

DAY 3

Parallel Session #: 16

Infrastructure for Inclusive and Sustainable Development: Experience of the New Development Bank (NDB), the Global South, and other Key Development Partners

Independent Evaluation Office (IEO) of NDB
13 September 2023

Who We Are

▶ NDB is a **multilateral development bank established by BRICS¹** countries to **mobilise resources for infrastructure and sustainable development projects**

▶ The **membership is open to members of the United Nations**

▶ Our **mission** is to support public and private projects through **loans, guarantees, equity participation and other financial instruments**



HIGH CAPITALISATION

- High level of initial **authorised capital of US\$ 100bn** with initial **subscribed capital of US\$ 50bn** and **paid-in capital of US\$ 10bn** places NDB amongst the largest MDBs globally
- **Prudent capital management:** maximum Capital Utilization ratio at 90%



CREDIT STRENGTHS

- **AA+/AA/AAA/AAA** long-term international credit rating from **S&P/Fitch/JCR²/ACRA³**
- **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%)** and one of the largest commitments amongst all MDBs
- **Weighted average credit rating of projects approved is BB+**



INNOVATION AND SUSTAINABILITY

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



EFFICIENCY

- NDB aims to structure, negotiate, review and **approve loans within a period of 6 months** without compromising project quality and risk management standards
- **Lean operations**, partnership with other development institutions

¹ Brazil, Russia, India, China and South Africa

² Japan Credit Rating Agency

³ Analytical Credit Rating Agency

Strong Shareholder Support

Members	Shareholding
Brazil	18.98%
Russia	18.98%
India	18.98%
China	18.98%
South Africa	18.98%
Bangladesh	1.79%
Egypt	2.27%
United Arab Emirates	1.06%
Uruguay	Prospective member

- ❖ **Equal capital subscription** amongst founding members
- ❖ **Full member support** for maintaining a very strong financial profile
- ❖ **No member holds veto power**
- ❖ **Preferential treatment in member countries** with extensive immunities, privileges and exemptions

Declaration of the Leaders of Brazil, Russia, India, China and South Africa at the 14th BRICS Summit, Beijing, China on June 23, 2022

- “We congratulate the NDB on its relocation to its permanent headquarters building in Shanghai as well as the opening of NDB’s regional office in India.
- We welcome the decisions on admission of four new members to the NDB and look forward to further membership expansion in a gradual and balanced manner in terms of geographic representation and comprising of both developed and developing countries, to enhance the NDB’s international influence as well as the representation and voice of EMDCs in global governance.
- We support the NDB’s goals of attaining the highest possible credit rating and institutional development.
- We appreciate the vital role of the NDB in addressing the impact of the pandemic and assisting in the economic recovery in member countries.”

Note: Prospective members listed herein have been admitted by NDB’s Board of Governors and will officially become a member country once they deposit their instrument of accession

Highly Experienced Management Team



President & Board Member

H.E. Mrs. Dilma Vana Rousseff

- The Economist Dilma Rousseff was elected the President of the Federative Republic of Brazil for two consecutive terms.
- Previously, in the first two governments of President Luiz Inácio Lula da Silva, she was the Minister of Mines and Energy and Minister Chief of Staff, a position she held until 2010. During this period, she chaired the Board of Directors of Petrobras, Brazil's largest and most important company.
- As the President of Brazil, Dilma Rousseff focused her agenda on ensuring the country's economic stability and job creation. In addition, during her government, the fight against poverty was prioritized, and social programs that started under President Lula da Silva's terms were expanded and internationally recognized. As a result of one of the most extensive processes of poverty reduction in the country's history, Brazil was removed from the UN's Hunger Map.
- Internationally, she promoted respect for the sovereignty of all nations and the defense of multilateralism, sustainable development, human rights, and peace. Under her government, Brazil was present in all international fora for climate and environmental protection, culminating in decisive participation in the achievement of the Paris Agreement.



**VP
Chief Financial Officer**
**Mr. Leslie
Maasdorp**

- 25+ years of public and private sector experience
- Prior roles as Managing Director and President of Bank of America Merrill Lynch for Southern Africa, Vice Chairman of Barclays Capital and ABSA Capital
- Served as Special Advisor to the Minister of Labor of South Africa and as Deputy Director General in the Ministry of Public Enterprises
- Served as International Advisor to Goldman Sachs International



**VP
Chief Operations Officer**
**Mr. Vladimir
Kazbekov**

- Extensive experience in the public sector and in the area of development finance
- Served in several senior roles in the Russian Ministry of Foreign Affairs and Presidential Executive Office
- Worked in executive position for the Russian National Development Bank (VEB) for 20 years and greatly contributed to the development of BRICS interbank cooperation mechanism



**VP
Chief Risk Officer**
Mr. Anil Kishora

- 38+ years of public sector experience at India's largest bank, State Bank of India (SBI)
- Served as Deputy Managing Director & CRO of SBI, was Deputy Managing Director & Chief General Manager of SBI Local Head Office in Chandigarh, India and CEO of SBI in Singapore
- Was a Council Member of Association of Banks in Singapore, a board member of IACPM, New York, Macquarie SBI Infrastructure Management Pte. Ltd. and Macquarie SBI Infrastructure Trustee Ltd.



**VP
Chief Administrative
Officer**
**Mr. Qiangwu
Zhou**

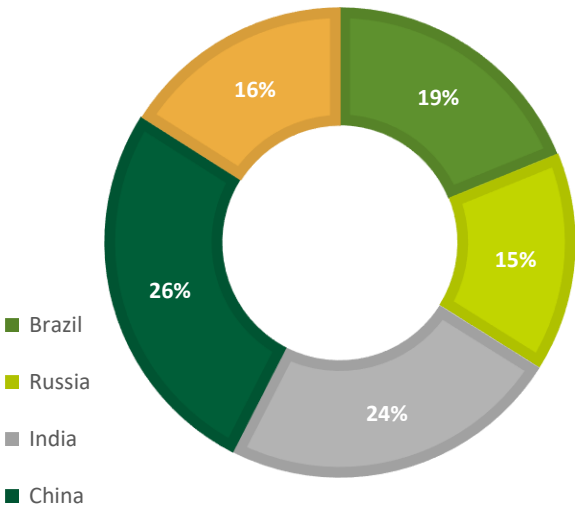
- Extensive experience in the public sector
- Served as Director General level official in the Ministry of Finance of China, while holding the positions of International Development Association (IDA) Deputy, and GEF Council member for China
- Worked in the UN's Administrative and Budgetary Committee, representing the Government of China and served as Advisor and then Senior Advisor to the Executive Director for China in the World Bank Group

Support for Infrastructure and Sustainable Development

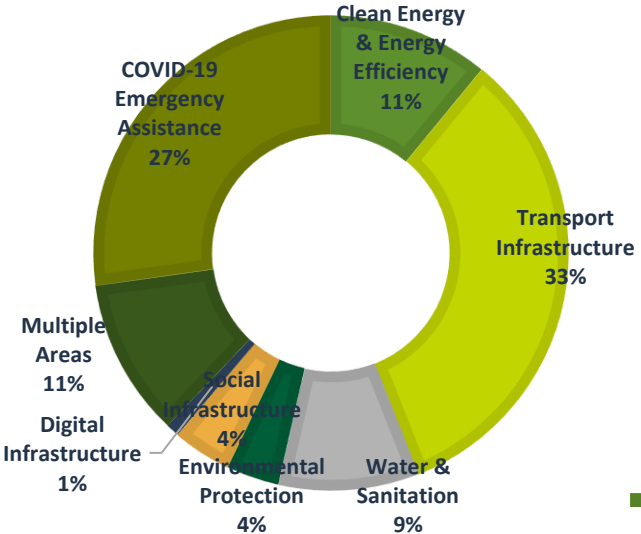


- Development of sustainable infrastructure, being one of the key priorities for emerging economies in the coming decades, is the core focus of NDB’s operations
- NDB Board of Directors approved 98 projects in all member countries for a total amount exceeding US\$ 32bn
- Enjoy Preferred Creditor Status from Member Countries

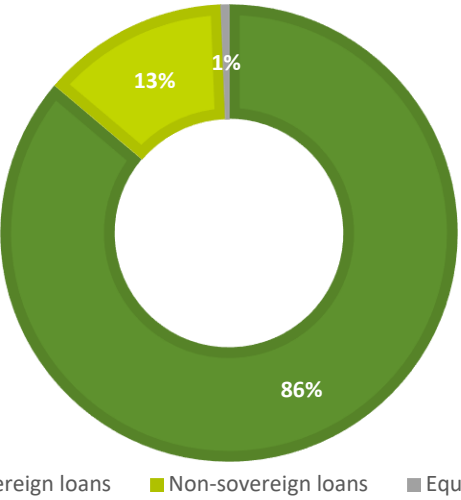
BY COUNTRY



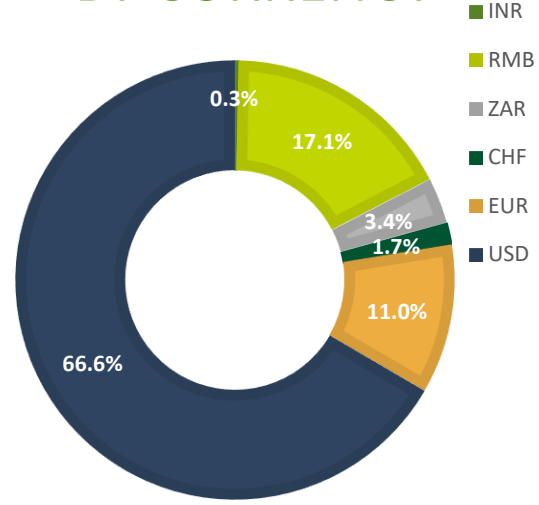
BY OPERATION AREA



BY TYPE



BY CURRENCY



¹ Loans are classified by total loan notional, in approximate US\$ terms. Figures may not tally due to rounding differences
² As of June 30, 2023. Weighted average credit rating of projects approved is BB+. List of all approved investment projects is available at: <https://www.ndb.int/projects/list-of-all-projects/>

Strategy Map



STRATEGIC DIRECTION

Evolution into a leading provider of solutions for infrastructure and sustainable development for EMDCs

STRATEGIC IMPERATIVES

Mobilising Resources

Financing for Impact

Deploying funding

Mobilising private capital

Co-financing with other MDBs

Expanding non-sovereign & local currency operations

Raising funding

Local currency fundraising

Thematic bond issuances

Focus on specific areas



Cross-cutting considerations

Climate change & disaster resilience

Technology integration

Inclusiveness

Institution Building

Expand membership, strengthen partnerships & enhance international profile

Enhance internal capabilities, coordination & processes

NEW DEVELOPMENT BANK
GENERAL STRATEGY FOR 2022–2026

SCALING UP
DEVELOPMENT FINANCE
FOR A SUSTAINABLE
FUTURE

Strategic Targets



Provide **USD 30 billion** in total volume of approved financing from own balance sheet over 2022–2026



Extend **30%** of total financing in local currencies over 2022–2026



Co-finance **20%** of projects (in numbers of projects) with partner MDBs over 2022–2026



Provide **30%** of total financing to non-sovereign operations over 2022–2026



Direct **40%** of total approvals to projects **contributing to climate change mitigation and adaptation, including energy transition**, over 2022–2026



Increase female representation to **40%** of professional and managerial staff by 2026

Guiding Principles



Inclusive and Sustainable Development



Precautionary Approach



Environmental and Social Interests



Conservation of Natural Resources



Climate Change



Gender Equality



Co-operative Functioning and Knowledge Dissemination



Country Systems

NDB promotes the use of strong country and corporate systems in the management of environmental and social risks and impacts. We also assist in further strengthening the country systems through a variety of mechanisms in both the public and the private sectors.



IEO FUNCTION of NDB

IEO undertake independent evaluation of NDB strategies, policies, instruments, processes and operations, with the aim of identifying lessons and providing recommendations for improving the efficiency and effectiveness of the Bank.

NDB IEO Objectives



Fostering accountability

Promote accountability by providing an evidence-based assessment of results



Generate knowledge and lessons

Generate lessons, good practices and knowledge for improving the Bank's performance



Improve results

To contribute to promoting enhanced quality and results of the Bank's activities.



IMPROVING CONNECTIVITY



Madhya Pradesh Major District Roads Project

India

Approval Date: **22 November, 2016**
 Project Closing Date: **31 March, 2022**
 Borrower: **The Republic of India**
 Executing agency: **MP Road Development Corp Ltd.**
 NDB Financing amount: **USD350 million**
 Co-financing/ leveraging amount: **USD150 million**
 Total project cost: **USD500 million**
 Geographic Coverage: **24 districts in MP State**



CLEANER ENERGY



Renewable Energy Projects and Associated Transmission Project

Brazil

Approval Date: **13 April, 2016**
 Project Closing Date: **26 April, 2020**
 Borrower: **Brazilian Development Bank (BNDES)**
 Project Executing agency: **BNDES**
 NDB Financing amount: **USD300 million**
 Co-financing/ leveraging amount: **USD845 million**
 Total project investment cost: **USD1.14 billion**
 RE technology supported: **Solar PV and Onshore Wind**
 Project States: **Bahia, Minas Gerais, Pernambuco, and Piauí**



CLEANER ENERGY



Greenhouse Gas Emission Reduction and Energy Sector Development Project

South Africa

Approval Date: **20 July, 2018**
 Project Closing Date (extended): **29 January, 2024**
 Borrower: **Development Bank of Southern Africa (DBSA)**
 Project Executing agency: **DBSA**
 NDB Financing amount: **USD300 million**
 Co-financing/ leveraging amount: **around USD2.2 billion**
 Total project investment cost: **around USD2.5 billion**
 RE technology supported: **Solar PV, Onshore Wind, Concentrated Solar Power and Biomass**
 Geographic Coverage: **12 communities in 4 provinces**



On-lending Operations with NFI

BNDES



Renewable Energy Projects and Associated Transmission Project

Brazil

Project Objectives:

- Supply adequate and reliable electricity
- Additional capacity via alternative forms of renewable energy

RE generation: **834 MW/ year**

CO2 emission saving: **1.6 mill. tons/ year**

DBSA



Greenhouse Gas Emission Reduction and Energy Sector Development Project

South Africa

Project Objectives:

- Facilitate investments in renewable energy
- Power generation mix and decarbonization
- Crowding in private sector financing and long-term funds for the energy sector projects

Renewable energy generation: **3,540 GWh/year**

CO2 emission saving: **around 3 mill. tons/ year**

Policies guide the NFI Operations

Document Category: Policy Year: All [Apply](#) [Reset Filters](#)

Core Document | Policy
Procurement Policy

Core Document | Policy
Policy on Transactions without sovereign guarantee

Core Document | Policy
Policy on Partnerships with National Development Banks

Core Document | Policy
Policy on Loans without Sovereign Guarantee to National Financial Intermediaries

Evaluation Criteria for the two on-lending projects via NFIs: a balanced combination of Public Sector and Private Sector Operations

- BNDES and DBSA, borrowers and project executing agencies, National Financial Intermediaries (NFIs), 100% State-Owned-Enterprises of NDB member countries.
- Overall project level: **Relevance, Effectiveness, Efficiency, Impact and Sustainability.**
- Sub-project level (private sector initiatives): **Financial Performance, Economic Sustainability, Environmental and Social Performance.**

Key evaluation findings

- Significant amount of co-financing mobilized by the NFI borrowers.
- Outputs substantially exceeded projects' objective and target set at design.
- Swift loan disbursements and adequate flexibilities during implementation by NDB.
- The projects were successful, mainly attributed to:
 - ✓ NFI borrowers' financial and operational strength.
 - ✓ Substantial experience in developing sustainable infrastructures with private sector.
 - ✓ Strong technical capacity of private sector sub-borrowers/ developers.
 - ✓ Sophisticated institutional framework and robust country system.

Key evaluation findings (Cont'd)

- Promoted local participation, job creation, socio-economic and enterprise development for local communities, though not explicitly defined at project design.

- Room for improvement:
 - adequate analysis on financial additionality for sub-borrowers/ sub-projects
 - define and generate non-financial additionality
 - knowledge management
 - communication strategy and plan

- Exit strategies need to be developed for renewable energy infrastructures waste.

Recommendations



Recommendation 1

Further strengthening the relationship with NFIs and conducting in-depth reviews of member countries' systems.



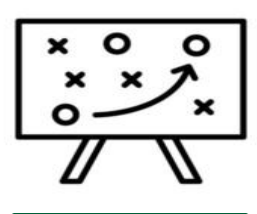
Recommendation 2

Proactively explore options for local currency financing.



Recommendation 3

Clearly define, generate and leverage NDB's additionality in technology, ESG and gender.



Recommendation 4

Formulate NDB country strategy to guide partnership with its member countries.



Recommendation 5

Enhance quality of project Design & Monitoring Framework and the Monitoring and Evaluation process, focus more on development impact.



Recommendation 6

Project design and implementation should include coherent knowledge management and communication strategies.

Key Takeaways

- ❑ National Financial Intermediaries:
 - ✓ Key actors in infrastructure financing in Global South
 - ✓ Help mobilise commercial capital for low-emission and climate-resilient infrastructure
 - ✓ Enablers and mobilisers of other sources of finance

- ❑ Use Country Systems:
 - ✓ Strengthen a country's own capacity
 - ✓ Achieve better long-term development results

- ❑ Multi-stakeholder collaboration:
 - ✓ Indispensable to close the infrastructure financing gap
 - ✓ Realise the objectives of the 2030 Agenda



Thank you



IEO@NDB.INT



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