

Approach paper

Corporate-Level Evaluation of the New Development Bank's Policy Framework

Approach Paper: Methodology and Process

Independent Evaluation Office

31 May 2024

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Abbreviations and acronyms

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
ARC	Audit, Risk & Compliance Committee
BoD	Board of Directors
BoG	Board of Governors
CSD	Corporate Secretary Department
GCF	Green Climate Fund
IEO	Independent Evaluation Office
IFI	international financial institution
MDB	multilateral development bank
PCC	Policy Coordination Committee
VP & CFO	Vice-President & Chief Financial Officer
VP & COO	Vice-President & Chief Operating Officer

I. Background

A. Context of NDB

1. As elaborated in the General Strategy for 2017-2021 (the Bank's first), NDB is a 21st century multilateral development bank (MDB) that builds on the experiences of existing institutions to design policies and practices capable of living up to the challenges posed by global trends.¹ Aiming to be a rules-based institution from its inception, NDB has established an internal regulatory framework that includes dedicated committees, comprehensive policies with guidelines, and mechanisms to support organisational and development effectiveness.
2. The Bank's policy architecture was put in place as part of the initial institutional and self-regulatory framework, derived from the Bank's Articles of Agreement and modelled to some extent over the policy frameworks of peer MDBs where relevant and applicable. Indeed, differences with peers were acknowledged in the first General Strategy which states: *"The BRICS countries decided to establish the Bank, design basic policies and begin initial operations among the five founding members, with the view that this would facilitate the elaboration of policies that differ from those of existing institutions in fundamental ways."* Other NDB policies were developed later, with the most recent – the Internal Control over Financial Reporting Policy – approved in January 2024.
3. During the Bank's initial eight years of operations, NDB's policies and associated guidelines – its core regulatory instruments – have governed its operational and institutional activities. They are the means to operationalise NDB's mandate as articulated in the founding articles and guide the Bank's workforce in the implementation of corporate and operational activities. Furthermore, in its first General Strategy, NDB committed to promote the highest levels of transparency, responsible conduct, integrity and accountability. Therefore, policies and their associated guidelines are not only critical building blocks for NDB's organizational and development effectiveness, but also *"outline internal self-assessment mechanisms to ensure compliance to internal policies and processes, which are aimed at managing risk, promoting transparency, and upholding responsible conduct and integrity"*.²
4. As NDB moves beyond its establishment phase into a steady state of operations, it will continue to build on its lean and agile institutional profile, which embeds the value of efficiency in both administration and operational activities. In this respect and, as further elaborated in NDB's second General Strategy for 2022-2026, the Bank also *"recognises the importance of having in place good governance structures and processes that reinforce operational efficiency, accountability, transparency, high ethical standards, equality, and good relations."*
5. Parallel to the development of new policies and guiding instruments has been the evolution of the policy management processes and practices, as well as the gradual building up of the

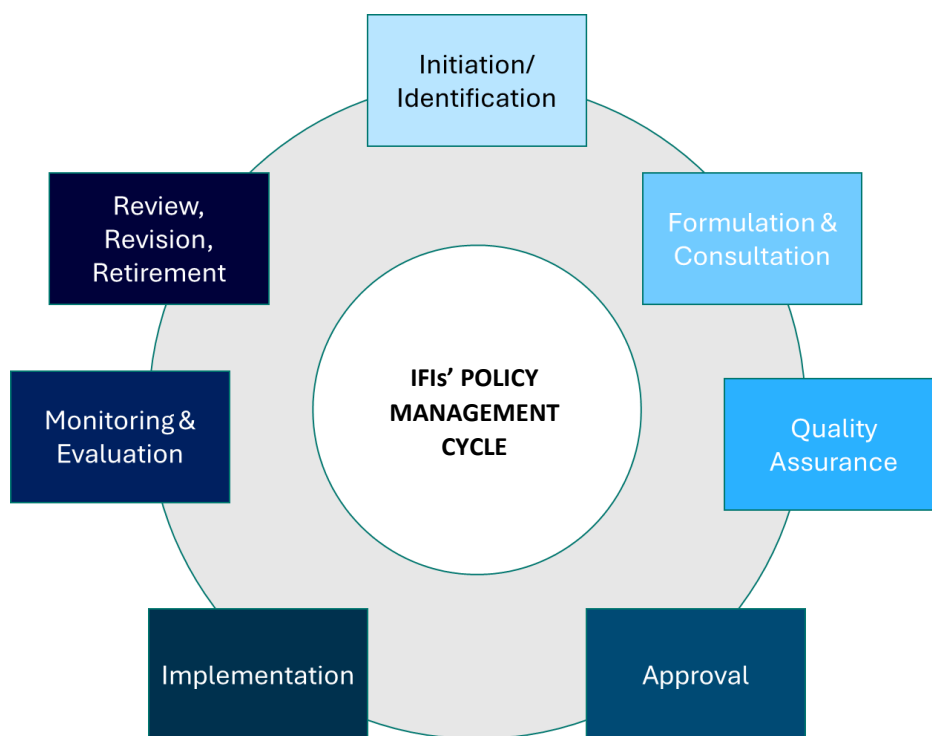
¹ See page 3 of the General Strategy [here](#).

² See section N from the General Strategy on "Transparency, Integrity and Accountability".

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Bank's supporting and implementing organizational structures. These span the full scope of a policy management cycle and engage different units across NDB, for example as owners or implementers of the policies. A new Organizational Structure was approved by the NDB Board of Directors on 15 December 2020, which articulated that the Bank's Strategy, Policies and Partnerships Department (SPPD) *"is responsible for creating new and revising existing policies"*. However, this function has not been initiated and SPPD is seeking NDB Management's guidance on how to materialize it.³ Based on peer international financial institution (IFI) practices, normally the policy cycle shall span processes relating to identification, formulation, quality assurance, approval, implementation and monitoring and evaluation which feeds into review and revision, as described below in figure 1.

Figure 1: Policy management cycle



Source: IEO

B. The NDB's policy universe

6. Though the Corporate Secretary Department (CSD) is not responsible for the Bank's policy function, given its role, it maintains a list of the Board's approved regulatory documents, including the policies, some of which are also publicly available on the Bank's website. In the absence of an "up and running" policy function at the Bank, the list maintained by CSD will be used by IEO as the portfolio of key documents for this evaluation. As of 25 March

³ Source: p. 54 of the Board Induction – March 2024, "Strategy, Policies and Partnership".

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2024, the latest available update, NDB's policy portfolio in total comprised 48 documents.⁴ 39 documents have been titled with the nomenclature "policy"; there are additionally nine other policy-level documents also approved by the Bank's Board of a somewhat different purpose or nature than policies (e.g. frameworks such as the Environment and Social Framework, or other self-regulatory documents including the Country Partnership Plan, Internal Audit Charter and Code of Business Conduct and Ethics).

Figure 2: NDB policy architecture and classification maintained by CSD

Number of:				
<i>Classification*</i>	<i>Sub-category*</i>	<i>Policies</i>	<i>Other policy-level docs</i>	<i>Total</i>
<i>Board Governance Structure</i>		-	1	1
<i>Organization Structure and Human Resources Policies</i>		4	1	5
<i>Finance and Control Policies</i>	<i>Treasury Policies</i>	3	-	3
	<i>Finance, Budget and Accounting</i>	3	-	3
	<i>Risk Policies</i>	7	1	8
	<i>Internal Audit</i>	1	1	2
	<i>Administrative Policies</i>	1	-	1
	<i>Operational Policies</i>	13	2	15
<i>Compliance Policies</i>		2	3	5
<i>Information Technology Policies</i>		3	-	3
<i>Disclosure Policy</i>		1	-	1
<i>Evaluation Policy</i>		1	-	1
Total		39	9	48

* Source and classification are from the "New Development Bank Board Approved Policies, Rules and Procedures and General Conditions" uploaded by CSD on NDB's internal portal "ServiceNow" on 18 April 2024

7. Unlike many of its peers, at this point in time NDB does not have sector or country strategies to guide operational activities, although the development of Country Partnership Plans is envisaged.⁵ Peers typically have a relatively more comprehensive hierarchy of self-regulatory documents based on their corresponding internal legal frameworks. These might comprise, for example, at the highest-level, board approved policies and strategies, followed by directives issued by the president or senior management, that constitute mandatory instructions, and then subservient to those, various levels of less binding procedures, guidelines or operational manuals.

⁴ See the full list in annex IV.

⁵ A Country Partnership Plan policy was approved by the NDB Board of Directors in January 2016 but not yet implemented.

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8. In the Asian Infrastructure Development Bank (AIIB) for example, the Board-approved policies, strategies, and staff regulations, combined with the President-approved directives and staff rules to implement these policies, provide mandatory instructions for conducting the AIIB's business. Below these high-level binding documents, the AIIB's vice-presidents and other heads of department reporting directly to the president, could, under delegated authority of the president, issue administrative guidance which may contain written administrative practices, forms and details, which AIIB staff must follow. Although such guidance can be updated and changed as often as needed, it cannot revise, amend or contradict any of AIIB's policies, staff regulations, staff rules or directives.⁶

Figure 3: Hierarchy of key regulatory instruments

Level of authority	NDB	AIIB	World Bank
Adopted by board of governors	Articles of agreement and general strategies, rules of procedures	Articles of agreement, by-laws, corporate strategy, codes of conduct	Articles of agreement, by-laws, and group strategy
Adopted by board of directors	Polices level documents (includes frameworks) * and general conditions of loans	Policies, strategies and staff regulations, rules of procedure of the board	Policies and strategies
Issued by the president (exclusively)	N/A	Directives, staff rules and terms of reference for management committees	Directives and procedures
Issued by senior management/heads of department	Guidelines/notes	Administrative guidance	Guidance

Source: IEO

* Includes but not limited to the NDB Environment and Social Framework, the Internal Audit Charter and Code of Business Conduct and Ethics, etc.

9. NDB's internal regulatory documents in the form of guidelines, which are approved by the Bank's Senior Management after endorsement by its Policy Coordination Committee (PCC), are available on NDB's internal portal ServiceNow. As of March 2024, there are 41 such guidelines posted (see annex V). Additionally, "notes" have also been used by NDB Management to support the Bank's policy implementation for certain areas, sometimes approved by the Bank's Board. Apart from these tools, there are other types of documents used to guide NDB's day-to-day operations, such as the Loan Disbursement Handbooks and Procedures⁷ as well as the IT Standards⁸, etc., although these documents have not been officially endorsed by the Bank's PCC.

⁶ Another example is the World Bank, which defines that directives would be a statement of substantive directions, within management's authority, that require, permit or constrain activities. If accompanied by a policy, the statement provides substantive details (methods, criteria and technical information) on how to implement the policy. The statement may also address matters not covered by a policy.

⁷ All jointly approved by NDB's Vice-President and Chief Operations Officer (COO), and Vice-President and Chief Financial Officer (CFO).

⁸ There are in total seven IT Standards available on ServiceNow under the section of "IT policies", including the IT Supply and Demand Standard, the IT Service Request Standard, the IT Change Management Standard, etc.

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10. Guidelines were the focus of a comprehensive external review undertaken in 2017.⁹ Important conclusions and observations were made, and some changes initiated to address them. However, several important findings were not addressed at the time and this corporate-level evaluation (CLE) is therefore a great opportunity to further revisit the findings and redress any gaps.

II. Overview of this corporate-level evaluation

11. As a young MDB aiming to be lean and agile, NDB is continually aiming to embed efficiency measures in both its administrative and operational activities and limiting bureaucracy, while maintaining its rules-based organisational principle. Following NDB's initial eight years of operations and, ahead of a mid-term review of the General Strategy for 2022-2026, it is pertinent to examine the policy and accompanying regulatory frameworks that guide the Bank's work with a view to identifying strengths and possible gaps and drawing lessons for the next decade.
12. The Bank recognises that the current General Strategy cycle represents the opportune moment to begin work on improving quality along a range of dimensions, with the collective efforts of all organizational functions operating as "One Team". As illustrated in the General Strategy, the emphasis on quality will, "encompass NDB's policy frameworks, internal guidelines for staff, project appraisal standards, the pursuit of excellence in ESG, development impact assessment, and all of the Bank's deliverables as an MDB."¹⁰ To boost accountability, NDB has also committed to "review its processes, policies, and guidelines to ensure that they are well aligned with the Bank's Strategy, clearly delineate roles and responsibilities and provide practical guidance for execution".¹¹
13. Therefore, as part of IEO's work programme for 2024, the Board approved the undertaking of this CLE on NDB's Policy Framework, to:
 - (a) Assess the Bank's policy coherence by reviewing the types of policies that have been adopted to further the Bank's mandate;
 - (b) Analyse the policy approval and implementation processes, the guidelines established to operationalise the policies, the frameworks for measuring policy outcomes and results, and the systems for monitoring, evaluation, and potential revisions;
 - (c) Closely examine the allocation of financial resources invested and the availability of technical expertise required for effective policy design and implementation; and

⁹ Pursuant to directions received from the Audit, Risk, Budget & Compliance Committee (ARBC), a consulting firm was hired to, "perform an independent review for current divisional guidelines and handbooks (16 guidelines/handbooks approved by June 30, 2017) and identify issues that may compromise the operationalization of approved policies and impact the efficiency of related processes".

¹⁰ See p. 27, Institution Building, [here](#).

¹¹ Ibid. (p. 25).

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- (d) Assess the organisational structures in place to support and facilitate the NDB's policy initiatives.

III. Evaluation framework, methodology, criteria and questions

A. Purpose and objectives

14. The Purpose of this evaluation is to enhance NDB's institutional effectiveness, development effectiveness and efficiency, provide guidance at the policy and strategic level, and inform NDB's corporate development and institutional approaches through evidence-based findings and lessons. The specific objectives are to:
 - Examine the **relevance** (including completeness) of the Bank's policy framework vis-a-vis its Articles of Agreement and General Strategies.
 - Review the **effectiveness** (including clarity) of the Bank's policy framework in guiding the Bank's work.
 - Assess the **efficiency** of the Bank's processes for policy management throughout the policy cycle.
 - Consider the **coherence** (including the consistency) of the Bank's policies, and the instruments to operationalize them.

B. Evaluation scope and focus

15. The timeframe to be covered by this evaluation is from July 2015 till the end of 2023, and the CLE zooms in on the Bank's policy framework and management at two levels:
 - (i) The architecture and hierarchy of policies and their associated regulatory instruments; and
 - (ii) The organisational structures and processes that support the different steps in the policy management cycle.
16. **While the NDB's Articles constitute the pinnacle regulatory documents and the General Strategy for 2022-2026 acts as the current strategic framework, these are not the focus of this CLE – rather, it is the documents below them that will be evaluated.** As of today, the Bank does not yet have a fully articulated, developed and explicit policy framework but does have a number of individual Board-approved policies and policy-level binding documents (see annex IV). These documents are supplemented by guidelines approved by Senior Management (see annex V) and notes approved at different management levels (or sometimes by the Board). Taken together, these documents constitute the Bank's "Policy Framework", as shown in box 1.

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Box 1: Definitions

In the absence of a formal articulation of the Bank's regulatory and internal legal framework, for the purposes of this evaluation it comprises **policies, guidelines and notes**, defined as:

- **Policy and policy-level documents:** *A set of guiding principles to help guide decision-making, approved by the Board of Directors.*
- **Guidelines:** *Information to advise staff on how something should be done. Approved by Senior Management and issued by the owner department/division.*
- **Notes:** *Issued by departments or divisions as guiding instructions to staff. Some notes are submitted to NDB's Board of Directors for review or approval, others approved by Senior Management.*

NDB also has a **General Strategy**, which is a plan of action designed to achieve a long-term aim (usually over 5 years) and approved by the Board of Governors. This will not be evaluated by this CLE.

17. With this in mind, the evaluation is designed to assess the framework at three levels:
 - (a) Reviewing the full suite of what is identified as Board approved policies;
 - (b) Conducting a more structured analysis of the documents shown in figure 2 above, i.e. documents designated as a policy (or policy-level), and their associated regulatory instruments; and
 - (c) Analysing through case studies a small sample of policies¹² representing each category in the architecture to highlight specific policy management issues.
18. From the perspective of the policy cycle, as per figure 1 above and based on initial consultations with NDB stakeholders and reviews of the policy portfolio, the following phases have furthermore been selected as a priority of the evaluation inquiry:
 - (i) Quality assurance system/process of policies and their associated guidelines, including the internal consultation process and the organizational set-up, as well as the mechanisms to ensure relevance, coherence and consistency;
 - (ii) Approval processes, including the process of obtaining Board's approval of policies as well as Policy Coordination Committee's endorsement of guidelines before Senior Management's approval;¹³
 - (iii) Policy implementation, in particular with respect to the support and systems available to ensure rigorous and systematic implementation; and

¹² When selecting policies for case studies, IEO will consider the: (i) maturity of the sampled policies as well as the associated process of implementing them; (ii) availability of quantitative data; and (iii) level of the policy's institutional position and potential impact.

¹³ Specifically for this item, IEO will build on the internal audit conducted in 2023 on the management processes of scheduling meetings, circulation of agenda and documents, and related topics, with the aim of reducing the workload on departments whose work will be covered by this evaluation.

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- (iv) Monitoring and evaluation, in particular adequacy of feedback loops and systems to ensure capturing evidence of effects of the policies over time.

C. Evaluation methodology and criteria

19. This evaluation is predominantly formative and is focused on learning, rather than accountability. The findings are intended to be used to inform the further development and streamlining of NDB's policy framework and associated regulatory instruments and organizational set up. Accordingly, the evaluation will not include an assessment of the impact of NDB's policy framework, nor will it assign performance ratings.¹⁴
20. Furthermore, the evaluation is not intended to assess the effectiveness of individual policies or guidelines, as this would require detailed individual evaluations of each policy area. With the primary focus on the policy framework as such, the evaluation will cover a broad range of questions, both substantive and process related. It will be relevant to all units of the Bank in different ways and to their respective engagement in different steps within the policy cycle. It is thus expected that the CLE will include engagement with stakeholders at Board level as well as Senior Management and staff, making stakeholder management particularly important.
21. The CLE will apply four evaluation criteria, consistent with good international evaluation practice, defined for this evaluation as:
 - **Relevance:** The extent to which the policy framework as such ensures that Bank activities are aligned with NDB's mandate and strategic priorities.
 - **Effectiveness:** The extent to which the policy framework has achieved or is expected to achieve the objective of guiding the Bank's activities consistent with the Bank's mandate and the general strategies.
 - **Efficiency:** The extent to which the policy framework as such delivers or is likely to deliver results in an economic and timely way.
 - **Coherence:** The extent to which there are synergies and interlinkages between the individual policies in the framework, and the extent to which each policy is adding value while avoiding duplication of effort.

D. Key evaluation questions

22. The following evaluation questions have been developed in response to the objectives of the CLE, and in view of feedback from initial consultations in the Bank:

¹⁴ Performance ratings are normally utilized when evaluating Bank-financed operations, which are clearly circumscribed by a specific design document. And assigning ratings will mainly be helpful when: (i) a sophisticated institutional result framework has already been established/ implemented to support effective performance monitoring and improvement; and (ii) there is sufficient time lag to establish trends as well as a robust availability of reliable performance data.

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- (i) Does NDB have a well-articulated and formalised policy architecture with sufficient coverage and completeness of policies to guide its activities in all strategically important areas in alignment with the Articles of Agreement and General Strategies?
 - (ii) To what extent is the policy architecture supported by a clear hierarchy of relevant regulatory instruments and tools to ensure effective implementation?
 - (iii) Are sufficient resources (financial and human) allocated to policy management in all phases of the policy cycle for example effective communication and adequate training to ensure effective implementation?
 - (iv) How effective is the implementation and control environment, for example with respect to clarity on roles and responsibilities for NDB policies, and procedures to ensure all policies are timely reviewed and updated?
 - (v) How efficient are the NDB's organizational structures in supporting and facilitating policy management throughout all the stages of the policy cycle?
 - (vi) To what extent has the Bank developed feedback loops and monitoring systems to ensure that lessons are learnt at all stages of the policy cycle and data collected to enable evaluation in due course?
 - (vii) Are there lessons that can be learned from comparable organizations that can inform the further shaping of the Bank's policy architecture and framework?
23. Sub-questions have been developed in the evaluation matrix to ensure the depth and detail of the inquiry. See annex I for more details.

E. Evaluation data collection methods

24. The CLE aims to draw to a maximum on existing relevant evaluative information, such as the recent evaluation on NDB's Financial Architecture,¹⁵ and the upcoming self-review by management on the Bank's human resources strategy/practice.¹⁶ It will avoid any duplication of efforts and will apply a broad range of data collection methods and analytics. It is based on the following main building blocks:
- **Document and literature review.** This will entail a thorough review of all NDB policies and associated guidelines developed to operationalize the policies. It will include review of other relevant Board approved guiding documents, as well as documents pertaining to management and staff engagement at the various steps in the policy cycle.
 - **Interviews.** The evaluation will conduct customized semi-structured interviews with NDB Management and staff, members of the Board, staff in regional offices, and others. Interviews will also be conducted with relevant staff in AIIB and the Green

¹⁵ The evaluation of NDB's Financial Architecture has been submitted to the 44th meeting of Board of Directors for discussion in July 2024. See the approach paper [here](#).

¹⁶ More details can be found [here](#).

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Climate Fund (GCF) and possibly other comparable IFIs to learn from their experience and draw comparisons where relevant.

- **Process mapping and analysis.** Will track the steps and processes in the policy management cycle, i.e. the formulation, quality assurance, and approval of policies, including number of steps, extent of consultation, added value, people involved, expected duration etc.
- **Organisational assessment.** Includes examining the organisational structure and staff composition of the policy related function, and the inter-departmental mechanisms related to policy management, inter alia.
- **Case studies.** A small sample of policies representing each of the categories in the architecture (as per figure 2) will form the basis for examining specific questions relating to quality, relevance, practices of updating of policies and implementation inter alia.
- **Peer practices.** Reviews of the policy frameworks of comparable young peers such as the AIIB and GCF will also be undertaken in addition to those of more mature IFIs where relevant. Reviewing peer practice will help highlight commonalities and differences and draw out good practices. It can also help clarify the nomenclature and hierarchy of regulatory instruments in peers for comparison and harmonization purposes.

IV. Evaluation limitations, team and process

A. Limitations

25. The evaluation is likely to be faced with several limitations.

- (i) *Establishing the evaluation universe.* A lack of a clear nomenclature and definition of policy, guideline, note and other regulatory instruments (such as procedures, rules, standards, etc.) pose an initial challenge. This is compounded by the lack of a consolidated, timely updated repository of all such binding documents.
- (ii) *Availability of documentary evidence.* The inception phase has revealed that the absence of a transparent and well-structured document management system with version control poses difficulties.
- (iii) *Absence of a time recording system.* Assessing efficiency will be based on qualitative rather than quantitative evidence and proxy indicators as a time recording system able to capture staff time spent on policy management is not available.
- (iv) *Insufficient evidence to assess impact.* NDB's relatively short history means that policies have not been implemented for a sufficiently long enough time to deliver measurable outcomes, or in certain cases even have not been fully implemented, and therefore the evaluation will not be able to assess the impact of all policies.

26. Nevertheless, comprehensive interviews will be conducted by IEO with relevant stakeholders covering the Bank's "three lines of defence" risk model, including the regional

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offices and centres, to obtain a holistic and comprehensive understanding about the evaluation universe. In addition to available policies and guidelines, IEO will also thoroughly review key reports prepared by the Bank's oversight functions such as the Annual Compliance Management Plan, Risk Management Report, Internal Audit Report, as well as relevant meeting minutes of the Board and its committees, management committees and the PCC. While not assessing impact, the CLE however does examine a range of other issues related to the efficiency and effectiveness of NDB's policy framework and can also serve as a baseline to inform future assessments.

27. Lastly, the CLE Report, being an evaluation product and hence using evaluation methodology, should be seen as a complement to other organizational assessments using different methodologies, including internal audit, risk management, the Bank's recently completed business process review and mapping exercise, and any relevant work on further institutionalizing and digitalizing the Bank's operational workflows. IEO is coordinating with the Internal Audit Department to ensure complementarities between this evaluation and the planned non-assurance review on corporate governance – though the scope of the two initiatives is rather different.

B. Evaluation team and process

28. The CLE will be prepared under the overall leadership and oversight of Mr. Ashwani K. Muthoo, the Director General IEO. Mr. Chao Sun, Senior Professional, IEO is the designated lead evaluator for the CLE, who will be supported by Ms. Dorte Kabell (Senior Evaluation Expert), Mr. Josh Fuchs (Organizational Development Expert), and Mr. Heng Zhao (IEO Evaluation Analyst). IEO will bear the full responsibility for the contents and quality of the CLE Report and related outputs.
29. The following are the main steps in the CLE process:
 - (i) **Preparation of approach paper.** The approach paper will outline the overall context of the CLE, its methodology, process and timelines. The draft will be shared with the NDB Management and Board for comments and finalised building on their feedback.
 - (ii) **Data and information collection and analysis.** During this phase, IEO will collect data and information, and conduct its analysis based on the key evaluation questions (presented earlier in this paper) and the evaluation matrix in annex I. Subject to the timelines of the CLE and as a means to optimize overall costs, any ongoing IEO evaluation missions to NDB member countries or consultations with peers or partners will be leveraged to collect data/information and interact with in- country stakeholders.
 - (iii) **Preparation of CLE Report.** IEO will prepare and share the draft report for comments by the NDB Management, the Board, and other relevant stakeholders. The comments will be carefully considered, and an audit trail will be produced illustrating how the comments received have been incorporated by IEO in the final report. During this phase, discussions will also be held with NDB Management and Board members to exchange views on the findings in the CLE Report.

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- (iv) **Discussion in NDB Board.** Once the final report has been prepared by IEO, NDB Management will prepare a written Management Response to the evaluation, which will be included in the evaluation report and be discussed in the 45th Board meeting currently planned for September 5, 2024.
- (v) **Communication and disclosure.** In addition to the CLE Report, IEO will prepare an Evaluation Lens, a two-page brochure summarizing in a reader-friendly manner the main findings from the evaluation. And in line with the NDB Evaluation Policy and Evaluation Strategy, the CLE Report, the Management Response and the Evaluation Lens will be posted on the IEO webpages on the NDB website and disseminated through a variety of communication instruments.

V. Evaluation report timeline

30. The broad timelines for the preparation of the CLE Report are as follows:

Key activity/deliverable	Timeline
Draft approach paper shared with NDB Management and Board	23 April 2024
Comments received on draft approach paper	17 May
Approach paper finalized	24 May
Draft CLE Report shared with NDB Management and Board for comments	30 June
Comments received on draft CLE Report	15 July
Report finalized and shared with NDB Management for preparation of Management Response	30 July
Final Report and Management Response shared with Corporate Secretary for transmission to the NDB Board of Directors	15 August
Presentation of report to the NDB Board of Directors	5 September

Annex I: Evaluation matrix

No.	Key evaluation questions	Detailed / sub-questions	Primary data source
(i)	Does NDB have a well-articulated and formalized policy architecture with sufficient coverage and completeness of policies to guide its activities in all strategically important areas in alignment with the Articles of Agreement and General Strategies?	<ul style="list-style-type: none"> • Are policies aligned with and relevant to NDB's strategic objectives and global development priorities? • Are there gaps or overlaps? • To what extent does consultation and review processes ensure relevance? • To what extent are there institutionalized mechanisms in place to ensure the quality and coherence of policies? • Compared to comparable peers, what are the key differences in terms of architecture? 	<ul style="list-style-type: none"> • Document Review • Semi-structured Interviews • Peer practice review
(ii)	To what extent is the policy architecture supported by a clear hierarchy of relevant regulatory instruments, tools and training to ensure effective implementation ?	<ul style="list-style-type: none"> • Is there clarity on the nomenclature and definitions and the relative role of the BoD and management for different regulatory tools? • Are accompanying implementation procedures and guidelines issued together with the policies and clearly linked? • How accessible are the supporting instruments including training to staff both at HQ and at the NDB Regional Offices & Centres? 	<ul style="list-style-type: none"> • Document Review • Interviews • Peer practice review
(iii)	Are sufficient resources (financial and human) allocated to policy management in all phases of the policy cycle?	<ul style="list-style-type: none"> • To what extent does the Bank back policies with the necessary resources and tools throughout the policy management cycle? • Is there as part of the policy approval process an assessment of the resource implications? • What process and resources are in place to support promoting a culture of effective policy communication and adoption? 	<ul style="list-style-type: none"> • Interviews • Process mapping • Budget and HR analysis
(iv)	How effective is the implementation and control environment, for example with respect to clarity on roles and responsibilities for NDB policies and procedures to ensure all policies are timely reviewed and updated ?	<ul style="list-style-type: none"> • To what extent is there an effective mechanism in place to ensure compliance and coherence? • Is accountability for driving policy implementation clear? 	<ul style="list-style-type: none"> • Document review • Organizational and structural assessment • Case study
(v)	How efficient are the NDB's organizational structures in supporting and facilitating policy management throughout all the stages of the policy cycle?	<ul style="list-style-type: none"> • To what extent is the process of approving policies and policy instruments, e.g., time and cost efficient? 	<ul style="list-style-type: none"> • Interview • Organizational assessment • Process mapping

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No.	Key evaluation questions	Detailed / sub-questions	Primary data source
(vi)	To what extent has the Bank developed <u>feedback loops and monitoring systems</u> to ensure that lessons are learnt at all stages of the policy cycle and data collected to enable evaluation in due course?	<ul style="list-style-type: none"> Do policies include a results framework to ensure the tracking of future outcomes where relevant and a clear objective has been articulated? How well are policy results frameworks reflected in the CRF thus allowing monitoring of their implementation, where relevant and a clear objective has been articulated? 	<ul style="list-style-type: none"> Document Review Interviews Process mapping Peer practice review
(vii)	Are there lessons that can be learned from comparable organizations that can inform the further shaping of the Bank's policy architecture and framework?	<ul style="list-style-type: none"> What lessons can be learned to improve the policy architecture and hierarchy? What lessons can be learned in terms of the organizational setup to support the policy management cycle? 	<ul style="list-style-type: none"> Interviews Peer Review

* IEO will review the peer MDBs' practices, i.e., the World Bank, African Development Bank, ADB and AIIB, yet recognising the differences.

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Annex II: Indicative evaluation report outline

Acknowledgements

Preface by DG IEO

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List of acronyms

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Executive summary

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Background

- Context of NDB 2 pages
- NDB's Policy Universe and Regulatory Framework 2 pages

Evaluation objectives, methodology and process

- Objectives 1 page
- Methodology and questions 2 pages
- Limitations 1 page
- Process steps 1 page

Evaluation findings

- Relevance 2 pages
- Effectiveness 2 pages
- Efficiency 2 pages
- Coherence 2 pages
- Key Lessons and Insights from comparable IFIs 1 page

Conclusions and Recommendations

- Conclusions 2 pages
- Recommendations 2 pages

Annexes

Annex III: Bibliography and project documents reviewed**NDB's General Strategies and Policies**

- New Development Bank General Strategy for 2022-2026: Scaling Up Development Finance for a Sustainable Future – May 2019
- New Development Bank General Strategy: 2017 – 2021
- NDB Organizational Structure (December 15, 2020)
- Board of Directors Governance Structure (Amended on 18 September 2018)
- Rules of Procedure of the Board of Directors (Amended on 1 April 2019)
- Information Disclosure Policy (Amended on 18 June 2017)

Operational Documents and Reports

- NDB Board Approved Policies, Rules of Procedures, And General Conditions (25 March 2024)
- Extension of the New Development Bank's Delegation of Signing Authorities of April 28, 2023
- Reassignment Plan circulated by former VP & COO in July 2021
- Term of Reference of the Operations Vice Presidency (July 2021)
- Term of Reference of the Policy Coordination Committee (PCC)
- Independent Review of Guidelines and Handbooks – Final Reporting (November, 2017)
- NDB Operational Guidance For Guidelines Management
- 19 PCC Progress Reports (from May 2018 to March 2023)
- 33 PCC Meeting Minutes (from May 2018 to March 2023)

Approach paper

Annex IV: List of policies approved by NDB's Board of Directors (as 25 March 2024)

Note: Based on the list maintained and updated by NDB's Corporate Secretary Department on the Bank's internal portal (ServiceNow) on 18th April 2024.

No.	Policy Name	Approved Time	Amended Time
Board Governance Structure			
1	Board of Directors Governance Structure	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> 9th BoD Meeting on 31 March 2017 (amended version circulated on 28 April 2017) Further amended at the 12th BoD Meeting on 20 November 2017 Further amended at the 16th BoD Meeting on 18 September 2018
Organization Structure and Human Resources Policies			
2	Diversity Policy	3 rd BoD Meeting on 20-21 January 2016	/
3	Recruitment Policy		<ul style="list-style-type: none"> 9th BoD Meeting on 31 March 2017 (amended version circulated on 28 April 2017) Further amended at the 14th BoD Meeting on 28 May 2018 Further amended at the 29th BoD Meeting on 15 December 2020
4	Organizational Structure (Previously "Organization Structure")		<ul style="list-style-type: none"> 29th BoD Meeting on 15 December 2020 Further amended on 13 December 2022
5	Staff Compensation and Benefits Policy		<ul style="list-style-type: none"> 21st BoD Meeting on 11 September 2019 Further amended at the 22nd BoD Meeting on 2 December 2019 Further amended on 14 January 2021 Further amended on 7 July 2022 Further amended at the 40th BoD Meeting on 29 May 2023
6	Performance Management Policy	13 th BoD Meeting on 2 March 2018	/
Finance and Control Policies			
a. Treasury Policies			
7	Treasury Business Management Policy	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> 9th BoD Meeting on 31 March 2017 (amended version circulated on 28 April 2017) Further amended at 13th BoD Meeting on 2 March 2018 Further amended at 19th BoD Meeting on 25 June 2019 Further amended at 28th BoD Meeting on 29 September 2020
8	Debt Instrument Financing Policy	Approved by BoD on a no-objection basis on 12 April 2016	<ul style="list-style-type: none"> 9th BoD Meeting on 31 March 2017 (amended version circulated on 28 April 2017) Further amended at 13th BoD Meeting on 2 March 2018 Further amended at 34th BoD Meeting on 22 March 2022
9	Capital Management Policy	Approved by BoD on a no-objection basis on 12 April 2016	<ul style="list-style-type: none"> 14th BoD Meeting on 28 May 2018 Further amended at 28th BoD Meeting on 29 September 2020 Further amended at 36th BoD Meeting on 27 June 2022 (Ownership transferred from Finance, Budget and Accounting department to Treasury and Portfolio Management department.)
b. Finance, Budget and Accounting Policies			

Approach paper

No.	Policy Name	Approved Time	Amended Time
10	Accounting Policy and Measurement	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> • 13th BoD Meeting on 2 March 2018 • Further amended at 24th BoD Meeting on 25 March 2020 • Further amended at 26th BoD Meeting on 25 May 2020 • Further amended at 30th BoD Meeting on 29 March 2021 • Further amended at 34th BoD Meeting on 22 March 2022 • Further amended at 39th BoD Meeting on 25 April 2023
11	Budgeting Policy	Approved by BoD on a no-objection basis on 12 April 2016	<ul style="list-style-type: none"> • 13th BoD Meeting on 2 March 2018 • Further amended at 29th BoD Meeting on 15 December 2020 • Further amended at 33rd BoD Meeting on 14 December 2021 • Further amended at 39th BoD Meeting on 25 April 2023
12	Internal Control over Financial Reporting Policy	Approved by BoD through a decision by circulation on 5 January 2024	/
c. Risk Policies			
13	Liquidity Risk Management Policy	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> • 9th BoD Meeting on 31 March 2017 • Further amended at 19th BoD Meeting on 25 June 2019 (amended version circulated on July 9, 2019) • Further amended at 29th BoD Meeting on 15 December 2020 • Further amended at 38th BoD Meeting on 13 December 2022
14	Operational Risk Management Policy		<ul style="list-style-type: none"> • 9th BoD Meeting on 31 March 2017 Further amended at 19th BoD Meeting on 25 June 2019 • Further amended at 28th BoD Meeting on 29 September 2020 • Further amended at the 32nd BoD Meeting on 23 September 2021 • Further amended at 39th BoD Meeting on 25 April 2023
15	Interest Rate Risk Management Policy	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> • 9th BoD Meeting on 31 March 2017 • Further amended at 13th BoD Meeting on 2 March 2018 • Further amended at 19th BoD Meeting on 25 June 2019 • Further amended at 24th BoD Meeting on 25 March 2020 • Further amended at 31st BoD Meeting on 29 June 2021 • Further amended at 39th BoD Meeting on 25 April 2023
16	Exchange Rate Risk Management Policy	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> • 9th BoD Meeting on 31 March 2017 • Further amended at 13th BoD Meeting on 2 March 2018 • Further amended at 19th BoD Meeting on 25 June 2019 • Further amended at 24th BoD Meeting on 25 March 2020 • Further amended at 31st BoD Meeting on 29 June 2021 • Further amended at 39th BoD Meeting on 25 April 2023
17	Credit Risk Management Policy	3 rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> • 9th BoD Meeting on 31 March 2017 • Further amended at 13th BoD Meeting on 2 March 2018 • Further amended at 19th BoD Meeting on 25 June 2019 • Further amended at 29th BoD Meeting on 15 December 2020 • Further amended at 33rd BoD Meeting on 14 December 2021 • Further amended at 37th BoD Meeting on 23 September 2022 • Further amended at 43rd BoD Meeting on 22 March 2024

Approach paper

No.	Policy Name	Approved Time	Amended Time
18	Provisioning and Write-off Policy	Approved by BoD on a no-objection basis on 12 April 2016	<ul style="list-style-type: none"> 9th BoD Meeting on 31 March 2017 Further amended at 26th BOD Meeting on 25 May 2020 Further amended at 30th BoD Meeting on 29 March 2021 Further amended at 34th BoD Meeting on 22 March 2022 Further amended at 40th BoD Meeting on 29 May 2023
19	Enterprise Risk Management and Risk Appetite Framework	Approved by BoD through a decision by circulation on 13 May 2019	<ul style="list-style-type: none"> 29th BoD Meeting on 15 December 2020 Further amended at 33rd BoD Meeting on 14 December 2021 Further amended at 39th BoD Meeting on 25 April 2023
20	Business Continuity Management Policy	10 th BoD Meeting on 18 June 2017	<ul style="list-style-type: none"> 24th BoD Meeting on 25 March 2020 Further amended at 31st BoD Meeting on 29 June 2021 Further amended at 39th Bod Meeting on 25 April 2023
d. Internal Audit Policies			
21	Internal Audit Policy	3rd BoD Meeting on 20-21 January 2016	<ul style="list-style-type: none"> 8th BoD Meeting on 22 February 2017 Further amended at 18th BoD Meeting on 31 March 2019 Further amended at 24th BoD Meeting on 25 March 2020 Further amended at 30th BoD Meeting on 29 March 2021 Further amended at 34th BoD Meeting on 22 March 2022 Further amended at 39th BoD Meeting on 25 April 2023
22	Internal Audit Charter	8th BoD Meeting on 22 February 2017	<ul style="list-style-type: none"> 18th BoD Meeting on 31 March 2019 Further amended at 24th BoD Meeting on 25 March 2020 Further amended at 30th BoD Meeting on 29 March 2021 Further amended at 34th BoD Meeting on 22 March 2022 Further amended at 37th BoD Meeting on 23 September 2022 Further amended at 39th Bod Meeting on 25 April 2023
e. Administrative Policies			
23	Corporate Procurement Policy	Approved by BoD on a no-objection basis on 12 April 2016	13 th BoD Meeting on 2 March 2018
f. Operational Policies			
24	Country Partnership Plan	3 rd BoD Meeting on 20-21 January 2016	/
25	Policy on Sovereign Loans and Loans with Sovereign Guarantee		<ul style="list-style-type: none"> 13th BoD Meeting on 2 March 2018 Further amended at 21st BoD Meeting*
26	Policy on Processing of Loans with Sovereign Guarantee		18 th BoD Meeting on 31 March 2019
27	Policy on Financial Management and Financial Analysis, and Economic Analysis of Projects		/
28	Technical Assistance Policy		Approved by BoD through a decision by circulation on 11 May 2022
29	Policy on Loans without Sovereign Guarantee to National Financial Intermediaries		33 rd BoD Meeting on 14 December 2021
30	Policy on Partnerships with National Development Banks		/

Approach paper

No.	Policy Name	Approved Time	Amended Time
31	Environment and Social Framework	Approved by BoD on no-objection basis on 28 March 2016	/
32	Procurement Policy		<ul style="list-style-type: none"> • 9th BoD Meeting on 31 March 2017 (amended version circulated on 28 April 2017) • Further amended at 13th BoD Meeting on 2 March 2018 • Further amended at 28th BoD Meeting on 29 September 2020
33	Policy on Transactions without Sovereign Guarantee	Approved by BoD through a decision by circulation on 20 December 2016	16 th BoD Meeting on 18 September 2018
34	Policy on Guarantees	13 th BoD Meeting on 2 March 2018	19 th BoD Meeting on 25 June 2019
35	Policy on Sovereign Guaranteed Projects in Non-Member Countries	Approved by BoD on 13 Dec. 2018 and BoG on 4 January 2019	/
36	Policy on Operations in Disputed Areas involving International Waterways	18 th BoD Meeting on 31 March 2019	/
37	Policy on Loans to International Organisations	21 st BoD Meeting on 11 September 2019	/
38	Policy on Fast-track Emergency Response to COVID-19	Approved by BoD through a decision by circulation on 10 June 2020	/
Compliance Policies			
39	Code of Business Conduct and Ethics	3 rd BoD Meeting on 20-21 January 2016)	<ul style="list-style-type: none"> • 12th BoD Meeting on 20 November 2017 • Further amended at 13th BoD Meeting on 2 March 2018 • Further amended at 32nd BoD Meeting on 23 September 2021 • Further amended at 33rd BoD Meeting on 14 December 2021 • Redrafted on 19 January 2024 through circulation
40	Compliance Management Policy	Approved by BoD on a no-objection basis on 12 April 2016	<ul style="list-style-type: none"> • 33rd BoD Meeting on 14 December 2021
41	Whistleblower Procedures	9 th BoD Meeting on 31 March 2017	<ul style="list-style-type: none"> • 12th BoD Meeting on 20 November 2017 • Further amended at 21st BoD Meeting on 12 September 2019 • Further amended at 32nd BoD Meeting on 23 September 2021 • Further amended on 19 January 2024 through circulation
42	Anti-Corruption, Anti-Fraud and AML Policy	Approved by BoD on a no-objection basis on 12 April 2016	<ul style="list-style-type: none"> • 16th BoD Meeting on 18 September 2018 • Redrafted at 22nd BoD Meeting on 3 December 2019
43	Code of Business Conduct for Board Officials	Approved by BoD at its 13 th Meeting on March 2, 2018; and then by BoG on a no-objection basis on 13 April 2018	/
Information Technology Policies			

Approach paper

No.	Policy Name	Approved Time	Amended Time
44	Information Technology Policy	Approved by BoD on no-objection basis on 28 March 2016	24 th BoD Meeting on 25 March 2020
45	Information Security Policy	10 th BoD Meeting on 18 June 2017	/
46	Information Technology Service Management Policy	14 th BoD Meeting on 28 May 2018	<ul style="list-style-type: none"> • 24th BoD Meeting on 25 March 2020 • Further amended at 33rd BoD Meeting on 14 December 2021
Disclosure Policy			
47	Information Disclosure Policy	6 th BoD Meeting on 20 July 2016	10 th BoD Meeting on 18 June 2017
Evaluation Policy			
48	Evaluation Policy	Approved by BoD through a decision by circulation on 24 August 2022	Revised on 43rd BoD Meeting on 22 March 2024

* The version submitted at 21st BoD Meeting was approved after a round of discussion at 19th BoD Meeting on June 25, 2019 and subsequent discussion with some Board members inter-sessionally. The name was changed from “Policy on Loans with Sovereign Guarantee” to “Policy on Sovereign Loans and Loans with Sovereign Guarantee”.

Annex V: List of guidelines published on NDB's internal portal, ServiceNow^a

No.	Name of the guidelines	Guidelines owner ^b	Approver authority ^c
1	Banking and Cash Operational Guidelines	Finance, Budget & Accounting (FBA) Department	VP & CFO
2	Budget Operational Guidelines	FBA Department	VP & CFO
3	Collateral Management Guideline	FBA Department	VP & CFO
4	Expense Reimbursement and Vendor Payment Guidelines	FBA Department	NDB President
5	Financial Management and Reporting Guidelines	FBA Department	VP & CFO
6	Fixed and Intangible Asset Operational Guidelines	FBA Department	VP & CFO
7	Private Equity Fund Drawdown and Distribution Procedures	FBA Department	VP & CFO
8	VAT Refund Guidelines	FBA Department	VP & CFO
9	SWIFT Operational Guidelines	FBA Department	VP & CFO
10	Operational Guideline for Treasury Dealing Activities	Treasury and Portfolio Management Department (TPMD)	VP & CFO
11	Guidelines on Variable Spread Loans	TPMD	VP & CFO
12	Operational Guideline on Funding Activities	TPMD	VP & CFO
13	Project Preparation Fund Guideline	Operations Department ^d	VP & COO
14	Guideline on Approving Changes to NDB Operations	VP & COO	NDB President
15	Project Implementation Guidelines	Vice Presidency of Operations	VP & COO
16	Guidelines for Monitoring Fund Investment	Vice Presidency of Operations	VP & COO
17	Environmental and Social Guideline	Environment, Social and Governance (ESG) Department	VP & CRO
18	NDB Procurement Guideline	Procurement Division of ESG	VP & CRO
19	Guideline on General Agreements for Cooperation	Strategy, Policies and Partnerships Department (SPPD)	VP & CRO
20	Strategy Implementation Reporting Guideline	Strategy, Policies and Partnerships Department (SPPD)	VP & CRO
21	Exchange Rate Risk Management Guidelines	Risk Management Department	VP & CRO
22	Provisioning and Write-Off Guidelines	Risk Management Department	VP & CRO
23	Guideline for Risk Review of Sovereign Credit Operations	Risk Management Department	VP & CRO
24	Interest Rate Risk Management Guidelines	Risk Management Department	VP & CRO
25	Liquidity Risk Management Guidelines	Risk Management Department	VP & CRO
26	Operational Risk Guideline	Risk Management Department	VP & CRO
27	Guideline for Credit Risk Management for Treasury Activities	Risk Management Department	VP & CRO
28	Business Continuity Management Guidelines	Risk Management Department	The VP & CRO and VP & CAO
29	Staff Rules and Regulations	Human Resources Department	NDB President
30	Internship Guideline	Human Resources Department	VP & CAO
31	Learning and Development Guideline	Human Resources Department	VP & CAO
32	Information Disclosure Guideline	Corporate Communications Division	VP & CAO

Approach paper

No.	Name of the guidelines	Guidelines owner ^b	Approver authority ^c
33	Corporate Procurement Guidelines	Administration Department	NDB President
34	Headquarters Space Management Guidelines	Administration Department	VP & CAO
35	Operational Travel Guidelines	Administration Department	VP & CAO
36	Seal Management Guidelines	Administration Department	- ^e
37	Debarment Guideline	Compliance and Investigations (C&I) Department	NDB President
38	Integrity Due Diligence Guideline	C&I Department	NDB President
39	Internal Audit Department Guidelines	Internal Audit Department	NDB President
40	Legal Guideline	Legal Division	NDB President
41	Corporate Secretary Guideline	Corporate Secretary Division	NDB President

^a All the information in the below table is quoted from the section of “Knowledge Base-PCC reviewed-Latest Version” from the NDB’s Internal Portal (ServiceNow <https://ndb.service-now.com/>).

^b Information quoted from the cover page of approved guidelines.

^c Same as above.

^d It has been indicated on the cover page of this guideline that Operations 1 Division, Operations 2 Division, Operations Policy and Project Support Division are the owners of this guideline, however all these divisions had been renamed or reorganized in December 2020.

^e Information about the guidelines’ approver is not mentioned on the cover page.