

# Overview of NDB Evaluation Policies, Strategy, Methodologies and Processes



**DUBAI TECHNICAL WORKSHOP**

November 11, 2024



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Independent Evaluation at NDB

What does IEO evaluate, its rating system, the questions that IEO's evaluators ask to get the information they require, how the evaluators collect data, the full process for carrying out an evaluation from start to finish, and how we communicate our findings across our organisation and beyond.



# 1

## The New Development Bank

# Who We Are

NDB is a multilateral development bank established by BRICS countries<sup>1</sup> to mobilise resources for infrastructure & sustainable development projects.

The membership of the Bank is open to members of the United Nations.

NDB supports public and private projects through loans, guarantees, equity participation and other financial instruments.



## HIGH CAPITALISATION

- High level of initial **authorised capital of USD 100 billion** with **initial subscribed capital of USD 50 billion** and **paid-in capital of USD 10 billion** places NDB amongst the largest MDBs globally
- NDB's subscribed capital stood at USD 52.7 billion<sup>2</sup>
- **Prudent capital management:** maximum Capital Utilization ratio at 90%



## CREDIT STRENGTHS

- **AA+/AA/AAA/AAA long-term international credit rating from S&P/Fitch/JCR<sup>3</sup>**
- **Conservative risk management and financial policies**
- Sound governance structure, led by a **highly experienced management team**
- **One of the highest ratios of paid-in capital to subscribed capital (20%)** amongst all MDBs
- **Weighted average credit rating of projects approved is BB+**



## INNOVATION AND SUSTAINABILITY

- **Provide financing in both local and hard currencies and apply country systems**, support the development of financial markets in member states
- **Sustainability is fundamental to the founding principles of NDB** and overlays everything we do



## EFFICIENCY

- NDB aims to structure, negotiate, review and approve loans at speed without compromising project quality and risk management standards
- **Lean institution**, partnership with other development institutions

1 Brazil, Russia, India, China and South Africa.  
2 As of December 31, 2023.

3 Japan Credit Rating Agency.



# 2

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## Evaluation

# Evaluation at NDB

## What is evaluation?

Evaluation is a thorough and objective examination of ongoing or completed projects, and programmes or policies and strategies in terms of their design, implementation and results.

It generates findings and recommendations which feed into the strategic planning and decision-making processes within and beyond the Bank.

## ... and why is evaluation important?





# 3

## The Independent Evaluation Office

# Overview

## WHAT DOES IT DO?

Independent evaluations of NDB **projects, strategies, policies, instruments, processes, and operations**, with the aim of identifying lessons and providing recommendations for improving the efficiency and effectiveness of NDB.

## WHO DOES IT REPORT TO?

Administratively, functionally, structurally and behaviourally independent of NDB's Management – a direct and exclusive reporting line to the Board of Directors.

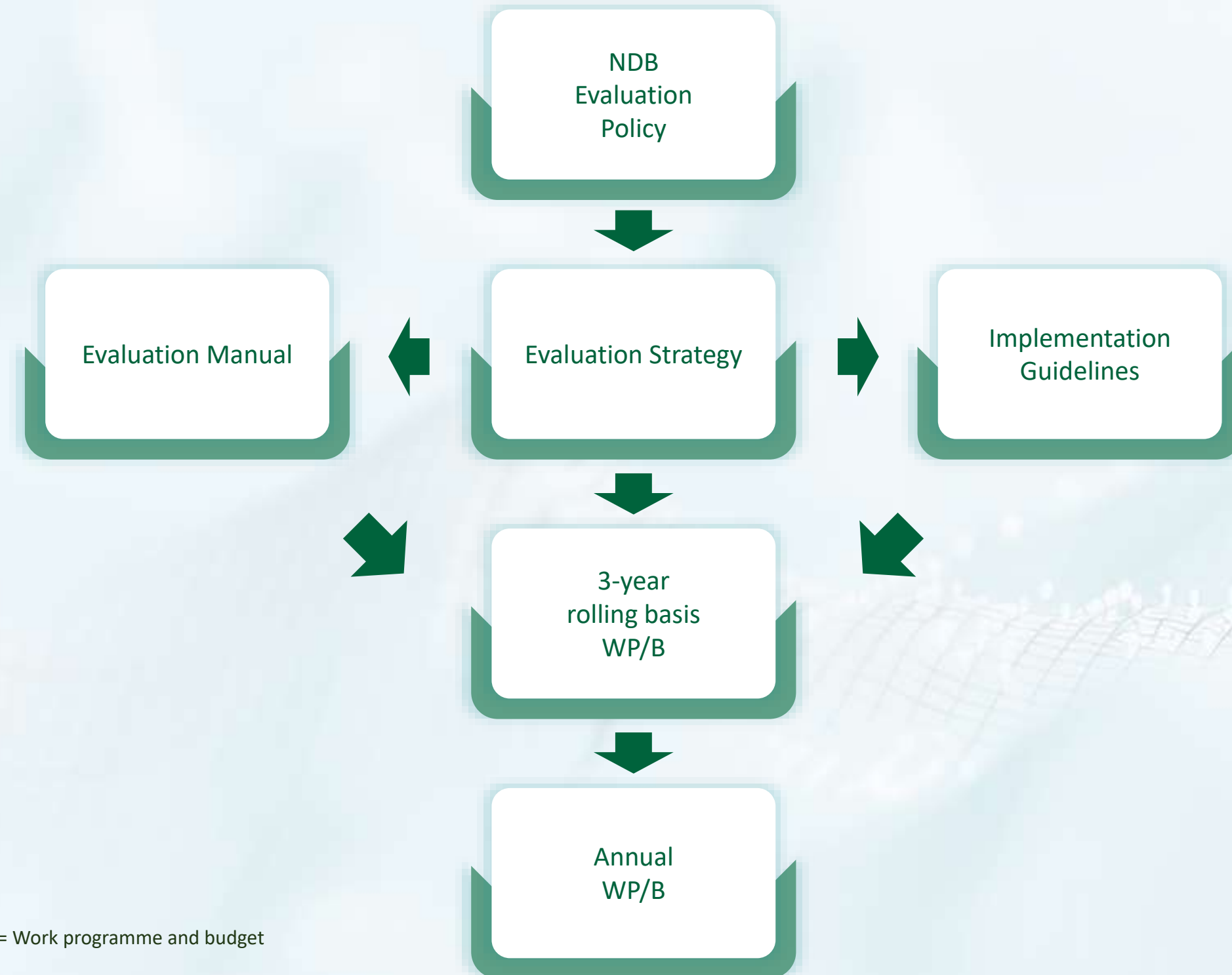
## WHY BE INDEPENDENT?

Legitimacy and credibility of the evaluation function; minimises bias; and ensures that evaluations are free from external or internal influence or pressure as well as from perceived or real conflicts of interest.





# IEO's Guiding Policies and Key Documents



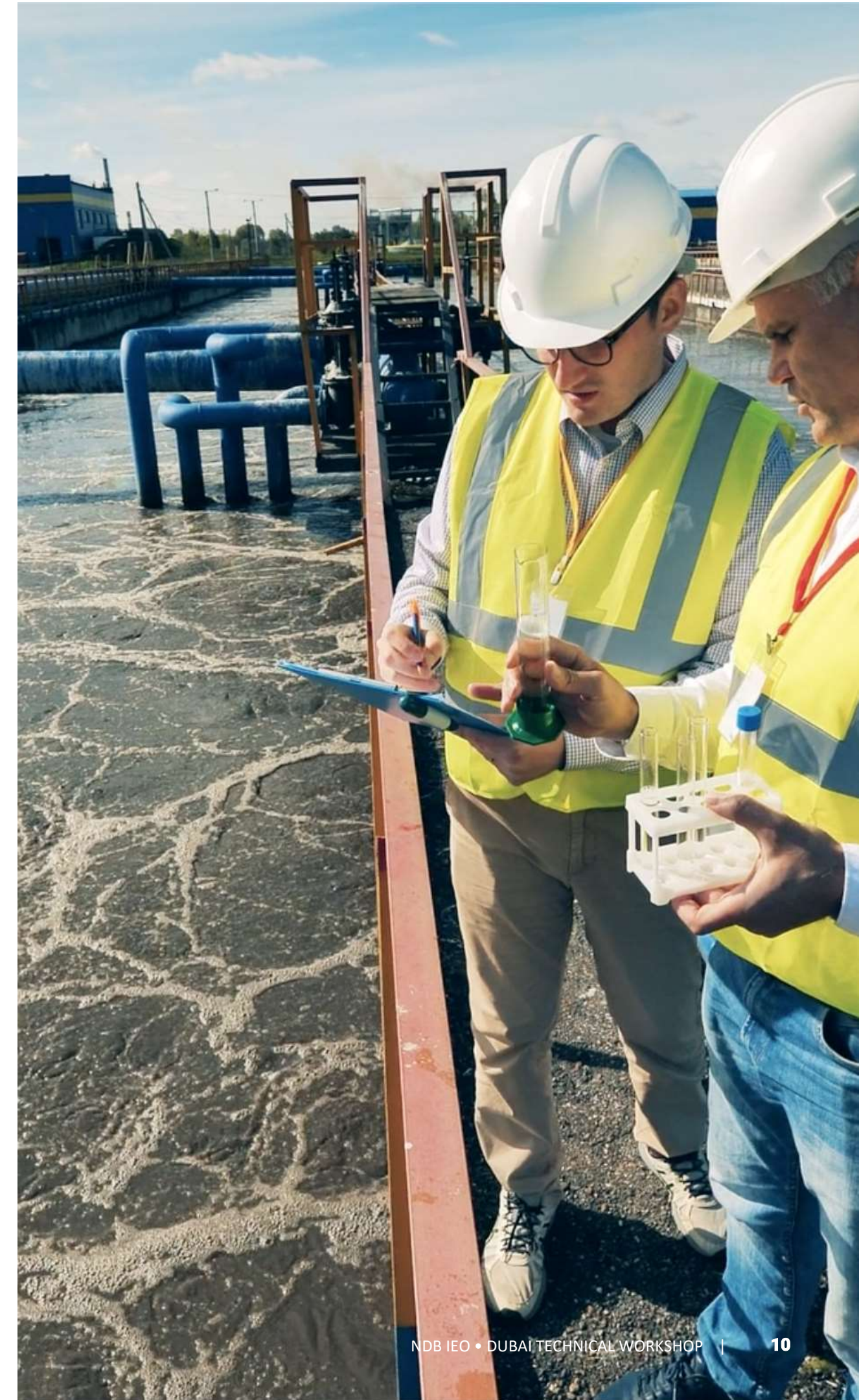
WP/B = Work programme and budget

# Evaluation Policy

## OVERARCHING FRAMEWORK FOR THE CONDUCT OF EVALUATIONS

Approved in August 2022

- 1 Introduces the goals and objectives of the evaluation function.
- 2 Distinguishes between two main complementary and mutually reinforcing evaluation modalities: self-evaluation and independent evaluation.
- 3 Describes the 4 core principles of evaluation at NDB: Independence, Utility, Timeliness, Credibility & Transparency.
- 4 Defines the roles and responsibilities of NDB Board of Directors, Management and IEO in evaluation.
- 5 Explains how IEO remains independent and why is it important.
- 6 Lastly, it details the key steps to implement the evaluation policy.



# Evaluation Strategy

## STRATEGY IMPLEMENTATION

Operationalised through a three-year rolling work programme, presented each year to the Budget, Human Resources and Compensation Committee (BHRC).

*Approved in November 2023.*

### IEO STRATEGIC PRIORITIES

- (a) Strengthen NDB's developmental impact by evaluating NDB-financed projects and associated activities, deriving lessons, and sharing knowledge;
- (b) Support the further development of NDB self-evaluation capacities and systems;
- (c) Provide evaluation-based lessons to support the preparation of Bank policies and strategies; and
- (d) Promote an evaluation and results culture in the Bank and its member countries.





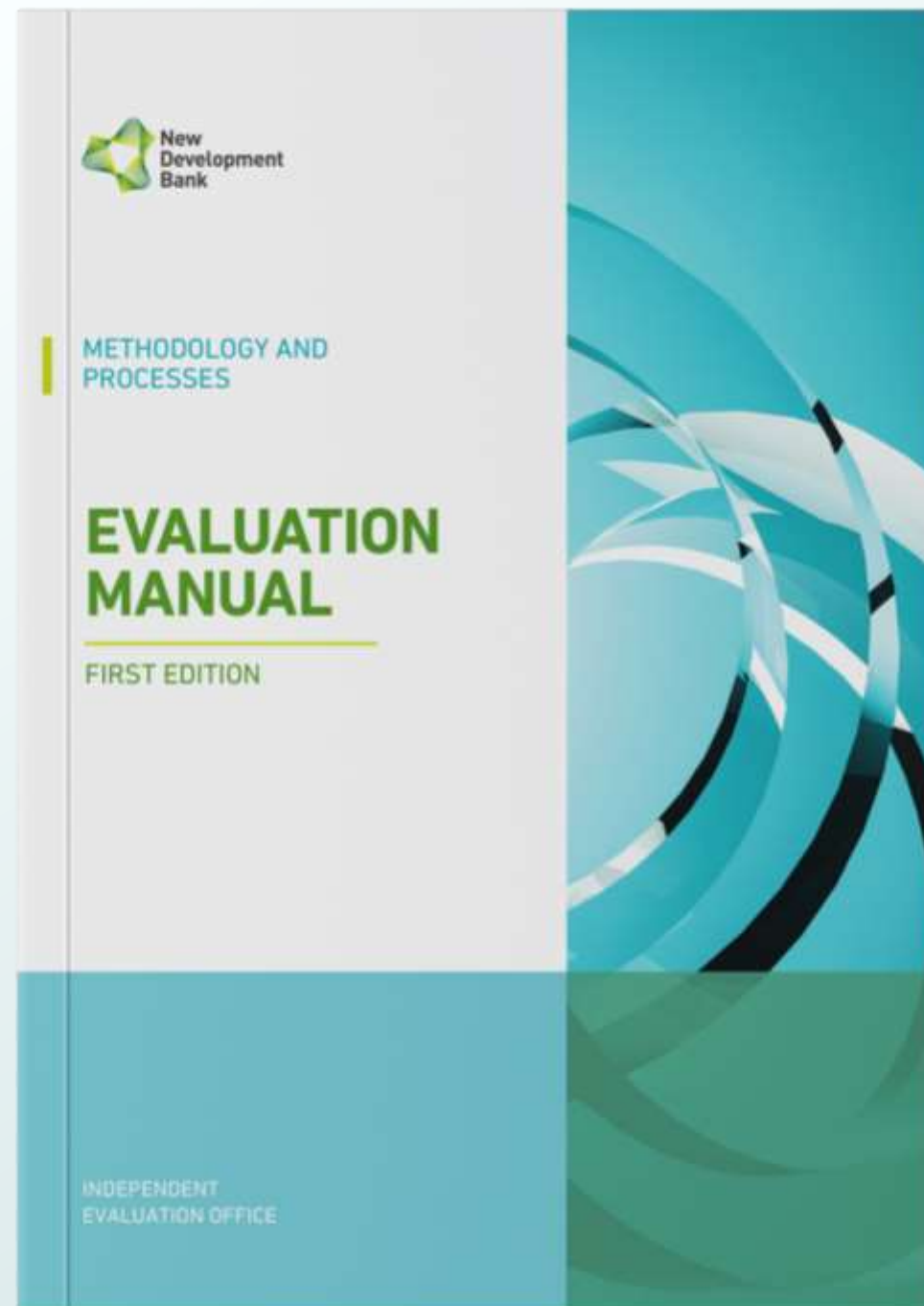
# 4

## The Evaluation Manual

JUST  
RELEASED!

# The Evaluation Manual (First Edition)

WHAT ARE THE MANUAL'S OBJECTIVES?



Support the undertaking of high quality and rigorous evaluations



Codify evaluation methods and processes to promote consistency across evaluations



Generate a common understanding among stakeholders and transparency in the evaluation approaches followed



Promote harmonisation across NDB's independent and self-evaluation activities



Serve as a key resource for evaluation capacity development of NDB staff and relevant partners in NDB member countries

# The Evaluation Manual (First Edition)

WHO IS THE MANUAL FOR?



IEO staff



NDB Management & Staff



Country Partners



General Resource

# What Makes This Unique?

## NON-PRESCRIPTIVE

It is not intended to be prescriptive in nature, but offers general guidance in conducting evaluations

## CUSTOMISED APPROACH

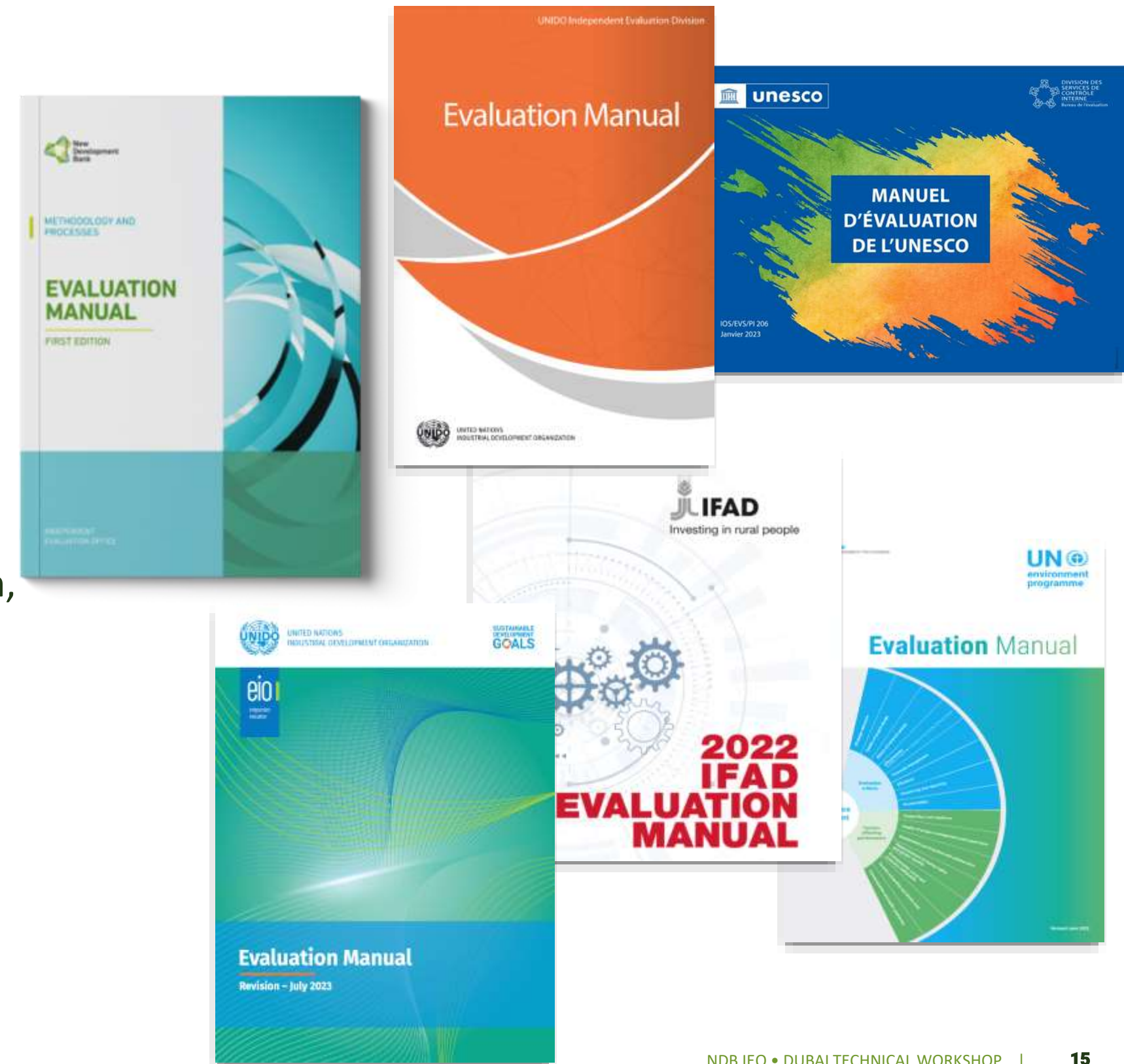
While it advocates selected methods and processes, it pays deep attention to customising evaluation design at the outset of the process

## RECIPIENT-CENTRIC

It puts the recipient countries and their priorities at the center of evaluation, which are not conceived as supply or “donor” driven

## CAPACITY DEVELOPMENT

Though the Manual is largely intended for IEO and NDB more widely, it may also serve as a key resource for evaluation capacity development in NDB Member Countries and beyond





# 5

## Independent Evaluation at NDB



# Evaluation Criteria

## OTHER CORE CRITERIA

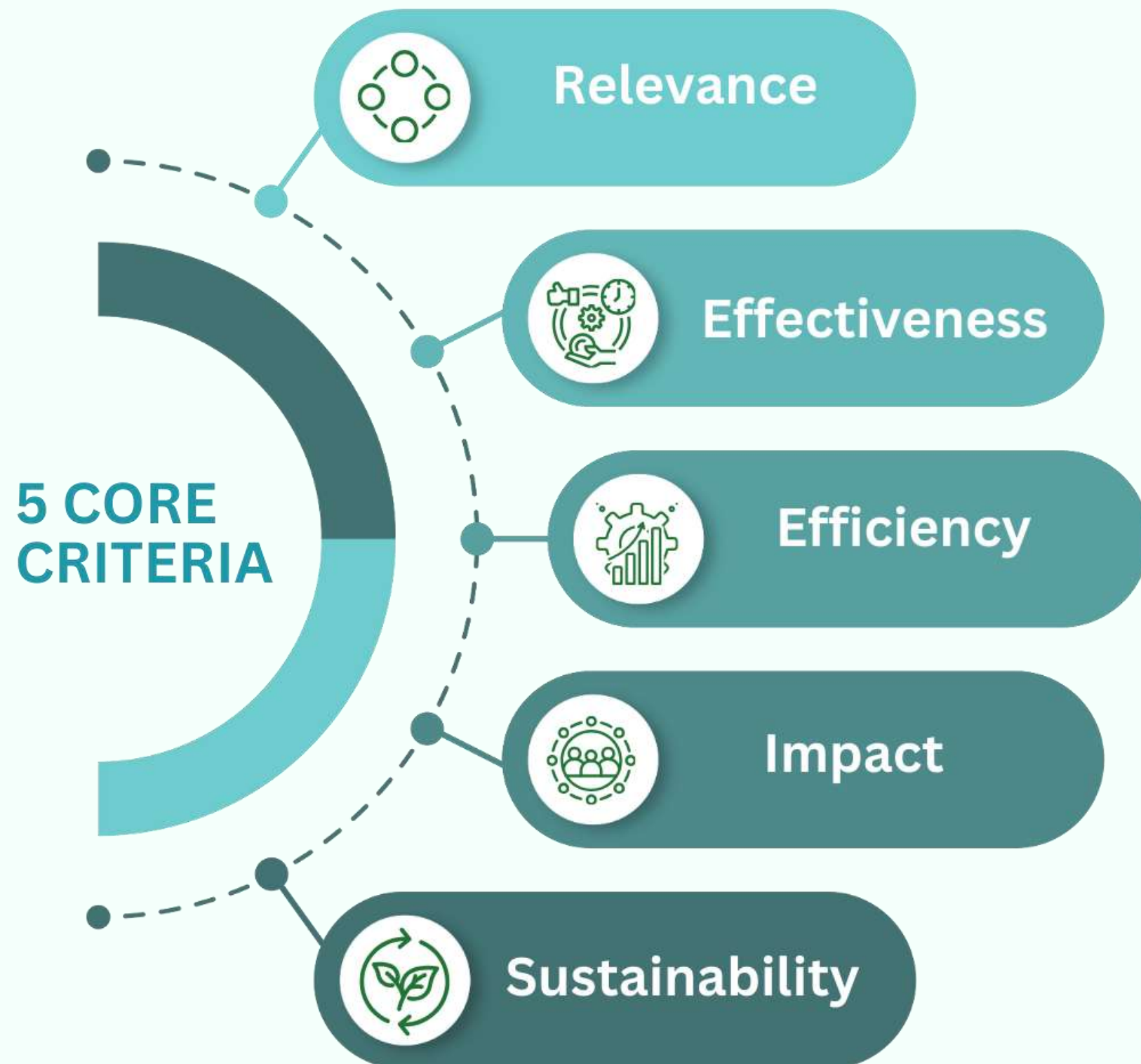
- Overall Project Achievement
- NDB and Borrower Performance

## CUSTOMISATION OF EVALUATION METHODOLOGY

- ① NDB-specific elements
- ② NDB's emphasis on cross-cutting issues
- ③ Member country context
- ④ Regional context
- ⑤ Sectoral context

## CROSS-CUTTING CONSIDERATIONS

- Inclusiveness and equity
- Climate change and disaster resilience
- Technology integration



# Private Sector Operations

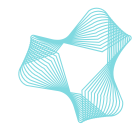
While evaluations of private sector operations will also cover several of the above criteria, as appropriate, specific criteria will be applicable to such operations as listed below:



**Financial criteria:** e.g. assessment of the fulfilment of project business objectives.



**Economic criteria:** assessing the operation's net benefits and costs, including economic distortions.



**NDB mandate criteria:** measures the project's contribution to NDB's mandate objectives.



**Environment & social criteria:** considers the project company's environmental and social performance in the project.



**Investment profitability:** measures the profitability of each of NDB's investment(s) in the project company.



**Additionality:** based on the counterfactual assessment of how the project would have proceeded without NDB support.



# Rating System and Scale

Performance criteria rated  
Using a six-point rating system



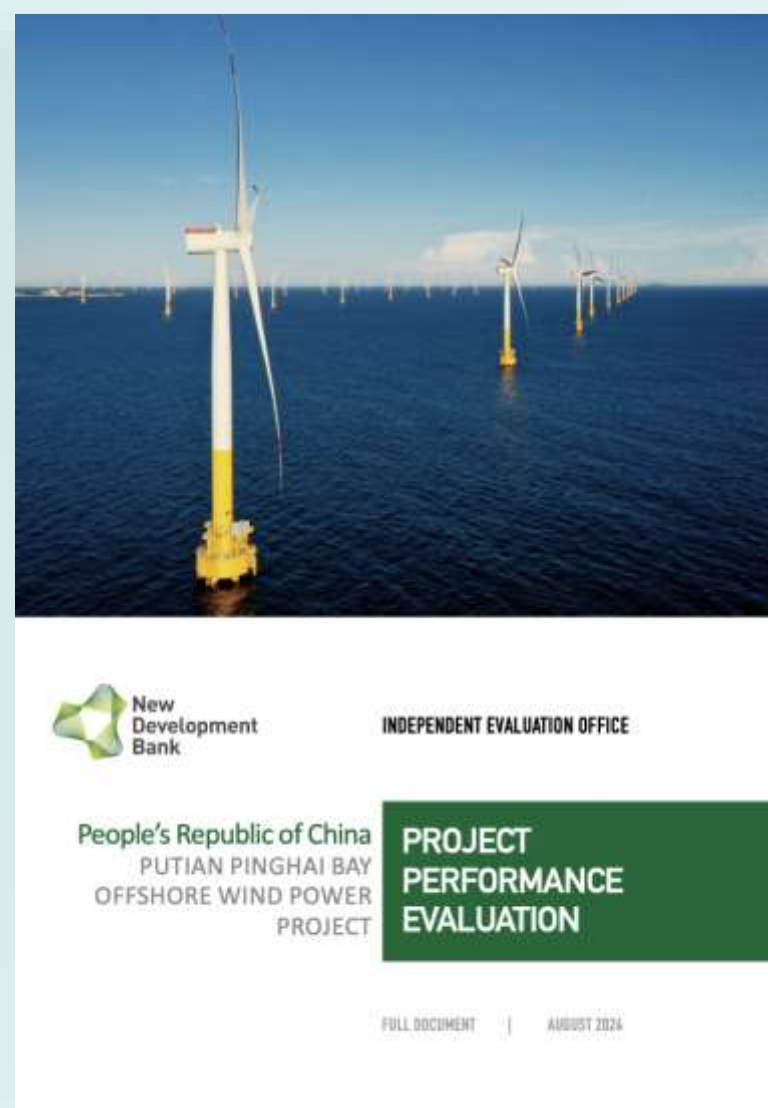
*Note: percentages indicative.*

# Key Questions for Evaluation (1/4)

HOW DO WE WORK OUT WHAT RATING AND SCORE TO GIVE EACH CRITERION?

## RELEVANCE

- How well were the project objectives aligned with government policies/NDB General Strategies/Bank policies/SDGs?
- How suitable was the project's Design & Monitoring Framework (DMF) to track and evaluate project progress and results?
- Does the project design include a theory of change (ToC)? Does it effectively articulate the link from activities to outcomes and impact?



## Snapshot from Project Performance Evaluation in China

Relevance: Successful

The project is **fully aligned with the policies and strategies of the Government of China**, especially in the expansion of renewable energy and offshore wind power. The project is also in **alignment with and contributes to multiple Sustainable Development Goals (SDGs)**. The project design is **in line with NDB's General Strategy for 2017–2021** which underlined renewable energy and energy efficiency as an NDB's priority. The DMF indicator of the project involved the production of electricity, and the reduction of CO<sub>2</sub> emissions. **Other aspects could have been captured in the DMF**, such as innovation, social benefits and impact to the industry. **An explicit ToC could have benefitted the project design.**

# Key Questions for Evaluation (2/4)

## EFFECTIVENESS

- I. To what extent has the project achieved its intended objectives and outcomes?
- II. Were there any differential results across groups (women/marginalised etc)?
- III. How satisfied are the stakeholders, including the local community, government, and investors, with the project's outcomes?

## IMPACT

- I. Were there any intended/unintended socio-economic impacts (e.g. in terms job creation/community initiatives)?
- II. Is the project likely to have a positive/negative impact on climate mitigation and ecosystems health?
- III. To what extent did the project contribute to leveraging private capital for future investments in the sector?

## EFFICIENCY

- I. Was the intervention implemented on schedule, and were there any delays?
- II. What was the disbursement rate at completion and were disbursements undertaken on schedule?
- III. Was the project executed within the budgeted cost/what was the extent of cost overruns? Are they justified?

## SUSTAINABILITY

- I. Are the project benefits expected to last after project completion? Are the institutional capacities adequate to ensure the same?
- II. Does the Financial Internal Rate of Return of the project/sub-projects exceed the weighted average cost of capital?
- III. How well does the project align to long-term environmental and social sustainability goals of the country?

# Key Questions for Evaluation (3/4)

## 01

### OVERALL PROJECT ACHIEVEMENT

- I. Provides a summary of the project's overall performance.
- II. It is not rated based on a mathematical average of the various ratings, but is based on IEO's wholistic judgement of the project's success and challenges faced, which are outlined in the various sections above.

## 02

### NDB PERFORMANCE

- I. How well did NDB support the overall quality of the project design?
- II. To what extent were NDB systems followed (with modifications if necessary)?
- III. Did NDB undertake supervision missions in a timely manner, and how was the quality of its reports?
- IV. How effectively did NDB provide technical assistance during project execution?

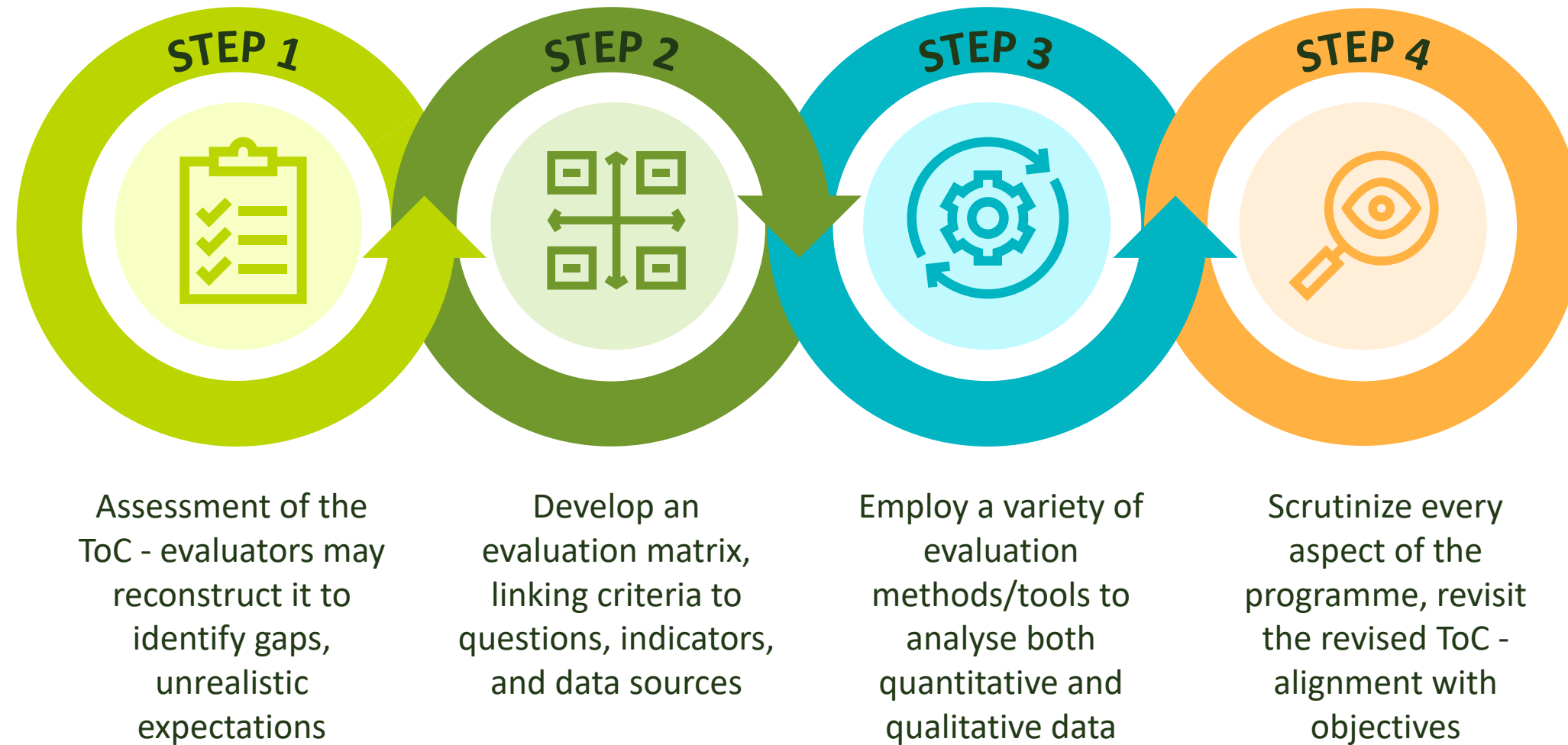
## 03

### BORROWER PERFORMANCE

- I. To what extent did the borrower follow the loan/financing agreement?
- II. How effectively did the borrower implement disaggregated monitoring systems?
- III. Did the borrower produce periodic progress reports? And how was their quality?
- IV. Did the borrower adequately involve beneficiaries including women and marginalised groups?

# Evaluation Approach

NDB's evaluation approach is a systematic, multi-step process aimed at delivering thorough assessments that enhance programme outcomes.



**WHAT IS A THEORY OF CHANGE (TOC)?**  
Maps out the logical sequence from inputs and activities to outputs, outcomes, and ultimate goals, while also highlighting key assumptions and potential risks that could influence the success of the intervention.

# Evaluation Methods

HOW THEY INTERACT

## MIXED ANALYSIS

Combining quantitative/qualitative – and “triangulating” information from different sources.



### QUANTITATIVE ANALYSIS

Involve structured techniques to collect numerical data

*E.g. Primary data collection through surveys & questionnaires, statistical analysis of economic benefits*



### QUALITATIVE ANALYSIS

Collects non-numerical data to provide deeper insights into the processes behind observed results and the context within which the programme/project operates.

*E.g. Systematic review of multiple reports, stakeholder interviews, and community feedback*





# Data Collection in Action (1/2)

How did IEO go about collecting data through quantitative, qualitative and mixed methods for its evaluation of the Mumbai Metro Rail Project in India?

## QUANTITATIVE METHOD - IMPACT SURVEY

Conducted by: SAMBODHI and led by IEO's Senior Professional Mr. Manas Puri

### DATA COLLECTION TECHNIQUE

#### Step 1: Representative Sample across

1. Metro lines: Three metro lines - two working lines selected
2. Stations: 15 out of the 30 metro stations selected based on (a) connectivity to other modes of transport, (b) vicinity to densely populated areas, (c) proximity to industrial areas
3. Respondents: based on (a) gender and (b) time of travel.

#### Step 2: Collected information on 5 indicators to inform the "Effectiveness" of the project

1. Respondents whose travel time reduced significantly
2. Respondents who were satisfied with travel time
3. Change in last mile transfers
4. Perception of travel comfort by number of last-mile transfers required after metro construction
5. Increased safety perception due to the metro among men & women across previous modes of travel

## RESULTS

- **53%** of commuters reported reduced travel times
- Significant correlation (p-value: 0.010) between **reduced travel time** and commuter satisfaction
- **6%** increase in zero-last mile transfers, **4%** increase in one-last mile transfer, **10.8%** decrease in two-last mile transfers
- **Positive feedback** was given for the metro's location (coefficient: 2.083, p-value: 0.0000), seat availability (coefficient: 0.95, p-value: 0.022), cleanliness (coefficient: 1.37, p-value: 0.002), and temperature control (coefficient: 0.84, p-value: 0.043)
- **86.1%** of female commuters felt safer

# Data Collection in Action (2/2)

**How did IEO go about collecting data through quantitative, qualitative and mixed methods for its evaluation of the Mumbai Metro Rail Project in India?**



## QUALITATIVE

Interviews with key stakeholders on project effectiveness of the Mumbai Metro Rail Project:

1. How effective was the project in reducing the time of travel?
2. To what extent has the project increased the comfort of travel?
3. Has the project contributed to increasing safety during travel as compared to other modes of travel?

## MIXED

Interviewing key stakeholders on project effectiveness and corroborating the responses with data collected from impact surveys

# Innovative Data Collection Tools

## IMPORTANCE

Enhance the efficiency, accuracy and scope of evaluations.

## CHALLENGES

Ensuring data privacy, managing technological complexities and building analytical capacities.

### Mobile Devices



Used for real-time data collection-enable survey distribution, direct data entry during field visits, and instant access to information.

### Remote Sensing and Satellite Imagery



Monitor changes in land use, assess the effectiveness of environmental conservation projects, and plan infrastructure development with minimal environmental impact.

### Machine Learning and Natural Language Processing



Automate the analysis of large volumes of text data - identify trends, sentiments and patterns that inform project design and evaluation.

# Evaluation Framework

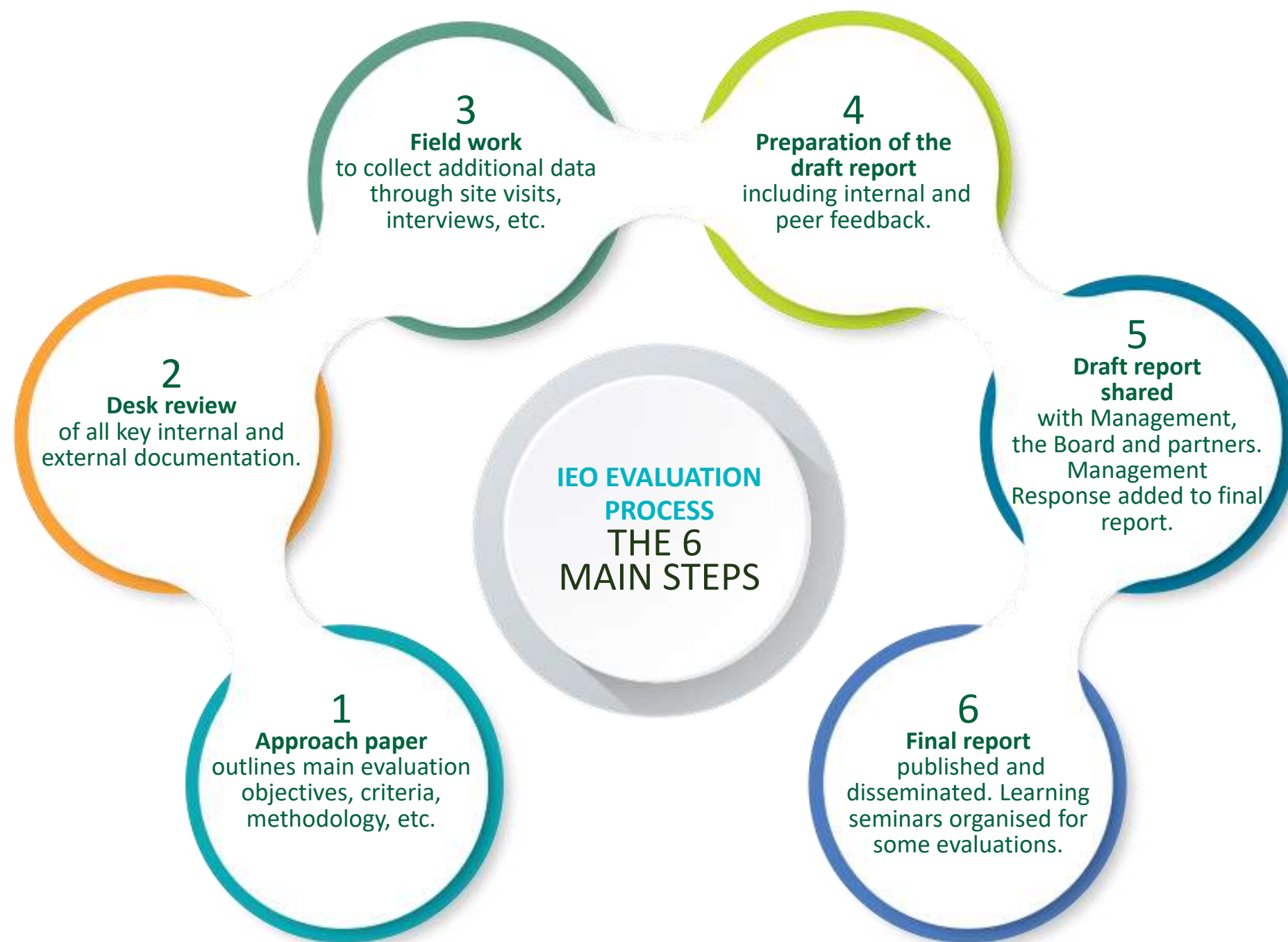
An Evaluation Framework is an essential tool for customizing the evaluation methodology.

Evaluation Criteria	Evaluation Questions	Methods/Sources
<p><u>Relevance</u></p>	<ul style="list-style-type: none"> <li>• How does the project align with the goals set forth in South Africa’s national Integrated Resource Plan (IRP) 2019 for the diversification of power generation sources, particularly in terms of incorporating renewable energy?</li> <li>• To what extent does the project align with and contribute to South Africa’s Climate Change Bill?</li> <li>• In what ways will the project contribute to achieving South Africa’s greenhouse gas emission reduction targets as committed under the UNFCCC in 2009?</li> <li>• How will the project support South Africa in meeting its Nationally Determined Contributions to the Paris Agreement, specifically in reducing annual GHG emissions to between 398 and 614 million metric tons of CO<sub>2</sub> equivalent by 2030?</li> <li>• How well do the project objectives align with the National Development Plan (NDP) 2030 goals for an environmentally sustainable, climate-resilient, and low-carbon economy, while also addressing key macroeconomic indicators such as employment, inflation control, economic growth, poverty reduction, and inequality?</li> <li>• To what extent is the project aligned with, and will contribute to, NDB’s General Strategy 2022–2026?</li> <li>• To what extent does the project contribute to the United Nations’ Sustainable Development Goals, specifically SDG 7 (Ensuring access to affordable, reliable, sustainable, and modern energy for all) and SDG 13 (Taking urgent action to combat climate change and its impacts)?</li> <li>• Was the project design and monitoring framework sound and to what extent are the performance indicators being monitored and reported?</li> </ul>	<ul style="list-style-type: none"> <li>• Stated policies and plans.</li> <li>• Interviews with government officials and borrower.</li> <li>• Review of project document to the Board.</li> <li>• Review of projects’ initial power output estimations and actual monthly production.</li> <li>• Review of baseline and collected data.</li> <li>• NDB General Strategy for 2022–2026</li> <li>• Interviews with NDB staff and Management.</li> </ul>

- Clearly defines the link between the evaluation criteria and key questions
- Allows for the adaptation of methods/approaches based on the unique characteristics of the intervention
- Ensures that the evaluation process is tailored to capture the most relevant data, reflect the specific needs of stakeholders, and account for the complexities of different projects.

# Evaluation Process

The evaluation process contains 6 key steps, as outlined here:



## KEY FEATURES

1. Customisable process based on evaluation type
2. Transparency through publicly available approach papers
3. Rigorous data collection and analysis
4. Stakeholder engagement throughout
5. Commitment to knowledge-sharing and learning
6. Translation of key documents into relevant languages

# IEO's Evaluation Types (1/2)

## PROJECT COMPLETION REPORT VALIDATION (PCR/V)



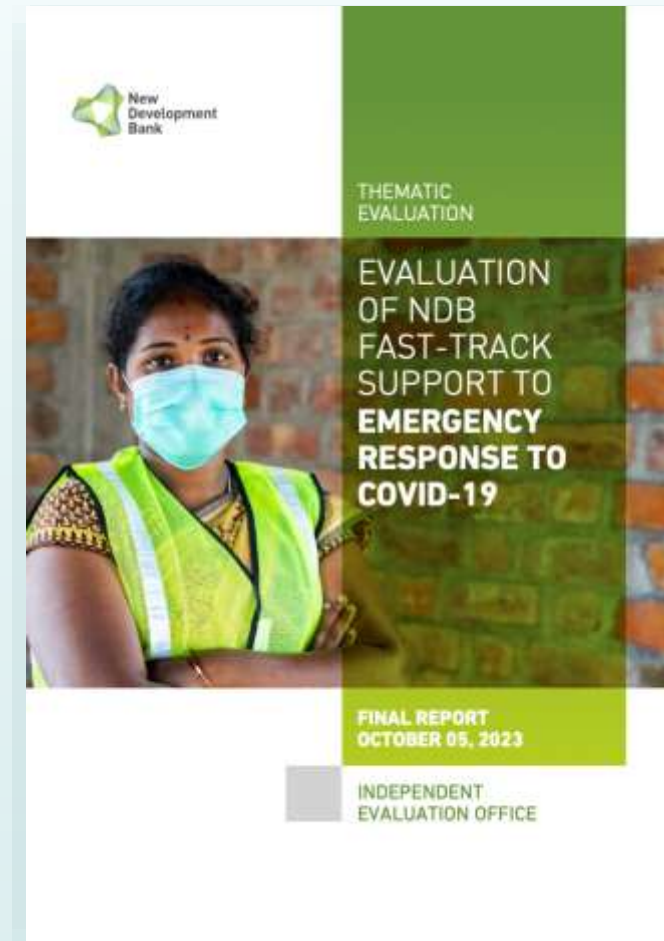
Corporate-Level Evaluations (CLEs)



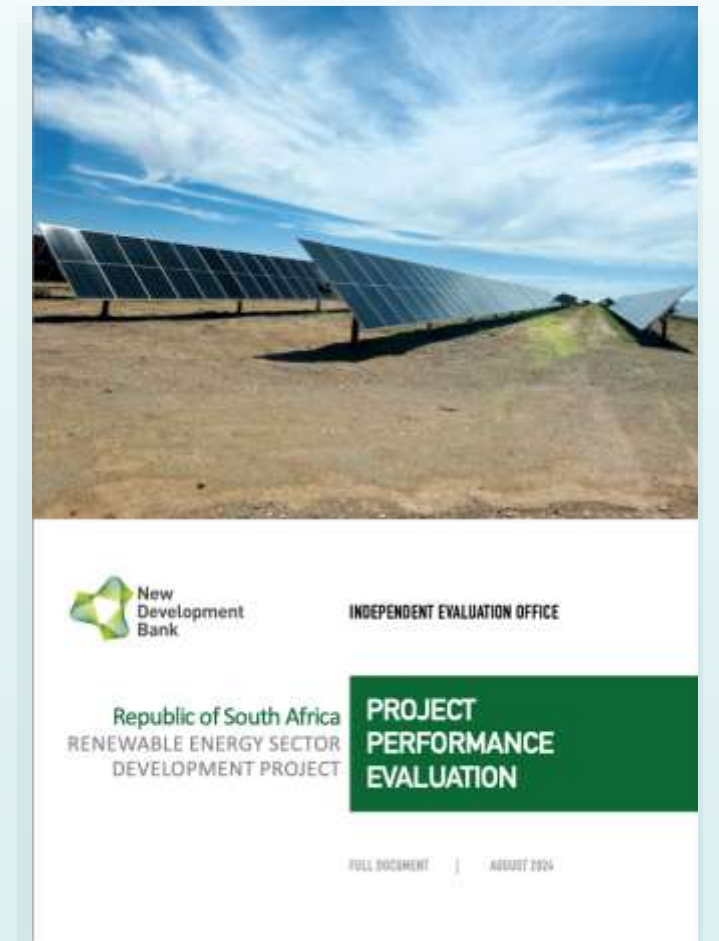
Country Portfolio Evaluations (CPEs)



Evaluation Syntheses (ESRs)



Thematic Evaluations (TEs)



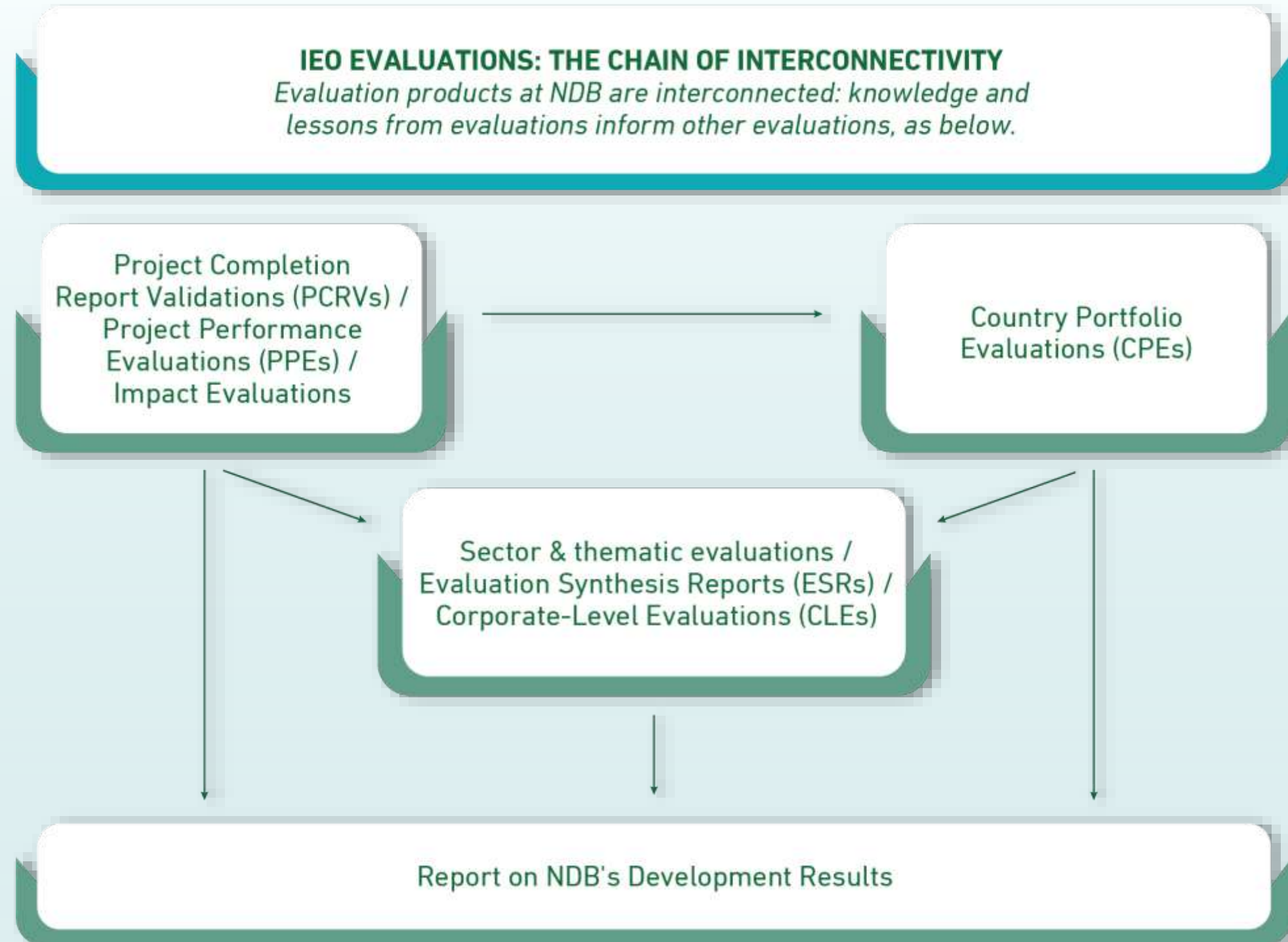
Project Performance Evaluations (PPEs)

## REPORT ON NDB'S DEVELOPMENT RESULTS (RDR)

# IEO's Evaluation Types (2/2)

**Evaluation products from IEO are interconnected:** in other words, findings and ratings from one evaluation can inform other evaluations.

**For example:** the ratings in a project evaluation in India will then inform the India Country Portfolio Evaluation, and so on.



# Knowledge Sharing, Communication & Outreach

## DISCLOSURE:

Full disclosure of evaluation reports and related products for public sector operations. No objection for disclosure from the borrower in coordination with member country authorities for private-sector operations.



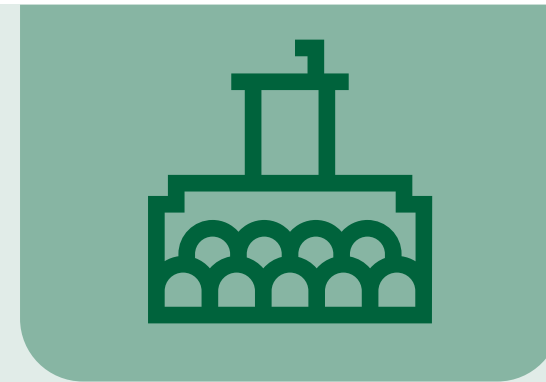
### FOR EACH EVALUATION WE PRODUCE

The final report, an “Evaluation Lens” – a two-page reader-friendly summary of the report released in Chinese, English and Portuguese; and an infographic (in English only).



### IEO WEBSITE

All products are kept on a dedicated section on the IEO webpages on the NDB website; and shared by the IEO communications team.



### EVENTS

IEO participates in major regional & national evaluation events such as the Asian Evaluation Week & South African Monitoring and Evaluation Association biennial conference; and information and reports/recordings from key events are posted on the IEO webpages.







 ieo@ndb.int

 <https://www.ndb.int/governance/independent-evaluation/>

# Thank You