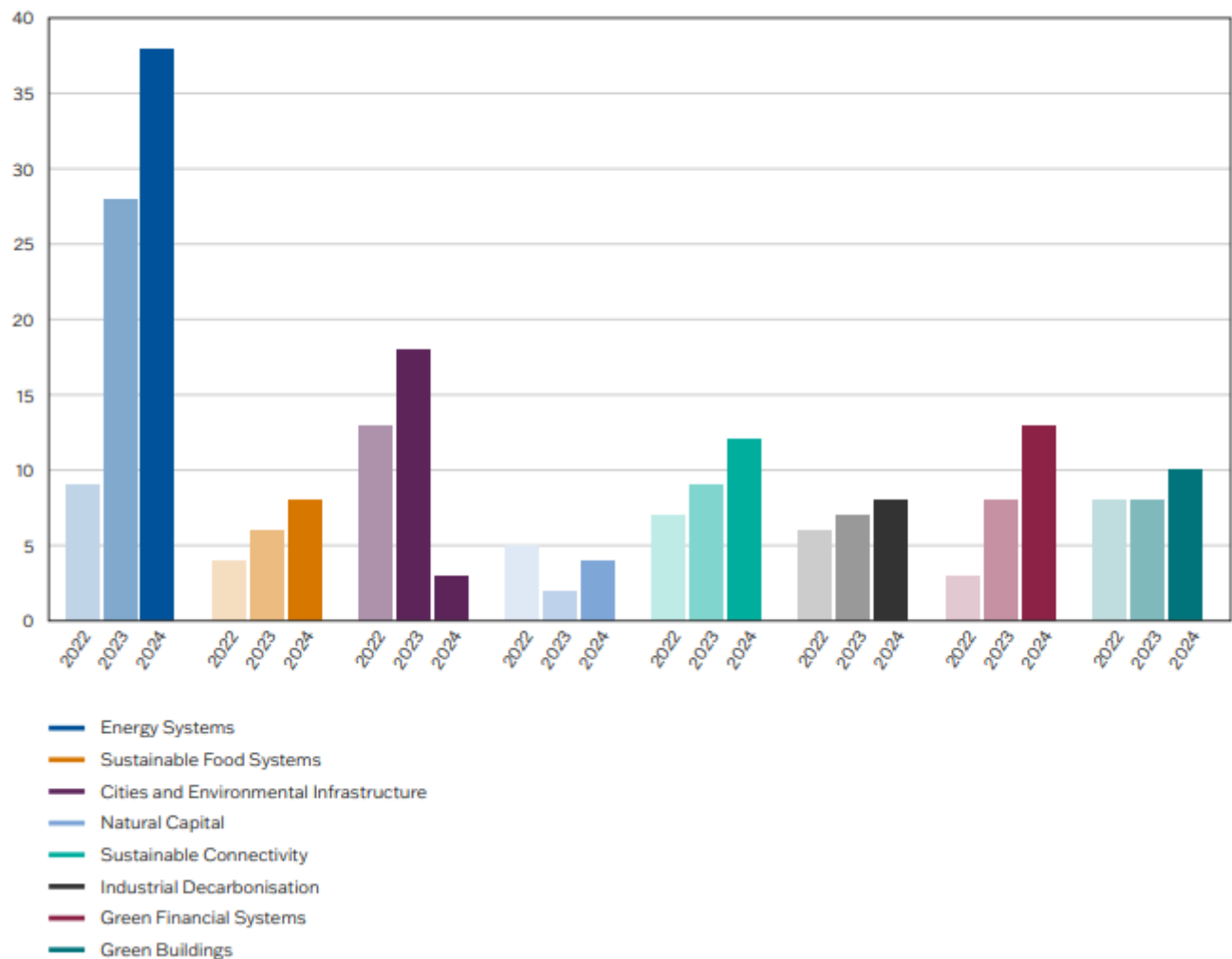
**Contributor Overview:** HIPCA partnership consists of 12 contributors (Austria, Canada, Finland, Germany, Netherlands, Norway, Republic of Korea, Spain, Switzerland, Taipei China, United Kingdom, United States of America).

**Financial Overview:** Contributions have now reached a total of €420m with the portfolio consisting of 62 active projects with a total funding of €170m approved to date and €26m disbursed so far. Of the 420m in contributions, 85% is for loan investments and 15% for capex grants and technical assistance. HIPCA's €170m contributions have unlocked €7.7bn in co-financing.

**Geographic and Thematic Overview:** The HIPCA portfolio is well diversified by geography and thematic area. HIPCA projects span across 19 countries and 2 regions. Egypt (14), Uzbekistan and Jordan (5 each) continue to be countries of operations with the most projects. In addition to specific country projects, there are 9 Southern and Eastern Mediterranean (SEMED) regional projects.

Thematically, energy systems are the greatest thematic area of focus in the portfolio. However, all other thematic areas are also well represented in the portfolio, as illustrated in the diagram below.

### Thematic projects comparison (2022 - 2024)



**Results Overview:** The portfolio is expected to be impactful:

- On Climate Mitigation, HIPCA projects are expected to result in more than 700MW of newly installed renewable energy capacity and savings of more than 8 million tons of CO<sub>2</sub> e per year.
- On Climate Adaptation & Resilience, HIPCA projects are expected to save more than 5 million m<sup>3</sup> of water per year.
- On Environmental Degradation, HIPCA projects expected to treat, reduce or avoid 76,964,900 m<sup>3</sup> of wastewater

The graphic below summarises the expected results for the portfolio as of Dec 2024.



## Introduction to the Review

This internal review is mandated under Article 22 of the HIPCA Partnership Framework, which stipulates that "The Bank will carry out an internal review of the Partnership every three years since its launch in 2021." As HIPCA approaches its third anniversary, this review provides a timely opportunity to assess the partnership's progress, identify strengths and areas for development, and formulate recommendations to enhance its effectiveness and impact.

The purpose of this first Bank-led internal review is to assess whether HIPCA's strategic approach, operations, and governance structure effectively foster the establishment and growth of a high-impact partnership. Given the relatively early stage of HIPCA's portfolio development, this review does not attempt to evaluate the impact of individual projects. Rather, it focuses on the partnership's strategic positioning, operational effectiveness, and governance structures. A more comprehensive and independent evaluation of project impacts is planned for 2026, when the portfolio will have matured further.

### Review Questions

The review addresses three main questions, each with several sub-components:

1. **Does HIPCA provide strategic additionality in regard to partnership options with EBRD?**
  - Is HIPCA's offer clear and additional within EBRD's wider suite of donor funds on climate and environment?
  - Does HIPCA have a clear strategic direction for the medium term that aligns with its objectives?
  - Is HIPCA's business model additional, balanced, and centered on EBRD's strengths?
2. **Does HIPCA allocate and report and monitor the funds effectively and efficiently?**
  - Does the portfolio speak to HIPCA's objectives and donor priorities?
  - Are the project criteria still appropriate?
  - Are projects effectively scrutinized against criteria and objectives?
  - Does reporting meet requirements?
  - Are non-programming activities delivered effectively?
  - Do information flows enable effective portfolio development and monitoring?
3. **Are the required processes, governance frameworks and procedures in place to ensure that a high impact multilateral partnership is developed?**
  - Are approval, allocation, management, and disbursement processes effective and efficient?
  - Are there gaps or need for clarity in the HIPCA framework regarding operations and decision-making?
  - Are provisions for measuring impact sufficient?

## Approach and Methodology

### Review stages

The internal review followed a two-stage approach as outlined in the Terms of Reference:

**Stage 1:** Assessment of HIPCA's strategic additionality, operational effectiveness, and process adequacy to highlight key strengths and areas for development.

**Stage 2:** Identification, assessment, and further development of actionable recommendations to support HIPCA's evolution.

### Timeline

- **October-November 2024:** Data collection phase including document review, questionnaire distribution, and initial consultations
- **November 2024:** Analysis of initial findings
- **December 2024:** Presentation of preliminary findings to HIPCA Steering Committee
- **January-March 2025:** Complete findings report
- **April 2025:** Findings report and focus areas shared with contributors for discussion on priority focus areas
- **May-August 2025:** Develop recommendations and finalise review report

The phased approach allows for iterative development of findings and recommendations, with regular stakeholder input throughout the process to ensure relevance and accuracy.

### Alignment with OECD DAC Evaluation Criteria

The questions and Terms of Reference (ToR) were designed using the OECD DAC criteria as guidance to ensure that the review is tailored to suit both the HIPCA context and the focus of this internal review, whilst trying to align with the OECD Development Assistance Committee (DAC) criteria for evaluating development assistance.

The six core OECD DAC evaluation criteria:

- **Relevance:** The extent to which an intervention's objectives and design respond to beneficiaries' needs, global priorities, and partners' policies.
- **Coherence:** The compatibility and synergy of the intervention with other interventions in the same context by the same or other actors.
- **Effectiveness:** The extent to which the intervention achieves its intended objectives and outcomes.
- **Efficiency:** The degree to which resources (funds, expertise, time) are used economically and timely to achieve the desired results.
- **Impact:** The broader, long-term effects of the intervention—positive or negative, intended or unintended—on individuals, communities, and systems.

- **Sustainability:** The likelihood that the benefits of the intervention will continue after external support has ended.

## Mapping Research Questions to OECD DAC Criteria

### Question 1: Does HIPCA provide strategic additionality in regard to partnership options with EBRD?

This question primarily addresses the **Relevance** criterion by examining whether HIPCA fills a distinct and valuable niche within EBRD's climate finance architecture. It also assesses whether its business model leverages EBRD's institutional strengths. The question also addresses **Coherence** by examining how HIPCA complements EBRD's existing climate finance instruments.

### Question 2: Does HIPCA allocate and report and monitor the funds effectively and efficiently?

This question combines elements of both **Effectiveness** and **Efficiency**. It examines whether HIPCA's portfolio is delivering on stated objectives (effectiveness) while using resources optimally (efficiency). This question also speaks strongly to the **Impact** criterion

### Question 3: Are the required processes, governance frameworks and procedures in place to ensure that a high impact multilateral partnership is developed?

This question primarily addresses **Effectiveness** and **Efficiency** through its focus on operational processes and governance structures. It also connects to **Impact** and **Sustainability** by examining whether HIPCA's results framework adequately captures its contributions to climate action.

This mapping demonstrates how the review's structure ensures comprehensive coverage of the OECD DAC criteria while ensuring the review is useful by tailoring it to HIPCA's context.

## Methodology

The methodology was designed to collect both quantitative and qualitative evidence from multiple sources, enabling triangulation of findings to ensure robustness. The review process was designed to be inclusive, involving extensive consultation with stakeholders to ensure diverse perspectives were considered.

## Data Collection and Analysis Methods

The review employed a mixed-methods approach, combining multiple data sources:

1. **Document Review:** Comprehensive analysis of key HIPCA documents including the Partnership Framework, Annual Work Plans, steering committee minutes, project documentation, and results reports. The review team also examined relevant EBRD strategies and policies, particularly in regard to Gender.
2. **Portfolio Analysis:** Quantitative and qualitative analysis of the HIPCA portfolio via the 2024 annual report, examining geographic and thematic distribution, financial allocations, expected results, and implementation progress. This included analysis of project cancellations and delays to identify patterns and potential process improvements.
3. **Stakeholder Questionnaires:** Structured questionnaires were distributed to key stakeholder groups:
  - Contributor questionnaire (7 responses received, representing 70% of HIPCA contributors\*)
  - EBRD internal teams' questionnaire (7 consolidated responses from banking teams, sector and impact specialists, representing all the major banking division and most of the teams HIPCA work with most closely)

4. **Bilateral Consultations:** In-depth discussions with both contributor and EBRD stakeholders also contributed to the inputs collected and helped to further explore themes emerging from questionnaire responses.
5. **Ad Hoc Donor Working Group:** Two working groups (internal review and gender) working group comprising representatives from seven contributor countries (UK, Canada, Germany, Netherlands, Austria, Switzerland, and Finland) was established to provide ongoing input and feedback throughout the review process.

The data analysis employed a triangulation approach, cross-referencing findings from different data sources to identify consistent themes and patterns. This approach helped ensure the validity of findings while mitigating potential biases from any single source.

### **Review Team and Stakeholder Engagement**

The review was led by the HIPCA Secretariat, drawing on expertise from across EBRD to ensure comprehensive coverage of strategic, operational, and technical aspects:

- HIPCA Secretariat: Provided overall coordination and leadership, including primary data collection, analysis, and report drafting.
- EBRD Internal Evaluation Department: Provided methodological guidance and evaluation of the HIPCA results framework and effectiveness of the portfolio.

### **Limitations**

The review had two main limitations that should be acknowledged:

1. **Portfolio maturity:** Given HIPCA's relatively recent establishment, many projects are in early implementation stages, limiting the ability to assess actual impacts.
2. **Methodological constraints:** The review relies primarily on self-reported data from questionnaires and internal documentation, which may introduce biases. While triangulation methods were employed to mitigate this, the absence of field visits or direct beneficiary feedback and in depth statistical analysis limits the depth of analysis.

# KEY FINDINGS

## KEY FINDING #1: STRATEGIC RELEVANCE & COHERENCE

HIPCA is strategically relevant and coherent. It offers donors a climate-focused partnership, streamlined access to EBRD's climate and environmental interventions, and an agile and unique business model.

### 1.1 - HIPCA excels at being the partner of choice for climate action within EBRD

- HIPCA offers a very flexible instrument with a clear focus on climate action that allows the Partnership to meet donor climate finance requirements while combining them with the advancement of EBRD's climate commitments. The Partnership provides a platform to tackle sustainable development issues via a climate, environment, and nature nexus.
- HIPCA acts as a one-stop-shop for donors for EBRD's climate offering, this allows donors to coordinate and streamline their engagement with EBRD across the whole green spectrum, in all of EBRD's countries of operations and through all financial instruments.
- HIPCA has been successful at aligning itself with the priorities of its donors, becoming a vehicle that complements individual climate commitments while offering synergies of a multi-donor partnership. *"[HIPCA] has helped us consolidate our trust fund portfolio, reduce administrative load, and gain insight into other donors' perspectives while maintaining an overview of activities within HIPCA's thematic areas." (Donor questionnaire response).*

### 1.2 - HIPCA's characteristics offer flexibility to donors and EBRD banking teams alike

- HIPCA's business model combines a tailored bilateral pipeline with a programmatic approach, which allows for greater flexibility while also being able to mobilise resources from various contributors for a particular strategic need – as is the case with its Programmatic Approach to Clean Energy (PACE) or its Natural Capital program.
- Its partnership approach provides a platform for contributors and stakeholders to share knowledge and exchange best practices. This is particularly relevant given HIPCA's aspiration to influence the wider landscape.
- HIPCA is flexible and agile. It's able to accept both repayable and non-repayable contributions and can deploy a wide range of financial instruments, making it attractive to a wide base of donors and projects. Furthermore, its eligibility scope is broad and donor approval can be requested early in the project development cycle, making the HIPCA process much more flexible and dynamic than the processes found in other global funds. This is particularly significant for EBRD's private sector finance focus.

## KEY FINDING #2: RELEVANCE & COHERENCE OF THE BUSINESS MODEL

HIPCA provides a unique business model tailored to accommodating and bringing together both a diverse donor base and delivering high impact on a wide set of objectives and country of operations.

### 2.1 – Best of both the bilateral and multilateral approach.

- HIPCA's business model is characterized by providing an offering that combines both a tailored bilateral pipeline approach to donors through a bilateral pipeline, as well as a multi-donor approach through its programmatic offering.
- *"HIPCA is unique to provide both: individual donor earmarked project opportunities and - more recently – strategic thematic interventions jointly financed by all or several donors. The proposed business model is attractive to donors, as it can respond to specific donor needs within the earmarked component while also addressing more strategic climate related topics important to all donors" (donor questionnaire response).*
- This provides a high degree of flexibility to donors, allowing them to build a portfolio aligned with their individual priorities, whilst leveraging the strengths of a multi-donor approach. *"Their approach is unique within the EBRD climate landscape and is rarely found in the wider landscape" (donor questionnaire response).* There is unanimous support amongst donors to maintain this unique characteristic of the HIPCA business model.

### 2.2 – HIPCA possesses an impressively wide scope and a high level of flexibility within the business model

- HIPCA allows for:
  - Contributions to be used as grants and loans to finance policy work, technical assistance and investments
  - A variety of financial instruments: equity, risk sharing, equity, investment/incentive grants and concessional loans.
  - The Partnership to serve all of EBRD's countries and sectors of operations.
- *"HIPCA is tailored to support both adaptation and mitigation initiatives, can be used to leverage private sector finance, and supports gender integration and inclusion" (donor questionnaire response).*
- Donors states that this strength is further enhanced by the comparative flexibility and agility of the HIPCA approval process. This wide scope and flexibility in the business model provides HIPCA the ability to both have a diverse donor base and be impactful and innovative and is key to enabling HIPCA to be impactful across the Climate, Environment and Nature nexus across all of its countries of operations.

### 2.3 – The business model is relatively complex and requires a high level of coordination

- The Partnership accommodates both hard (via the contribution agreement) and soft programming preferences (outside the contribution agreement). The Contribution Agreements allow donors to

reflect priorities in terms of thematic areas, geographic scope and financial instruments. Contributors also express other preferences (such as particular technologies or a focus on specific objectives such as adaptation or nature or other domestic policy requirements such as gender or supply chain policies) informally to the HIPCA Secretariat.

Although this allows HIPCA to meet donor priorities, it increases the complexity of the business model and the operations of HIPCA. The greater the number of individual preferences by donors, the harder it will be to drive synergies between different contributions. And as the donor base increases and if donors continue to expect soft preferences to be accommodated there is both a risk that this strength may start to hinder the ability to leverage the partnership approach due to incompatibility between the resources provided by different donors and undermine the ability to develop the portfolio in a strategic fashion. This is a particular concern raised by EBRD banking teams, whilst increasing synergies has been raised by contributors as a goal by several donors.

- The complex approach of HIPCA also requires high degree of coordination efforts from the Secretariat to ensure effective operations – EBRD project teams have stated *“that the strong coordination efforts of the HIPCA secretariat have been essential for effective and efficient pipeline management and progress”* (internal questionnaire response). A rapid growth and trajectory of continued rapid growth of the portfolio requires further investment into building capacity for the Secretariat to coordinate effectively.

#### Focus areas for developing recommendations:

- FA 2.1 – The Secretariat should continue to monitor the level of complexity and its impact on the ability of the Partnership to combine and leverage the different contributions of the donors. The Secretariat should also continue to work with donors to develop shared understanding with contributors on limiting the introduction of soft donor preferences.

## KEY FINDING #3: STRATEGIC DIRECTION

There is good mutual understanding of the goals and objectives of the Partnership, yet its medium to long term strategic ambition and direction could be further defined

3.1 – There is no consolidated medium term strategy document for HIPCA, which could be beneficial if the Partnership starts to pursue an ambitious non-programming agenda

- HIPCA does not have a document setting out a strategic direction. However, some key strategic parameters are found across various documents:
  - Partnership Framework: Details HIPCA’s strategic objectives, thematic areas and countries of operations.
  - Annual Work Plan: Defines priority thematic areas and workstreams being undertaken that year. This includes an indicative pipeline to serve the priority areas
  - The Communication and Visibility plan: Outlines the communication and visibility activities HIPCA projects may undertake.
  - A Gender plan is also being currently formulated

3.2 – HIPCA Annual Work Plan (AWP) is considered useful for setting out non-programming workstreams and priorities for the secretariat on an annual basis

- Input from donors suggest that The AWP is a useful document, yet it is not the most effective one to share EBRD programming priorities as the indicative pipeline does not translate into the HIPCA pipeline. Furthermore the AWP could benefit from efforts to facilitate greater discussion at the steering committee on annual priorities rather than being used to just present secretariat workstreams .
- More specifically the Work Plan was found to lack two elements: resource allocation and concrete targets. The AWP may want to consider detailing a clear breakdown of the financial and human resources required to implement the planned activities in order to align objectives with available funding and capacity. This would allow the Partnership to identify potential gaps, secure additional funding, or reallocate resources as needed to meet strategic objectives efficiently.

3.3 – Cultivating shared ambition and deepening strategic thought leadership is important for realising ‘higher benefits’ of the partnership approach beyond programming

- Input from contributors show that stakeholders show that they aware of the goals and objectives of the Partnership, however there is room to further cultivate the shared ambition for HIPCA.
- However, the contributors have stated that Partnership has more potential to deliver insights and thought leadership on EBRD priorities and technologies and market needs to advance global climate objectives.
- The deepening of the strategic ambition will benefit from the commitment to hold bilateral strategic dialogues with each donor. The feedback to this option has been overwhelmingly positive: *“the*

*HIPCA-Team proposed to institutionalise an annual donor exchange workshop with each individual donor. [donor] support the initiative” (donor questionnaire response).*

### Focus areas developing recommendations:

- FA 3.1 – HIPCA should look to reformulate the Annual Work Plan to make it focused on not just setting out the non- programming workplan but also help track progress on such workstreams and ensure adequate resources are allocated to these workstreams.
- FA 3.2 – HIPCA should enhance and develop an alternative process (to the annual workplan) to both share EBRD programming priorities and increase engagement between banking teams and contributors to help better align the programming priorities of The Bank and donors. This portfolio wide priority dialogues could then feed into strategic bilateral dialogues
- FA 3.3 . Given the current focus on programming, the Partnership should continue to add strategic plans such as communication and visibility and gender as required. However, in the future, if HIPCA does decide to increase ambition on non-programming workstreams such as thought leadership, learning and knowledge sharing and strategic dialogues on climate, HIPCA should consider creating a shared understanding for the medium-term direction of the Partnership and bringing various plans under one consolidated strategy to make it easier to monitor progress and build a more comprehensive vision and direction for HIPCA.

## KEY FINDING #4: ALLOCATION

HIPCA's funding is being allocated effectively and efficiently, delivering on its climate objectives; however, the approval process could benefit from further streamlining and monitoring.

### 4.1 – The funding is being allocated effectively and efficiently

- According to its framework, the primary objectives of HIPCA are to:
  - Support investments and policy solutions that reduce or prevent greenhouse gas emissions and protect the environment.
  - Enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change.
  - Create and reinforce enabling environments that unlock the private sector to act as an agent for climate and environmental action.

By Dec 2024, HIPCA had supported 62 EBRD projects via loans, investment grants and/or technical assistance. All active projects in the HIPCA portfolio pursue at least one of these goals. Therefore, the portfolio reflects the objectives of the HIPCA Framework.

- These projects are expected to deliver strong results (as per 2023 annual report):
  - Benefit over 14.5 million people.
  - Reduce circa 8.7 million tonnes of CO2 equivalent per year
  - Treat over 77 m3/year of wastewater.
- Contributors in general have found that *“the project proposal timeline and process to be clear and reasonable. The project proposals have on the whole included sufficient information from which to make a funding decision, and EBRD has been responsive and accommodating when additional information or time is required.”* (donor questionnaire response).

### 4.2 – Further impact could be driven by enabling further synergies across the Partnership, enhancing the clarity around HIPCA high impact criteria and focusing on further financial innovation and using the full range of financial instruments at HIPCA's disposal

- The introduction of programmes/windows aims to increase the leveraging of synergies across the partnership. This could be further leveraged by reducing soft conditions and standardising terms such as pricing across the partnership.
- *“HIPCA is the ‘High Impact’ partnership after all and we should be trying to push boundaries [...]. For instance, [...] to see how we can promote the use of subordinated debt with HIPCA funds and possibly concessional equity – both for the purposes of mobilisation”* (internal questionnaire response), There is a call from internal teams for more appetite from contributors to participate in innovative operations and absorb higher risks.
- EBRD teams have stated that further clarity on what is considered ‘high impact’ could be provided by enhancing the guidance and description of the definition and criteria of ‘High Impact’ . This point has also been echoed by HIPCA contributors.

### 4.3 – There are opportunities for further efficiency gains by streamlining certain elements of the approval process

- More information on progress of projects is sought by contributors from the stages of summary notes to proposal approval to EBRD board approval and to client signing. Donors also expressed that the HIPCA governance does not provide levers to manage prolonged delays in projects.
- Contributors have also noted that *“the HIPCA approval occurs at an early stage of project development cycle [...]. In addition, the projects may change after approval, requiring more work to adjust the approval later.”* (donor questionnaire response). Contributors have also noted and expressed frustration at the growing number of projects that have been cancelled or removed from their pipeline and have asked for reconsideration of when in the project cycle a project is brought to HIPCA for approval. Up till the end of 2024, approximately 15% of approved projects have gone on to be cancelled before reaching implementation. An increased emphasis on providing updates and setting expectations on progress projects, and introducing time limitations for progress has been suggested as a possible solutions by donors.
- HIPCA’s process currently has one comprehensive template and process for all types and sizes of projects. The current process deters teams to come forward with smaller TA proposals to HIPCA . *“We recommend simplifying the Fiche templates for TCs. By streamlining these templates, we can enhance usability, making it easier for teams to complete them efficiently and accurately. This will ultimately encourage more active engagement with the HIPCA TC funds and promote their effective utilisation.”* (internal questionnaire response).
- Further streamlining could be achieved by considering delegate authority for projects of certain size for HIPCA programmes and differentiating the approval process for ‘post investment’ TA projects.

#### Focus areas for developing potential recommendations:

- FA 4.1 - Explore options to enhance visibility of the progress of projects after donor approval, and mechanisms to ensure accountability to contributors if major delays occur. Further measures to reduce the frequency of cancellations should be investigated.
- FA 4.2 - Streamline the submission of proposals through the inclusion of delegated authorities for certain projects (such as those below a certain threshold or from a pre-approved programme), as well as simplified fiches for TCs or for HIPCA programmes.
- FA 4.3 – Provide further clarity and guidance on the definition and criteria of ‘High Impact’.

## KEY FINDING #5: REPORTING & RESULTS FRAMEWORK.

The reporting and results framework are comprehensive enough, yet they may need to be enhanced to capture a better picture of HIPCA's impact beyond its indicators.

5.1 - HIPCA has a comprehensive results framework and provides valuable biannual reports.

- HIPCA's results framework –Theory of Change (ToC), the logic framework and the core indicators to be employed *“align strongly with the OECD DAC criteria, and accordingly ensures rigorous evaluation through detailed mechanisms for impact measurement”* (EBRD Internal Evaluation team).
- Collectively, these elements provide a structured approach for measuring and reporting impact, encompassing a broad range of possible outcomes. The TOC articulates the direction for system-level change, and the indicator set spans various potential impacts from the program's projects.
- The Partnership Framework reports on progress twice every year through the Annual Progress Reports and the Semi-Annual Updates and are highly appreciated by contributors: *“The Annual Report provides a comprehensive overview that meets our expectations, with the donor country fact sheets (Annex B - in which the portfolio of each individual contributor is disaggregated) proving particularly valuable and useful for keeping our local representatives informed”* (donor questionnaire response).

5.2 – Although the framework and reporting are comprehensive, they may need to be enhanced to capture a fuller picture of HIPCA's progress and impact.

- *“While HIPCA has a comprehensive framework it can be enhanced along the OECD DAC guidelines and tailored to the climate focus of HIPCA interventions”* (EBRD Internal Evaluation team). HIPCA could better align Indicators with TOC Components; revise Indicators to accommodate wider impact coverage (as the current set of KPIs may not be sufficient to compliment recent increased efforts to mainstream cross cutting thematic areas such as Nature, Gender and Just Transition); map outcomes to Sustainable Development Goals (SDGs) and outline impact reporting timeframes.
- The internal review identified that several donors stressed the need for reporting to include disaggregation of KPIs by gender. Additionally, it identified reporting on TA projects would benefit from a more tailored approach and from including qualitative results of the projects. Furthermore, the review identified a gap in reporting on portfolio level risks.

5.3 – There is strong merit in going beyond KPIs.

- While KPIs can provide information on outputs and outcomes, higher-level effects should be measured through dedicated studies. This is particularly important due to the difficulty of measuring system change in the climate sector considering the variability of climate risks and vulnerabilities, as well as the variety of factors influencing them in different regions.
- A more extensive review of the entire HIPCA portfolio via the 5-year independent evaluation (as already envisioned in the HIPCA framework) will help to measure systems change beyond a sector or region and identifying lessons learned. Such impact evaluations need both dedicated resources and advanced planning to ensure measurement against the correct baseline and appropriate data collection.

Focus areas for developing potential recommendations:

- FA 5.1 – HIPCA should enhance its results framework including the ToC and KPIs.
- FA 5.2 - Ensure adequate advance planning and resources are dedicated to the 5-year HIPCA evaluation.

## KEY FINDING #6: GENDER

Gender is institutionalised in Gender as a cross-cutting thematic priority, however HIPCA needs to establish shared ambition on gender and address the gaps in how gender has been mainstreamed into HIPCA.

6.1- Gender is well institutionalized into HIPCA and HIPCA leans strongly on EBRD's approach and strategies.

- Gender is explicitly stated as "one of the three cross cutting thematic areas for programming" within the HIPCA framework, demonstrating its institutional integration.
- HIPCA's focus on the nexus between climate and women's empowerment is in-line with the priorities of the Bank's SPGE [Strategy for the Promotion of Gender Equality], showing strategic alignment across the bank. It can also rely on gender expertise of the Bank to develop effective gender components for investment projects.
- The Gender SMART process, an EBRD tool, is used by HIPCA to enable the systematic integration of gender into investments, reflecting adoption of the Bank's structured approach and methodologies, further demonstrating institutional embeddedness.

6.2 - Gender is well reflected in the investment portfolio across sectors and regions.

- In 2023, 49% of HIPCA projects included gender and inclusive measures, significantly exceeding the EBRD target of 30% of EBRD investments to be Gender SMART.
- Gender elements are present in projects in each region, demonstrating geographic comprehensiveness. The strong representation in the SEMED region (57% of gender elements) shows particularly robust regional implementation.
- Gender and inclusion measures are spread across all HIPCA thematic areas, showing sector-wide integration. The largest concentration of gender measures appears in energy systems (22%) and cities and environmental infrastructure (25%) themes, indicating meaningful integration in core climate-focused areas.
- However, the project approval process could be improved in light of gender. Donors have stated that further information could be provided to both ensure that the project meets their requirements on gender and gain a better understanding of gender considerations even where projects were not 'smart tagged'. Similarly, analysis found that clearer guidance setting out expectations around gender could also be beneficial.

6.3: However, the full story on gender considerations is often not reflected in reporting due to limitations in the HIPCA reporting framework

- Analysis found that that data on inclusivity measures in HIPCA results framework is limited. Furthermore, the current indicator only measures number of gender and inclusive measures adopted by clients which fails to capture outcomes or impacts. Additionally, donors found there was a lack of disaggregation by gender in some of the results metrics. Therefore, there may be a need to review the KPIs on gender to better capture the impact of these activities.

- Furthermore, HIPCA's theory of change and logic framework could expand to explicitly cover gender-responsive outcomes, outputs, and activities. suggesting further strategic institutionalisation of gender may be required.

#### 6.4 - HIPCA provides a strong opportunity to influence the wider landscape on the gender-climate nexus.

- EBRD and HIPCA is represented at the global, regional, and national stage, creating platforms for influence. And as the portfolio already consists of several promising practices, there is evidence to suggest HIPCA holds potential for broader influence.
- Other future opportunities to influence could include evaluations to establish of best practices and a focus dissemination of knowledge through involvement in relevant international workshops. HIPCA could also seek to engage "in climate dialogues and meetings to share evidence of what works and influence global or regional policy on inclusive climate action."

#### 6.5 - However, there is a lack of shared ambition and direction on gender amongst the contributors.

- The review found that there is a lack of understanding amongst contributors on EBRD's approach to gender in investment projects.
- Some donors have consistently indicated that they want "gender and social inclusion to be given greater emphasis in HIPCA projects." In particular, some donors have an obligation to ensure that all ODA funding, including towards climate and environment, meet minimum (OECD) markers on gender. In such cases, contributors use the HIPCA fiche, as the main source of evidence that HIPCA projects meet these requirements. The Gender working group has identified that in some circumstances, the HIPCA fiche does not provide sufficient information.
- However, despite donor interest in increasing ambition on gender, only one contributor has to date made grants available specifically for gender activities. Some donors are amenable for investment funds to be used for gender support activities related to investment projects.
- However other donors prefer a focus Soley on investments and highlighted the risk that over ambition on gender may hamper the ability of HIPCA to bring forward high impact climate and environmental projects. The latter concern was also shared by some internal EBRD teams.
- The review also found that there is no clear articulation of the extent to which HIPCA will centre gender-transformative action alongside climate action.

#### Focus areas for developing potential recommendations:

- FA 6.1 – Use the Gender Plan process to create a shared understanding of EBRD's approach to gender, a shared ambition level across HIPCA and articulate HIPCA's direction on gender and inclusion. This will aid contributors to make more informed decisions, establish consistent expectations, and have an agreed role for HIPCA in the gender-climate nexus whilst maintaining focus on HIPCA's primary climate objectives.
- FA 6.2 - Integrate gender into HIPCA's results framework. This includes reviewing HIPCA's theory of change and gender KPIs.

- FA 6.3 – Enhance the project approval process to provide more information to donors on gender aspects of a projects and set out clear guidance on gender expectations. Furthermore for those donors that require it, the process should ensure sufficient gender information is provided via the HIPCA approval process.

## KEY FINDING #7: LEGAL & OPERATIONAL FRAMEWORK

HIPCA governance framework allows it to sustain its unique business model and deliver on its strategic goals, but needs to continue to evolve to match the Partnership’s ambitions and operational requirements.

7.1 - HIPCA has a suitable legal and operational framework that allows the Partnership to deliver on its strategic goals. However, there is a case to amend certain elements as HIPCA and EBRD continue to evolve its climate, environment and nature offer and approach.

- The review found that HIPCA has overall a suitable legal and operational framework that allows the fund to deploy its funding and support the Bank’s wider climate objectives adequately. It allows for the flexibility that characterizes it and being at the core of its business model the exploration of innovative financial instruments across all of EBRD countries of operations and sectors of operation.
- *“The HIPCA governance framework generally aligns well with our needs and forms a key part of our contribution agreement. It allows us to approve individual transactions — a priority for us — and facilitates coordination among donors. HIPCA also offers flexibility to cover various sectors relevant to our priorities. Achieving a “high-impact multilateral partnership” will largely depend on the (more than financial) additionality of proposed projects and on how governance and various concepts (e.g., visibility) are implemented by the team”* (donor questionnaire response).
- More generally, donors and internal teams are satisfied with the current procedures ruling HIPCA’s functioning. One donor stated that “[t]he HIPCA governance framework generally aligns well with our needs and forms a key part of our contribution agreement. It allows us to approve individual transactions — a priority for us — and facilitates coordination among donors. HIPCA also offers flexibility to cover various sectors relevant to our priorities.”
- The Framework covers the Partnership’s objectives and approach, theory of change, results framework and operational guidelines. The review found that some elements detailed in the main body may undergo natural evolution on a regular basis such as the KPIs and the ‘high impact criteria’, and therefore it should consider options that would allow for such changes to be captured without needing to open the whole framework for re-approval. Additionally, with the Green Economy Transition strategy being currently revised, HIPCA will need to ensure its framework maintains its alignment with this key strategy.
- Although overall the framework is considered adequate, gaps have been identified in its coverage, in particular: around the governance on non-programming issues and decision making procedures at the steering committee, earmarking funding for HIPCA programmes/windows and other various operational scenarios such as changes being made to projects after HIPCA approval and project cancellations.

7.2 – HIPCA would benefit from an increased focus on visibility of its results.

- The internal review found that contributors miss a dedicated HIPCA webpage to provide further information on the Partnership and its evolution and stated that they *“would be strongly supportive of the development of a HIPCA website. Many climate funds offer good examples from which a HIPCA website could be modelled and would serve as a baseline for all other outreach efforts”* (donor questionnaire response).
- Donors have also flagged that the partnership may want to look at options to make its results and information on projects more readily accessible to donors and the wider public. Furthermore it could further its approach to establish itself as a forum for knowledge sharing, spearheading climate ambitions, and having a more active presence in international engagements.

### 7.3 – Streamlining the approval process would entail certain operational and governance changes.

- As noted in key finding 4, there are opportunities for further efficiency improvements by streamlining the approval process. This could include:
  - Simplification of the fiches requested for TA projects.
  - introduction of delegate authorities for projects of certain size or from HIPCA programmes.

### 7.4 - It will be important to ensure that the secretariat capacity increases to match both the growth in the portfolio and the partnership’s ambition.

- The HIPCA Secretariat is seen as being ‘highly responsive’ to both donor requests and project team needs, as well as successfully coordinating a highly complex partnership model. One donor *“has been pleased to date with the EBRD Secretariat’s responsiveness and overall management of the portfolio and projects brought forward for non-objection”* (donor questionnaire response).
- Both donors and teams have commented that they *“appreciate the coordination efforts of the HIPCA secretariat and find the management of the fund to be efficient and productive”* (donor questionnaire response).
- HIPCA has seen rapid growth since its establishment.

| Year | Total Contributions (Euro m) | No of Donors | No of Projects | HIPCA amount allocated to Projects (Euro m) | Secretariat Capacity (FTE) |
|------|------------------------------|--------------|----------------|---------------------------------------------|----------------------------|
| 2022 | 200                          | 6            | 27             | 55                                          | 1.                         |
| 2023 | 389                          | 10           | 47             | 147                                         | 1.25                       |
| 2024 | 414                          | 12           | 75             | 194                                         | 1.25                       |

- Given the partnership has only recently been established, the focus of the secretariat has been primarily around fund management and operational effectiveness, as well as partnership management. This has resulted in rapid growth in terms of the size of the partnership, increase in the donor base, number of projects and amount invested. However, the capacity of the secretariat has not increased at a similar rate. The secretariat capacity will need to be further strengthened to match ambition around expanding the business model/portfolio and further enhance the results framework, gender, visibility and thought leadership events.

### Focus areas for developing potential recommendations:

- FA 7.1 – Continue to update the and revise the HIPCA framework, as necessary, to maintain alignment with relevant EBRD climate strategies and policies.
- FA 7.2 – Consider options to enhance the visibility and information flow on HIPCA results and project data.
- FA 7.3 - Simplify the approval process for projects focused on TAs and introduce a delegated authority mechanism.
- FA 7.4 – Create a shared understanding on how enhanced ambition and activities beyond the current framework is to be funded, this should include funding adequate secretariat capacity and resourcing.

## KEY FINDING #8: EXPECTED PORTFOLIO IMPACT

Despite its relatively early stage of development, the HIPCA portfolio is demonstrating significant expected impact across climate action, environmental protection, and enabling policy environments. Initial results data shows strong potential for transformative change, though portfolio maturity limitations mean actual impact requires future validation.

### 8.1 - HIPCA is showing substantial expected climate impact across both mitigation and adaptation dimensions

- HIPCA projects are expected to reduce greenhouse gas emissions by approximately 8.7 million tonnes of CO<sub>2</sub> equivalent per year and support the installation of 709 MW of renewable energy capacity. These contributions are particularly significant in regions heavily dependent on fossil fuels, such as Central Asia and the Southern and Eastern Mediterranean (SEMED).
- Adaptation efforts are growing in prominence within the portfolio, with 28 projects featuring adaptation co-benefits, of which 10 have adaptation as their primary focus. These projects are expected to save over 5 million m<sup>3</sup> of water annually, strengthening community resilience to increasing water scarcity.
- The portfolio includes innovative approaches to climate resilience, including projects addressing climate-related agricultural vulnerability, with expected increases in crop yield valued at €2 million annually, and initiatives to reduce weather-related disruptions measured in days per year.

### 8.2 - HIPCA's impact extends beyond climate to broader environmental protection objectives

- The portfolio addresses water management challenges through projects expected to treat, reduce or avoid nearly 77 million m<sup>3</sup> of wastewater annually, contributing to improved water quality and ecosystem health.
- Through clean energy and sustainable transportation projects, HIPCA is addressing air pollution with expected reductions in particulate matter (60 t/year) and nitrogen oxides (881 t/year).
- While still a developing area of the portfolio, HIPCA projects are expected to restore or improve the resilience of 68 hectares of ecosystems. This footprint is likely to expand significantly with the rollout of the new HIPCA Nature programme.

### 8.3 - HIPCA is catalyzing systemic change through policy support, capacity building, and financial leverage

- The portfolio is driving structural change through expected improvements to 185 corporate, institutional, or regulatory frameworks and standards, creating enabling conditions for sustained climate action beyond individual project interventions.
- Knowledge and capacity development is reaching over 6,400 beneficiaries, including government officials, private sector actors, and community stakeholders. This human capital development strengthens the institutional foundations for long-term climate progress.
- The financial leverage achieved by HIPCA is exceptional, with €170 million in approved funding and €7.7 billion in co-financing. This includes €3.3 billion from EBRD, €2.3 billion from public sources, and €1.7 billion from private sector entities.

## 8.4 - HIPCA's programmatic initiatives demonstrate potential for transformative change at scale

- The Programmatic Approach to Clean Energy (PACE) represents a comprehensive intervention to accelerate Central Asia's clean energy transition. Its indicative pipeline encompasses projects worth over €6.5 billion, with potential to install approximately 2 GW of renewable energy capacity and save around 3 million tons of CO<sub>2</sub> annually.
- The HIPCA Nature programme addresses the global biodiversity crisis through integrated approaches across four strategic pillars: Blue-Green Infrastructure, Pollution Prevention and Circular Economy, Production and Nature Governance, and Linear Infrastructure and Landscape-Level Operations. This programme significantly expands HIPCA's environmental focus beyond climate.
- These programmatic approaches leverage HIPCA's flexible business model to address systemic barriers through coordinated policy reforms, capacity building, and strategic investments, demonstrating the Partnership's evolution from project-by-project interventions to strategic system change.

## 8.5 - HIPCA is advancing gender equity and inclusion objectives, exceeding EBRD targets

- HIPCA projects have incorporated 210 gender and inclusive measures, with 49% of projects in 2023 including gender and inclusive elements (significantly exceeding the EBRD target of 30%).
- The geographic distribution of gender elements is comprehensive, with presence in each region of operations and particularly strong representation in the SEMED region (57% of gender elements).
- Gender and inclusion measures are integrated across all HIPCA thematic areas, with the largest concentration in energy systems (22%) and cities and environmental infrastructure (25%), demonstrating mainstreaming in core climate-focused activities.

## 8.6 - Impact assessment faces limitations due to portfolio maturity and framework constraints

- Many projects are in early implementation stages, limiting the availability of actual results data. The analysis therefore relies primarily on expected results, which will need validation through future monitoring and evaluation.
- The cancellation of 12 projects (approximately 15% of all approved projects) has affected expected results in some areas, particularly renewable energy capacity. These cancellations reflect both external market challenges and internal process issues.
- As identified in Key Finding #5, the current results framework has limitations in fully capturing HIPCA's impact, particularly regarding technical assistance measures and cross-cutting thematic areas such as nature and gender.

### Focus areas for developing recommendations:

- FA 8.1 – When the HIPCA approach is sufficiently mature, HIPCA should consider developing thematic evaluations to better understand and document HIPCA's contributions to specific climate and environmental priorities, going beyond KPI data to capture qualitative impacts and lessons learned.

- FA 8.2 - Explore options for enhancing impact data collection, particularly for adaptation and resilience projects where quantitative metrics may not fully capture the value of interventions.
- FA 8.3 - Strengthen the approach to assessing and reporting on systemic change and private sector mobilization to better document HIPCA's catalytic role in transforming markets and enabling environments.

# RECOMMENDATIONS

## Approach to recommendation development

- **Initial Analysis:** Focus areas were identified via the analysis and in the key findings
- **Consultation:** Possible recommendations were shortlisted through engagement with the donor working groups and EBRD teams.
- **Prioritisation:** Inputs from the donor working group, EBRD banking teams and the HIPCA Steering Committee determined the top 3 areas of focus.
- **Development:** Through engagement with the donor working groups and EBRD teams, the recommended actions are to be further developed into detailed proposals to be wither submitted to the HIPCA committee for approval

## Outline of Prioritised Focus Areas and Actions

### Focus Area 1: HIPCA Priorities

#### Separate Annual Investment Priorities from the Work Plan

- Currently, HIPCA's Annual Work Plan (AWP) combines programming-related investment priorities with Secretariat workstreams and internal tasks. Separating these two elements into distinct elements would help provide greater clarity towards operational focus. By distinguishing between Secretariat-led activities and investment priorities, HIPCA will be better positioned to allocate resources effectively and to track progress against objectives. The Secretariat should also look at options to better align the HIPCA workplan and EBRD's internal planning, including aligning timings of the two processes so that they can feed into one another.
- This separation would also enable more in-depth dialogues around EBRD and donor strategic climate priorities across EBRD's countries of operations. In particular it would enable greater engagement and information flow between the right EBRD and donor teams. This could be implemented via several avenues including holding dedicated sessions throughout the year on each thematic area and discussions on investment priority areas could be furthered via bilateral strategic dialogues.

#### Recommended Actions

11. Restructure Annual Workplan so it's focused on HIPCA secretariat deliverables, includes a plan with milestones and resource need as well as a section reviewing progress on previous year plan.
12. Change publication time to Q4 of previous year in order to align with the EBRD resource allocation and planning processes and the calendar year (used for the annual reporting).
13. Set out, at the next steering committee meeting, a systematic approach to conveying and discussing HIPCA investment priorities. The approach should look to utilise annual bilateral discussions with each donor to further strategic priority conversations.

### Focus Area 2: Seek further efficiency across the HIPCA approval process

#### Implement a Tiered Project Approval System

- HIPCA's existing project approval process applies the same level of scrutiny and administrative procedure to all projects, regardless of their complexity or financial value. This one-size-fits-all model results in inefficiencies, delays, and unnecessary burdens, particularly for low-risk or technical assistance (TA) initiatives. A tiered approval structure should be explored to streamline and tailor the process.
- The tiering approach, used in other EBRD programmes, could include any of the following options:
  - For large or complex investments, the full HIPCA approval process could be used.
  - For smaller projects or projects under HIPCA programmes, approval could be delegated to the HIPCA secretariat.
  - A separate template could be introduced for smaller and TA projects.

- This option can be further enhanced by building in further flexibility, for example an option for pre-approval of certain TAs (where the purpose of the TA is to inform the Bank of the feasibility and climate and environmental impact of the proposed investment) could be allowed with the intention of providing further information on the TA design after the HIPCA approval.

#### **Provide further guidance on the criteria for “High Impact” Projects**

- The current definition and application of “high impact” criteria within HIPCA are perceived as vague. Both EBRD teams and HIPCA contributors have called for greater clarity and guidance in this area. Establishing refined, well-communicated criteria would enhance the alignment of proposed projects with HIPCA’s strategic objectives. To support this focus area, an updated “high impact” guidance is suggested.

#### **Enhance Project Progress Monitoring and Delay Management**

- Contributors often lack visibility into project progress. This lack of information can undermine trust and delay corrective actions. A more robust and structured monitoring approach is therefore recommended to allow for more improved project tracking to allow stakeholders to better understand the status of approved projects. Key features of this enhanced monitoring system could include formal timelines from donor approval to signing, real-time status dashboards, and structured project update mechanisms. In cases of prolonged delays, escalation procedures may be considered.

#### **Recommended Actions**

14. Present a fully worked up proposal including templates for a tiered approval structure. In particular a streamlined template for Standalone Technical Assistance (TA) projects under \$1m and Pre-Approval Options for TAs that can only be fully designed at a later stage.
15. Present a fully worked up proposal that introduces new internal pipeline controls to better manage delays, increase efficiency and effectiveness.
16. Update internal operational guidance to provide further guidance on the criteria for 'High Impact' Projects and donor requirements, including on gender.
17. Enhance communication and visibility via the creation of a HIPCA page on the EBRD website and better access to HIPCA documents for donors (including project documents) for donors. The Secretariat should also look to find a more effective manner to share the data it holds on the pipeline both internally and externally.

#### **Focus Area 3: Enhance results framework**

- HIPCA’s current results framework, while aligned with OECD DAC standards, does not capture the full breadth of the partnership’s impact. In particular, cross-cutting priorities such as gender, nature, and just transition outcomes are not systematically integrated into the results logic.
- A more detailed and adaptable results framework would provide a better foundation for monitoring systemic change and evaluating HIPCA’s contribution to climate action. This enhancement would involve updating HIPCA’s Theory of Change to reflect emerging priorities, as well as developing a more robust set of Key Performance Indicators (KPIs) that include both quantitative and qualitative dimensions. These indicators would also be mapped to Sustainable Development Goals (SDGs) to enhance alignment and communication of broader impacts
- These changes could be enhanced by ensuring better visibility of HIPCA’s results and projects.

## Recommended Actions

18. Update and enhance the HIPCA Theory of Change
19. Update Key Performance Indicators (KPIs)
20. Align the results framework with SDGs, EBRD impact and GET reporting and HIPCA Gender considerations/plans

## Other Points of Consideration

### Continue with already planned workstreams:

- Given the current focus on programming, the Partnership should continue to its approach to develop strategic plans on non-programming workstreams as when needed. This currently includes the existing communication and visibility plan and continuing to develop the Gender plan (as per previous committee steers) to ensure a shared understanding and ambition on Gender, as well as ensure an agreed approach to incorporating these elements into HIPCA's operations.
- The secretariat should continue to implement plans for annual strategic bilateral dialogues. This could build on investment priorities dialogues and should also ensure conversations on limiting soft preferences if required.

### The review also suggests the following considerations be noted for possible future action:

#### For the 5-year independent evaluation

- Acknowledging the limitations of this review, we recommend that the Terms of Reference for the 5-year evaluation consider a more comprehensive comparison of HIPCA's performance against other EBRD funds and partnerships through a statistical benchmarking exercise.
- It is also recommended that the review looks to include a focus on 'Sustainability' as defined per OECD evaluation criteria.
- Ensure adequate advance planning and resources are dedicated to the 5-year HIPCA evaluation.

### Future Ambition on Non-programming Activities

- If the HIPCA Steering Committee does, at a future date, decide to increase ambition on non-programming workstreams (such as thought leadership, learning and knowledge sharing and strategic dialogues on climate), HIPCA should consider the following points:
  - Creating a plan for each non-programming workstream.
  - Bring together various plans under one consolidated strategy to make it easier to monitor progress.
  - Create a shared understanding on how any enhanced ambition and activities beyond the current framework is to be funded, this should include funding adequate secretariat capacity and resourcing.
  - Build a more comprehensive vision and direction for HIPCA. This could be further enhanced by developing a medium-term direction for HIPCA