

Evaluation Synthesis Report

Experience with the Use of Country Systems by NDB

Approach Paper: Methodology and Process

**Independent Evaluation Office
February 2026**

Table of contents

Abbreviations and acronyms	ii
I. Introduction	1
II. Background	1
A. Use of country systems in international development assistance	1
B. Peer MDBs and other institutions' experience with UCS	2
C. Use of country systems in NDB strategies and policies	2
III. Evaluation Synthesis Report	5
A. Rationale	5
B. Evaluation objectives and scope	6
C. Evaluation methodology	6
D. Evaluation key questions and evidence blocks	6
E. Evaluation team and process	8
F. Evaluation timeline	9
Annexes	
Annex I. Evaluation Framework for evaluation synthesis report on the UCS	10
Annex II. Evaluation report outline	14
Annex III. Bibliography	15
Annex IV. List of IEO completed evaluations to be assessed	17

Abbreviations and acronyms

BoD	Board of Directors
BRICS	Brazil, Russia, India, China, South Africa
E&S	Environmental and Social
ESF	environmental and social frameworks
ESG	Environmental, Social and Governance
ESS	Environmental and Social Standards
ERG	evaluation reference group
ESR	Evaluation Synthesis Report
IEO	Independent Evaluation Office
NDB	New Development Bank
PFM	public financial management
PTL	project team leader
UCS	use of country systems

I. Introduction

1. As approved by the NDB Board of Directors, the Independent Evaluation Office (IEO) will prepare an evaluation synthesis report (ESR) on the Bank's experience with the use of country systems (UCS). This approach paper outlines the background and methodology for the preparation of the ESR.
2. ESRs are different to other types of IEO evaluation (e.g., project performance evaluations or thematic evaluations) insofar as they focus mainly on learning and knowledge generation and sharing. ESRs draw on evidence and lessons captured in completed IEO evaluations, and in other available literature from within the Bank and outside on the topic.
3. The rationale for preparing an ESR on UCS, rather than on doing a traditional performance evaluation, is to maximize efforts and resources towards documenting good practices, knowledge and lessons that can feed into new policies, strategies and operations financed by the Bank. Moreover, having completed around 15 independent evaluations since 2022, it is timely for IEO to focus also on preparing such synthesis reports, as a way to mine and valorise the assessments, lessons and findings contained in individual evaluations, package them in systematic manner, and make such knowledge available to NDB Management, relevant in-country stakeholders, and the Board for reflection and charting out future directions.

II. Background

A. Use of country systems in international development assistance

4. UCS in international development refers to the practice whereby development practitioners such as bilateral and multilateral donors and development finance institutions rely on and operate through a partner country's own national institutions, laws, regulations, procedures and oversight mechanisms when providing development assistance, rather than establishing parallel donor-specific systems or imposing external standards and procedures¹.
5. The commitment to use country systems emerged as a central pillar of the international aid effectiveness agenda, beginning with the Paris Declaration on Aid Effectiveness in 2005. This foundational agreement recognised that developing countries' own public financial management (PFM) and environmental and social frameworks (ESFs) could serve as the primary mechanisms for managing development assistance, thereby strengthening national ownership and institutional capacity. The principle was subsequently reaffirmed and refined through successive international frameworks, including the Accra Agenda for Action (2008), the Busan Global Partnership Agreement (2011), the Addis Ababa Action Agenda (2015), and the Nairobi Outcome Document of the Global Partnership for Effective Development Cooperation (2016).
6. These commitments reflected a fundamental shift in development cooperation philosophy: moving away from the imposition of external systems and procedures toward a recognition that sustainable development requires the strengthening of partner countries' own institutions and governance systems. As articulated in the aid

¹ OECD (2005), *Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability*, High Level Forum, Paris, 28 February - 2 March 2005.

effectiveness literature, the use of country systems was understood to reduce transaction costs, enhance country ownership, improve the sustainability of development outcomes, and build the institutional capacity necessary for long-term development success.

B. Peer multilateral development banks and other institutions' experience with UCS

7. Despite nearly two decades of international commitment to UCS, progress in translating this aid effectiveness principle into practice has been much slower than anticipated. Multilateral development banks (MDBs) and international donors' experiences with UCS have varied considerably. The Global Partnership for Effective Development Cooperation's 2019 progress report revealed that development partners' use of country PFM systems remained stalled, with average utilisation hovering around 50-53% across the period from 2011 to 2018. A critical finding emerged from World Bank research indicating that no clear correlation exists between the strength of a country's PFM capacity and development partners' willingness to channel funds through those systems. Some countries with high public expenditure and financial accountability (PEFA) scores still experienced reluctance from development partners to utilise their systems. MDBs' procurement standards have shown faster progress towards harmonisation and the use of country systems than they have for ESFs, partly due to the more technical nature of the former.²
8. The disconnects between a commitment to the increasing use of country systems and actual utilisation reflects persistent challenges on both sides: development partners' concerns about fiduciary, reputational and development risks; and borrowing countries' own hesitations regarding the administrative burden, due diligence requirements, and additional compliance obligations associated with greater use of their own systems. Other limitations include weak or inconsistent country systems, variable political commitment to their use, and inadequate capacity among stakeholders, including MDBs themselves. Recent initiatives show renewed promise, such as where MDBs have established country offices with local expertise, adopted phased and context-specific approaches, invested in systematic capacity-building, and developed common assessment methodologies.
9. An initial review of the experience of MDBs suggests that, while the principle of country systems remains widely endorsed, its operationalisation requires sustained commitment, contextual adaptation and a willingness to balance legitimate risk management concerns with the long-term institutional development objectives that underpin the aid effectiveness agenda.

C. Use of country systems in NDB strategies and policies

10. As outlined in NDB's General Strategy 2017-2021, UCS was a defining principle reflecting the Bank's commitment to national sovereignty and development ownership. The strategy emphasised that NDB would verify ex-ante the quality of borrowing-country environmental, social, fiduciary and procurement systems, and use them whenever they met NDB's requirements. Importantly, where a country's systems were deemed inadequate, NDB committed to filling gaps with additional requirements tailored to specific project needs rather than imposing standardised external safeguards. This

² Humphrey and Getzel, ODI, 2024.

represented a deliberate departure from traditional MDB approaches that had historically started from their own externally designed standards and bypassed national systems. NDB committed to doing the exact opposite: to start from national systems and gap-fill as necessary to meet NDB standards.

11. By the General Strategy for 2022-2026 period, NDB's commitment to country systems had matured into a more refined and operationalised approach. The Bank reaffirmed that "the use of country systems in ESG as well as procurement practices will continue to be a defining feature of NDB's operational approach". However, this strategy introduced a more systematic and dynamic framework for implementation.
12. The refined approach emphasised periodic in-depth and systemic reviews to identify areas in member countries' systems that could be bolstered, with the Bank committing to track and monitor changes in national legislations and regulations to maintain alignment. Notably, as NDB's membership expanded to include new members such as Bangladesh, Egypt, United Arab Emirates and Algeria, the strategy acknowledged the need to conduct deep dives to review the country systems of new members and assess their adequacy for achieving NDB's sustainability objectives. This represented an important evolution: NDB would calibrate its approach for operating in specific national contexts rather than applying a one-size-fits-all methodology. NDB also committed to proactively tracking and learning from best-in-class approaches of peer institutions and member country systems, suggesting a more collaborative and learning-oriented stance toward country systems strengthening.
13. The transition over general strategy periods reflects both continuity and refinement in NDB's country systems' philosophy. The foundational principle – that national ownership and sovereignty should be paramount – remained, however, constant; but the 2022-2026 strategy demonstrated greater operational sophistication in several respects. First, it acknowledged the practical challenges of membership expansion by committing to context-specific assessments rather than uniform application of country systems' principles. Second, it introduced more explicit mechanisms for ongoing monitoring and improvement of country systems, moving beyond the initial ex-ante verification framework. Third, the 2022-2026 approach emphasised reciprocal learning and benchmarking against peer institutions, suggesting a more dynamic understanding of how UCS could evolve over time.
14. Both strategies express a conviction that using country systems was not merely a procedural choice but a development imperative and indicative of NDB's distinctive positioning within the MDB landscape as an institution designed by and for member countries.
15. **Procurement.** NDB's procurement policy aims to use the country procurement system with risk-based outcome-focused supervision of the procurement processes. This is based on an assessment which covers, for example, the type and size of project, the complexity of procurement, and the capabilities of the executing agency determining the level of supervision. This approach reflects NDB's commitment to working within the regulatory frameworks of its member countries while maintaining fiduciary responsibility. On a case-by-case basis, NDB may require clients to include specific provisions that may be at variance with the country procurement system to ensure procurement meets the requirements of the Bank's Articles of Agreement. This flexibility allows NDB to balance

respect for national systems with the need, as per the Procurement Policy 2020, to uphold core procurement principles of economy, efficiency, value for money, fit for purpose, competition, and transparency.

16. In order to operationalise this country systems approach, NDB conducts comprehensive assessments of member countries' procurement frameworks and implements a differentiated supervision methodology based on the risks identified. As detailed in the NDB Procurement Guideline (2022), NDB employs two primary review methods determined during project appraisal: prior review and post review. Prior review is applied to complex projects, large projects with higher procurement risk, and all projects involving direct selection or potential conflict of interest; while post review is used when executing agencies demonstrate high capability, procurement risk is low, and contracts are small. The Procurement Division, as policy owner, collaborates with the Bank's operations departments to implement procurement reviews, assess procurement risks, and develop practical solutions for project compliance. This risk-based approach should be supported by comprehensive country procurement systems assessments, such as the India Country Procurement Systems Assessment (2024), which evaluates the legal and institutional framework at national and sub-national levels to determine compatibility with NDB's Procurement Policy and identify areas requiring strengthening.
17. NDB's assessment methodology considers four key criteria: completeness of legislative and regulatory framework and its compliance with procurement principles; institutional framework and management capacity; competitiveness of national markets; and integrity and transparency of the public procurement system. According to the Procurement Guideline, where gaps are identified between country systems and NDB policy requirements, the Bank works with clients to develop practical solutions and risk mitigation plans during project preparation and appraisal to achieve compliance with NDB's Procurement Policy. This collaborative approach aims to strengthen local frameworks while ensuring that NDB's core procurement principles are upheld, thereby promoting both local ownership and alignment with international best practices in procurement governance.
18. **Environmental and social aspects.** According to NDB's Articles of Agreement, "The purpose of the Bank shall be to mobilise resources for infrastructure and sustainable development projects in its founder-members countries (BRICS) and other emerging market economies and developing countries".³ NDB believes that environmental and social sustainability are crucial to addressing the infrastructure gaps and sustainable development needs of its member countries and its mandate.
19. NDB's commitment to environmental and social sustainability is anchored in its Environmental and Social Framework (ESF), published in 2016. This is comprised of two foundational components: the Environmental and Social Policy (ESP) and the Environmental and Social Standards (ESS). The ESF sets out NDB's core principles governing operations on environment and social management. The ESF applies to all NDB-financed and administered projects, whether sovereign or non-sovereign, ensuring that projects adequately identify and manage their environmental and social impacts while minimising associated risks. The three Environmental and Social Standards – ESS1 on Environmental and Social Assessment, ESS2 on Involuntary Resettlement, and ESS3

³ www.ndb.int/wp-content/uploads/2022/11/Agreement-on-the-New-Development-Bank.pdf.

- on Indigenous Peoples – establish mandatory requirements that guide client implementation throughout project preparation and execution.
20. To operationalise these standards, NDB developed the Environment and Social (E&S) Guideline in 2021. This described the specific processes to be followed by NDB staff for processing projects across all stages, from concept review through appraisal and implementation. The E&S Guideline emphasises that NDB is committed to contributing to infrastructure and sustainable development by ensuring projects adequately identify and manage environmental and social impacts and minimize risks. The guideline establishes roles and responsibilities for the Environmental, Social and Governance (ESG) Department and operations teams, with E&S specialists intended to serve as essential and active members of project teams. The Guideline covers all project stages through a risk-based approach, with differentiated monitoring frequencies for Category A, B, C, and financial intermediary (FI) projects,⁴ ensuring that supervision intensity aligns with the level of environmental and social risk.
 21. A defining feature of NDB's approach is its primary reliance on country and corporate systems to manage environmental and social risks. Rather than imposing a one-size-fits-all framework, NDB promotes the use of national, subnational, and sectoral implementing institutions and applicable laws, regulations and procedures, provided they are fully consistent with the key requirements of NDB's ESF and ESS. Where there are gaps between the country's systems and NDB standards, NDB applies a "Country Systems+" approach, developing collaborative action plans with borrowers to address deficiencies through stricter risk management protocols, capacity-building initiatives or enhanced monitoring. Further, if NDB determines that the relevant requirements of the country in which the project is located are more stringent than the requirements of its own Policy, the more stringent requirements will be complied with. This approach is intended to foster local ownership, reduce delays and costs, and strengthen institutional capacity within member countries, whilst ensuring that the environmental and social standards set out in the ESF are fully met.

III. Evaluation synthesis report

A. Overview

22. The main rationale for prioritizing the UCS as a topic for an ESR at this point in time, around ten years after the creation of the Bank, is to learn from the experience of using country systems, which is one of the defining features of NDB's development approach.
23. Given its focus on learning and knowledge generation, the ESR will not make use of the traditional evaluation criteria (i.e., relevance, effectiveness, efficiency, and others), nor assign performance ratings. The ESR will also not include recommendations, nor does it require a written Management Response, but rather highlight issues that merit consideration for the way forward.

⁴ According to NDB Environment and Social Framework, a proposed project is classified as: Category A if it is likely to have significant adverse environmental and social impacts that are irreversible, diverse or unprecedented. These impacts may affect an area larger than the sites or facilities subjected to physical works; Category B if its potential adverse environmental and social impacts are less adverse than those of Category A projects. These impacts are site-specific, few if any of them are irreversible and in most cases mitigation measures can be designed more readily than for Category A projects; Category C if it is likely to have minimal or no adverse environmental impacts; and Category FI if it involves investment of funds to or through a financial intermediary.

B. Evaluation objectives

24. The main objectives of the ESR are to:

- (i) Capture the experiences, good practices and lessons from NDB's approach to using country systems from the Bank's inception in 2015 to 2025;
- (ii) Identify good practices and experience from peer MDBs that are of relevance to the NDB in light of its specific context and mandate; and
- (iii) Highlight issues for consideration by NDB relating to the use of country systems moving forward.

C. Evaluation scope and methodology

25. The evaluation synthesis will be carried out within the overall framework of the NDB Evaluation Policy, Evaluation Strategy 2024-26, and Evaluation Manual. The ESR will take as a primary reference the objectives and approach set out in the 2017-2021 and 2022-2026 NDB general strategies, and the policies and guidelines relating to, in particular, procurement and environmental, social and governance aspects. While the use of country systems typically covers a wider range of issues – such as public financial management, audit systems, financial reporting and accountability, monitoring and evaluation, and results-based management – procurement and ESG aspects have been a core focus of UCS in both NDB and many peer organisations, and therefore provide the most potential for learning and knowledge uptake. The use of country systems by NDB is not limited to ESG, and procurement. While both general strategies articulate a comprehensive NDB philosophy, including aspects such as fiduciary systems and institutional frameworks, ESG and procurement have represented the primary areas of operational focus and refinement. This justifies the emphasis on ESG and procurement in the preparation of this ESR.

26. The ESR will rely on the application of mixed methods of both quantitative and qualitative analysis including the use of techniques of triangulation for validation of analysis as appropriate. The instruments for data and information collection may be seen in the next section on evaluation building blocks.

27. The analytical pathway will integrate findings across evidence sources through structured triangulation. Documentary evidence will be organized thematically against the evaluation framework to identify patterns in NDB's UCS policy and practice. Interview data will be systematically analysed to surface stakeholder perspectives on implementation challenges and lessons learned. Where evidence sources diverge, explicit attention will be given to assessing the strength of available evidence. This process will culminate in a comprehensive synthesis identifying overarching themes and evidence-based considerations for NDB's future country systems approach.

D. Evaluation key questions and evidence blocks

28. The **key questions** that the ESR will examine are as follows:

- (i) How has NDB's use of country systems policy, guidance and operational practice evolved, and why, with particular reference to procurement and E&S standards?
- (ii) What has worked well and less well in prioritising the use of country systems within original and newer member countries, and within sovereign and non-sovereign projects, and what lessons have been and can be learned?

- (iii) How does experience of prioritising the use of country systems by NDB compare with the experience of peer MDBs, and what can be learned from this and wider experience?
 - (iv) What is known about the costs, benefits and trade-offs resulting from NDB's use of country systems, with particular reference to procurement and E&S standards and outcomes, and borrower capacity?
 - (v) How well has NDB evaluated, reported, and shared its use of country systems experience and learning both internally and externally?
29. A detailed set of evaluation questions are contained in the Evaluation Framework at **annex 1**. These will be revised as the evaluation proceeds.
30. In addition to reviewing and analysing all of IEO evaluations completed by the end of 2025, the evaluation will also be forward-looking by analysing the design documents of a selected number of recently approved projects (2024-2025). The purpose of this is to assess how the Bank's approach to integrating country systems in its operations is evolving over time. Hence, the evaluation will not only be able to comment on lessons from past design but also offer insights into any changes introduced in recent times, thus providing a more holistic assessment of the trajectory of the Bank's activities on the topic. This is important given that most of the evaluations done by IEO cover projects that were designed five years ago or earlier.
31. The evaluation will be based on the following building blocks.
32. **Documentation.** The following types of documents will be reviewed by IEO in preparing the ESR:
- (i) NDB policies, strategies and Board of Directors minutes relating to UCS in general; guidelines on procurement, and environmental and social frameworks in particular. Self-evaluations and country analysis/diagnosis conducted by NDB's ESG and procurement teams.⁵
 - (ii) All IEO evaluation reports finalised up to December 2025 to synthesise the experience and learning relating to UCS.
 - (iii) Additional project documents for a sample⁶ of the projects evaluated by IEO. The size of this sample, and the projects to be selected, will be decided after a review of all the project evaluation reports. This review of documents will form the basis of case studies and inform the interview (see later).
 - (iv) The project document to the Board and any available procurement and ESG documents for the most recently signed project in each member country. The review of these will inform the interview with the project team leader (PTL) and with procurement and ESG staff. It will be secondary to the synthesis of existing evaluation reports.
 - (v) MDB, other donor and wider literature on UCS. Additionally, for selected MDBs (provisionally the Asian Infrastructure Investment Bank, Asian Development Bank,

⁵ IEO will keep the confidentiality of the country analysis/diagnosis. The analysis on these documentation will focus on the frequency of the analysis, and how the country analysis is applied in the process of NDB's UCS.

⁶ Amongst which will be projects approved in different periods, with a country and sector diversification.

and African Development Bank) IEO will undertake a review of their policies and guidelines regarding UCS in E&S and procurement.

33. **Interviews.** IEO will conduct a number of key informant interviews to capture their perspectives on the subject. Interviews will be conducted with the following groups of people:
- (i) Current procurement and ESG staff at HQs;
 - (ii) Available PTLs, procurement and ESG staff connected with the sample of IEO evaluated projects;
 - (iii) The PTL for the most recently signed project in each country;
 - (iv) Operational staff including those in NDB regional office/centre;
 - (v) Key country/client staff connected with the sample of IEO evaluated projects, selected with the assistance of the PTL (if available) and/or operations teams, one from each country; and
 - (vi) Selected peer MDB (see provisional list above), academic and non-governmental organisation staff.

E. Evaluation team and process

34. The evaluation will be conducted under the overall leadership and oversight of Mr. Ashwani K. Muthoo, the Director General of IEO. Ms. Jin Zhao, IEO Evaluation Specialist, will be the lead evaluator, and she will be supported by a team of experts, including Mr. Michael Flint (evaluation specialist and economist), Ms. Marcia Cortes Pereira de Oliveira (social and environmental specialist) and Ms. Beatriz Vieira Rauber (IEO research analyst). IEO will bear full responsibility for the contents and quality of the evaluation report and related outputs.
35. The preparation of the ESR will comprise the following phases.
- (i) **Desk review of documents.** Starting in November 2025, the team will systematically review the documents listed in **annex III** for evidence and insights related to the key evaluation questions.
 - (ii) **Establishment of an evaluation reference group.** An evaluation reference group (ERG) will be established for the evaluation, with the aim of promoting dialogue and exchanges at key stages of the evaluation process as well as to foster learning and building ownership in the evaluation. The ERG will be composed of representatives from relevant NDB divisions and departments (e.g. Vice Presidency for Strategy and Risk, the ESG Department and Procurement Division). ERG will be specifically invited to comment on key deliverables, participate in briefing sessions, provide inputs and access to data and documents on specific topics as well as attend any workshops and seminars that will be organised as part of the evaluation.
 - (iii) **Approach Paper.** The approach paper will outline the overall context of the ESR, its methodology, process and timelines. The draft will be shared with the NDB Management for comments and finalised building on their feedback.
 - (iv) **Interviews with key stakeholders.** As mentioned above, IEO will conduct interviews with a number of key stakeholders (see above).

- (v) **Drafting of the evaluation report.** Building on the documents review, and interviews, IEO will draft the main evaluation report. The draft will be shared with NDB Management for comments and finalised after considering their comments. An audit trail will be produced illustrating how the comments received have been incorporated in the final report.
- (vi) **Knowledge-sharing and outreach.** The final evaluation report and any related products will be disseminated in line with the NDB Evaluation Policy.

F. Evaluation timeline

36. Table 1 captures the specific deliverables, and a corresponding timelines, though the latter may be adjusted as the evaluation unfolds.

Table 1. Timeline

Key Activity / Deliverable	Timeline
Draft Approach Paper shared with NDB Management	15 January 2026
Comments received on draft Approach Paper	6 February
Approach Paper finalized	February
Conduct interviews with key stakeholders	February – early March
Draft report sent for peer review	30 March
Draft report shared with NDB Management for comments	April
Comments received on draft ESR	May
ESR finalized	June

Annex I. Evaluation Framework for evaluation synthesis report on the UCS

Key Question	Detailed questions (provisional) ⁷	Evidence sources
<p>How has NDB’s UCS policy, guidance, and operational practice evolved since 2017, and why, with particular reference to procurement and E&S standards?</p>	<ul style="list-style-type: none"> ● How has NDB’s general UCS policy and guidance evolved since 2017 and why? ● How has NDB’s procurement policy, guidance and practice evolved and why? ● How has NDB’s E&S policy, guidance and practice evolved and why? ● What is NDB’s E&S policy, principles, guidance and practice with respect to UCS, how has this evolved? ● To what extent has NDB moved away from a "one-size-fits-all" approach toward country-specific, tailored approaches to UCS? ● How has NDB's approach to assessing country systems evolved, particularly regarding the shift from equivalence/acceptability tests to more qualitative, in-country expert assessments? ● What mechanisms has NDB established to periodically review and monitor changes in member countries' legislation, regulations, and implementation consistency? ● How has NDB's approach to gap-filling and capacity building evolved? 	<p>NDB documents</p> <p>Interviews with procurement and E&S HQ and regional staff.</p> <p>All completed IEO evaluation reports.</p> <p>Documents for the most recently signed projects (one from each member countries).</p> <p>Interview with PTL for the most recently signed project in each country.</p>
<p>What has worked well and less well in prioritising the use of country systems within original and newer member countries, and within sovereign and non-sovereign projects, and what lessons have been and can be learned?</p>	<ul style="list-style-type: none"> ● How consistently have NDB’s ESG and procurement policies with respect to UCS been applied, and how well has NDB been able to fill any gaps identified? ● What has worked well and less well in prioritizing UCS at different stages of the project cycle? What lessons have been learned? ● How has NDB assessed the commitment of member states to the UCS agenda, and how does this commitment vary across countries? ● What are the key challenges NDB has faced in implementing UCS, including: (i) risk mitigation concerns; (ii) weak or inconsistent country systems;; and (iii) capacity-building constraints, including those related to NDB’s lean organisational structure. 	<p>All completed IEO evaluation reports.</p> <p>Additional documents for sample (number to be decided) of IEO evaluated projects.</p> <p>Documents for the most recently signed projects (one from each member countries).</p> <p>Interview with PTL for the most recently signed</p>

⁷ Suggested priority questions for each Key Question are identified in bold type.

Key Question	Detailed questions (provisional) ⁷	Evidence sources
	<ul style="list-style-type: none"> ● How effective has NDB been in establishing and maintaining country/regional offices with adequate staffing, decision-making power, and local expertise to support UCS implementation? ● What is the relationship between NDB's membership expansion and the ability to conduct deep dives and context-specific assessments of new members' systems? ● To what extent has NDB employed innovative risk mitigation mechanisms or technology-enabled solutions (e.g. e-procurement systems) to support greater UCS? ● How well has NDB balanced risk management with the development objective of systematically building national institutional capacity through UCS? ● What evidence exists regarding the correlation (or lack of) between the strength of a country's procurement and E&S systems and NDB's actual reliance on those systems? ● How has NDB engaged civil society and broader stakeholder participation in strengthening country systems, particularly given their role in accountability? ● How has NDB's approach to UCS differed between sovereign and non-sovereign operations, and what factors explain these differences? ● What specific challenges and opportunities have emerged in applying UCS to new member countries compared to founding members? ● Institutional strengthening: Did the project investments contribute to enhancing internal capabilities, coordination and processes of implementing partners? 	<p>project in each country.</p> <p>NDB procurement and E&S assessments and reviews (all countries)</p> <p>Interviews with procurement and E&S HQ and regional office staff</p> <p>Interview of national procurement and E&S staff connected with sample (number to be decided) of evaluated projects.</p>
<p>How does experience of prioritising the use of country systems by NDB compare with the experience of peer MDBs, and what can be learned from this and wider</p>	<ul style="list-style-type: none"> ● How has NDB's definition and scope of country systems aligned with peer MDBs? ● How has <u>general</u> UCS policy and practice among other international development partners evolved over time and why? What lessons have been learned? ● How has <u>procurement</u> policy and practice among other international development partners evolved over time and why? What lessons? 	<p>Documents from multilateral and bilateral partners, and wider literature</p> <p>Interviews with procurement and E&S staff from sample of peer IFIs</p>

Key Question	Detailed questions (provisional) ⁷	Evidence sources
experience?	<ul style="list-style-type: none"> ● How has E&S policy and practice among other international development partners evolved over time and why? What lessons? ● What are the key differences between NDB's approach to UCS and that of other MDBs, particularly regarding: (i) the starting point (country systems first vs. MDB standards first); (ii) gap-filling methodology; and (iii) flexibility in application? ● What lessons can NDB learn from traditional MDBs' experiences with equivalence and acceptability testing, and their challenges in scaling UCS? ● How have peer MDBs addressed the challenge of balancing stringent preconditions for UCS with the need to support country system strengthening? ● What documentation exists regarding the costs, benefits, and trade-offs resulting from UCS compared to parallel MDB systems? ● What evidence exists from peer MDBs regarding the effectiveness of country/regional offices and decentralized decision-making authority in advancing UCS? ● How have peer MDBs approached capacity-building to support UCS, and what models show promise for holistic, programmatic (rather than transactional) support? ● How have peer MDBs managed the transition from project-level compliance culture to strategic reliance on country systems? ● What distinctive advantages or disadvantages does NDB's positioning as an emerging-market country -led institution confer in advancing UCS compared to traditional MDBs? 	<p>Interviews with relevant organisations (eg. OECD DAC), academics and NGOs</p>
<p>What is known about the costs, benefits and trade-offs resulting from NDBs use of country systems, with particular reference to procurement and</p>	<ul style="list-style-type: none"> ● What is known about procurement and E&S standards and outcomes associated with UCS in NDB-financed projects? ● How has NDB's use of country systems affected project implementation timelines, transaction costs, and administrative burdens? ● To the extent that gap-filling has been required and attempted, how well has this worked, how long has this taken to achieve and what lessons have been learned? 	<p>IEO evaluation reports</p> <p>Interviews with HQ procurement and E&S staff, and regional office staff.</p> <p>Interview of national</p>

Key Question	Detailed questions (provisional) ⁷	Evidence sources
E&S standards and outcomes?	<ul style="list-style-type: none"> ● What are the reputational and fiduciary risks that NDB has encountered through greater reliance on country systems, and how have these been managed? ● To what extent has NDB's use of country systems contributed to strengthening national procurement and E&S institutions, and what evidence supports this? ● What trade-offs exist between NDB's efficiency objectives (fast, flexible, streamlined operations) and the time and resources required to conduct thorough country system assessments, and support any necessary gap-filling and capacity-building? ● How have costs and benefits of UCS varied across different member countries, sectors, and project types (sovereign/non-sovereign)? 	procurement and E&S staff connected with sample (number to be decided) of evaluated projects
How well has NDB evaluated, reported, and shared its UCS experience and learning internally and externally?	<ul style="list-style-type: none"> ● How well has NDB (incl. IEO) evaluated and reported on its progress and experiences with UCS? ● How have any improvements in country capacity resulting from NDB support been evaluated? ● How well has NDB shared its UCS learning internally and externally? ● To what extent has NDB established clear organizational targets and reflected these in its results measurement framework to track UCS progress? ● What baseline metrics and performance indicators has NDB established to enable future assessment of the impact of UCS initiatives? ● How has NDB contributed to global dialogues on UCS and shared its distinctive experience as an emerging-market country-led multilateral institution? 	<p>NDB documents</p> <p>List of workshops/conferences where NDB has contributed</p> <p>Interviews with NDB and peer IFI staff</p> <p>Interviews with national procurement and E&S staff connected with sample of evaluated projects</p>

Annex II. Evaluation report outline

Acknowledgement	1 page
Preface by DG IEO	1 page
List of Acronyms	1 page
Executive Summary	3 pages
Introduction	
Background	
• Use of country systems in international development assistance	1 page
Evaluation Synthesis Objectives, Methodology and Process	
• Objectives	1 - 2 page
• Methodology, and questions	2 - 3 pages
• Limitations and mitigation measures	1 page
• Process	1 page
Evaluation Synthesis Findings	10 pages
Conclusions and Considerations for the way forward	
• Conclusions	2-3 pages
• Considerations for the way forward	2-3 pages
Annexes	

Annex III. Bibliography

NDB Policies, Guidelines, and Documents:

General Documents

- Articles of Agreement on the New Development Bank
- First and Second General Strategy
- Annual Reports

Board Documents

- Update on Review of Country Systems (2020-BD29-DOC-019-a)
- Guiding Principles for Using Country Systems (2020-BD29-DOC-019-b)
- Minutes of Board of Directors Meeting (27th to 30th BOD)

IEO Documents

- Evaluation Manual
- Evaluation Strategy
- Evaluation Synthesis Report on The Role of Regional Offices
- Previous IEO Evaluations and their considerations on Country Systems (**annex IV**)

ESG Department

- Environment and Social Framework
- Procurement Policy
- Environmental and Social Guideline 2021
- NDB Procurement Guideline 2022
- NDB India Country Procurement Systems Assessment 2024

VPCOO Departments

- Policy without Sovereign Guarantee to National Financial Intermediaries
- Policy on Fast-track Emergency Response to COVID-19
- Policy on Sovereign Loans and Loans with Sovereign Guarantee

SPPD Department

- Strategy Implementation Reporting Guideline 2022
- Country Partnership Plan

Other Documents

- Whistleblower Procedures
- Investor Presentation Q1 2025
- Second-Party Opinion (SPO) Sustainalytics - Overview of the New Development Bank Sustainable Financing Policy Framework -December 2020

Peer MDBs and International Organizations Documentation:

- ADB 2023 - *The Governance Brief: What Can Be Done to Improve the Use of Country Governance Systems?*
- ADB 2015 - *Promoting the Use of Country Systems in ADB's Operations: A Systematic Approach*

- ADB - *Safeguards Operational Review: Other Multilateral Development Banks and Their Use of Country Safeguard Systems*
- AfDB 2023 - MOPAN Assessment Report
- AfDB 2015 – Assessment of the use of “Country Systems” for environmental and social safeguards and their implications for AfDB-financed operations in Africa
- laDB 2018 – Social Impact Assessment
- laDB 2013 – Mid-term Evaluation of IDB-9 Commitments: Country Systems
- laDB 2011 - Use of Country Systems: Acceptability Analysis
- laDB - Strategy for Strengthening and Use of Country Systems - *to be retrieved*
- laDB - Guide for Acceptance of the Use of Country Procurement Systems - *to be retrieved*
- IsDB 2025 - Guidance Note on Use of Country Procurement Systems under IsDB project financing
- OECD 2005 – Paris Declaration on Aid Effectiveness (2005)
- OECD 2009 – Managing Development Resources: The Use of Country Systems in Public Financial Management
- OECD 2009 – *Policy Brief 1: What are the Benefits of Using Country Systems?*
- OECD & UNDP 2019 - Global Partnership 2019 Progress Report
- UNDP 2009 - Moving Towards Use of Country Systems for Procurement in Bangladesh: A Case Study
- WBG 2010 - Safeguards and Sustainability Policies in a Changing World: An Independent Evaluation of World Bank Group Experience
- WBG 2011 – Use of Country Systems for Environmental Safeguards
- WBG 2008 – A Progress Report on Implementing the Paris Declaration
- WBG 2007 - Use of Country Systems in Bank-Supported Operations: Status Report

Annex IV. List of IEO completed evaluations to be utilised

Primary: (all PPE projects' PDBs will be looked at)

Project Performance Evaluation (PPE):

- Madhya Pradesh Roads Project
- Renewable Energy Projects and Associated Transmission
- Greenhouse Gas Emission Reduction and Energy Sector Development Project
- Luoyang Metro Construction Project
- Putian Pinghai Bay Offshore Wind Power Project
- Renewable Energy Sector Development Project
- The Pará Sustainable Municipalities Project
- Delhi-Ghaziabad-Meerut Regional Rapid Transit System project
- Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project

Secondary: (main focus is on the evaluation report)

Country Portfolio Evaluation (CPE):

- India: Country Portfolio Evaluation
- China: Country Portfolio Evaluation

Thematic Evaluation (TE):

- NDB's Fast-Track Support to the COVID-19 Emergency
- NDB Financing and Activities in the Energy Sector in South Africa

Corporate Level Evaluation (CLE):

- NDB's Financial Architecture
- NDB Project Cycle (Sovereign Guaranteed Operations)
- NDB Policy Framework

Evaluation Synthesis Report (ESR):

- NDB Regional Presence on the Ground

Report on Development Results (RDR):

- RDR First Edition

Project Completion Report Validation (PCRv):

- China: Lingang Distributed Solar Power Project
- India: Renewable Energy Sector Development Project