

CORPORATE-LEVEL EVALUATION LENS

Issue 10 | August 2024



NDB'S POLICY FRAMEWORK

Upon starting operations in July 2015, NDB quickly set about developing and adopting core policies necessary to implement its mandate and help the functioning of the organisation, covering everything from its Corporate Governance, Operations, to Treasury, Procurement, Communication, Risk Management, Human Resources and others. After nine years of operations, is NDB's policy framework supporting the Bank in meeting the provisions laid out in its Articles of Agreement and General Strategies? Is the practice for revising policies efficient? Do staff know where to find such policies when required on internal systems? These questions and more were analysed in IEO's corporate-level evaluation (CLE) of NDB's Policy Framework. Below is a high-level overview of the findings.

POLICIES, GUIDELINES & NOTES.

HOW DO THEY INTERSECT?

Policies address questions related to "what" the Bank does; whereas guidelines address issues more related to "how" the Bank goes about its business and are intended to help staff in implementing the policies.

Regulatory notes: these are typically issued by Management on an ad hoc basis to fill instruction gaps.

THINGS THAT HAVE WORKED WELL

- The broad conclusion of the evaluation is that NDB, in its short life, has made good progress in developing a relatively comprehensive policy framework, which allowed, for example, for the speedy commencement of operations. This is commendable for a "young" organisation, especially in the context of relatively limited human and financial resource availability.
- NDB's policy universe largely covers the Bank's most important areas, aligning with its Articles of Agreement and General Strategies; although some gaps exist, notably with respect to country and sectoral strategies, research, and knowledge sharing.
- The implicit rather than clearly defined policy architecture, where the management of policies has been the responsibility of individual departments

WHAT DOES THIS EVALUATION ASSESS?

The evaluation focusses on NDB's overarching policy framework and its management. It is not intended to assess the results and impact of individual policies of the Bank, something that IEO could consider in the future in consultation with Management and the Board.

as policy owners, has positive effects, as it enhances ownership and draws on the considerable knowledge in these divisions/departments. However, it can increase the risk of discretionary decision-making.

- Numerous guidelines have been developed to operationalise the policies. Both the Board and Management have devoted attention and invested efforts in continuously strengthening the Bank's policy framework.

POLICIES AT NDB: KEY NUMBERS BY 2023

48 policies/policy-level documents approved

41 guidelines adopted

23 policies require annual review

110 policy revisions approved by the Board in 8 years

20 policies published on NDB website

2017: YEAR POLICY COORDINATION COMMITTEE FOUNDED.

AREAS THAT MERIT ATTENTION

- While individual policies are in place, the corresponding support tools, training and resources to ensure full and consistent implementation are not adequate. An easy-to-navigate repository for all NDB's policies and guidelines is still to be developed. This has had practical implications for staff seeking to apply the many guiding documents to their work, and indeed for Management to ensure their application.
- The lack of systematically conducted policy reviews at suitable intervals on an institutional level affects their continued relevance and applicability. The anchoring of responsibility for the wider policy framework and its coordination and oversight remains somewhat unclear in the Bank.
- While NDB has a Strategy, Policies and Partnerships Department, its specific role and mandate in policy management needs further development and clarity. An institutionally anchored function with formalised business processes guiding the policy cycle is still to be operationalised.
- The Bank has not yet adopted standardised formats for its different regulatory document types, meaning that its policies vary with respect to length, content, scope and technical detail. Revisions (even minor amendments) are submitted to the Board of Directors for approval, as are some guidelines, which does not favour the efficient use of time and resources of a non-resident Board.
- Some gaps, overlaps and contradictions of policies are identified. This could be expected given the absence of a dedicated unit responsible for ensuring oversight and coherence of policies and related guiding documents.

RECOMMENDATIONS

1 Develop a coherent and explicit framework for all regulatory documents: including clear definitions, classifications and a standardised format.

2 Institutionalise a process for the review and update of policies: to confirm their continued relevance and generate lessons to inform new policies.

3 Reconsider approval authority and process: for example, in order to streamline processes, draft policies should be discussed by relevant Board committees before being tabled for the Board's approval.

4 Develop sectoral strategies: these strategies will provide detailed guidance for operational teams and others, and facilitate the implementation of NDB's General Strategy.

5 Institutional anchoring of policy management: assign clear authority and responsibility for policy oversight, quality assurance and management.

6 Strengthen transparency and accessibility: establish a dedicated platform for all policy documents, making them easily accessible both internally and externally.

7 Identify resources, skills and support for policy implementation: for example, organising training to ensure policies and guidelines are understood by all relevant staff.

THE INDEPENDENT EVALUATION OFFICE

The NDB Independent Evaluation Office was established in April 2022. The Director General of IEO reports directly and exclusively to the NDB Board of Directors. The main objective of IEO is to promote accountability and learning for enhancing the Bank's performance. IEO conducts a range of independent evaluations at different levels: evaluations of projects and programmes as well as of policies, strategies, instruments, and corporate processes.



Want to find out more?

Evaluation Lens' provides a short summary of evaluations conducted by IEO. The full evaluation report and related documentation may be accessed through the IEO web pages.

◀ Scan to access the full report.

NDB Headquarters

1600 Guozhan Road, Pudong New District, Shanghai 200126, China
ieo@ndb.int +86 21 80216132
www.ndb.int/governance/independent-evaluation/

August 2024