



# Innovations for Influential Evaluation

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2–5 September | Conrad Hotel Shanghai, People's Republic of China

[#AsianEvaluationWeek](#) [#AEW2024](#)



# Leveraging Evaluation for Organizational Transformation:

## Insights from the New Development Bank (NDB)

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Independent Evaluation Office

New Development Bank

# Who We Are



- ▶ NDB is a multilateral development bank established by BRICS<sup>1</sup> 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
- NDB's subscribed capital stood at USD 52.7 billion
- **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>2</sup>/ACRA<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

<sup>1</sup> Brazil, Russia, India, China and South Africa

<sup>2</sup> Japan Credit Rating Agency

<sup>3</sup> Analytical Credit Rating Agency

# Map of the NDB General Strategy for 2022–2026

## Strategic Direction:

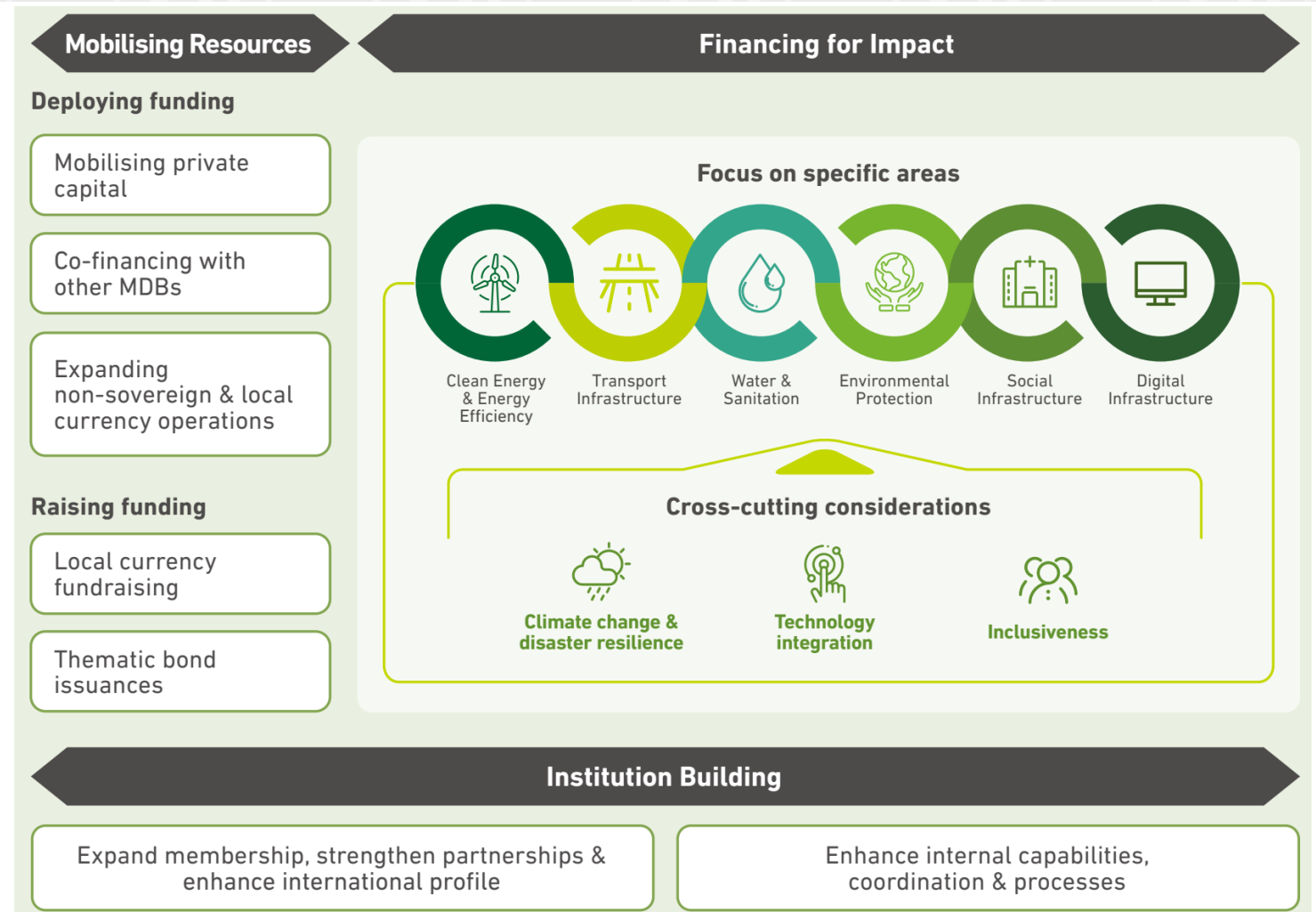
Evolution into a leading provider of solutions for infrastructure and sustainable development for EMDCs

## Strategy Building Blocks:

- Centrality of member countries & clients
- Criticality of SDGs & climate goals
- Catalytic role in resource mobilisation
- Crucial role of knowledge & innovation

## NDB in 2026:

- ✓ Delivering as “One Team”
- ✓ Operating with quality, speed and efficiency, leveraging technology
- ✓ Mobilising public & private capital own balance sheet



IEO established  
April 2022

# Roadmap



NDB Evaluation  
Policy approved



IEO webpages  
launched



Staff recruitment  
(Ongoing)

7 positions approved for 2024



NDB Inter-Departmental  
Working Group on  
Evaluation founded



High-level Evaluation  
Advisory Committee  
(HLEAC) founded



Evaluation Strategy  
2024-2026  
approved



Evaluation Manual  
completed

# Evaluation Function of NDB

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

## IEO Strategic Priorities (2022 – 2026):



(i) **Strengthen NDB's developmental impact** by evaluating NDB-financed projects and associated activities, deriving lessons, and sharing knowledge;



(ii) Support the further **development of NDB self-evaluation capacities and systems**;



(iii) **Provide evaluation-based lessons** to support the preparation of Bank policies and strategies;



(iv) **Promote an evaluation and results culture** in the Bank and its member countries.



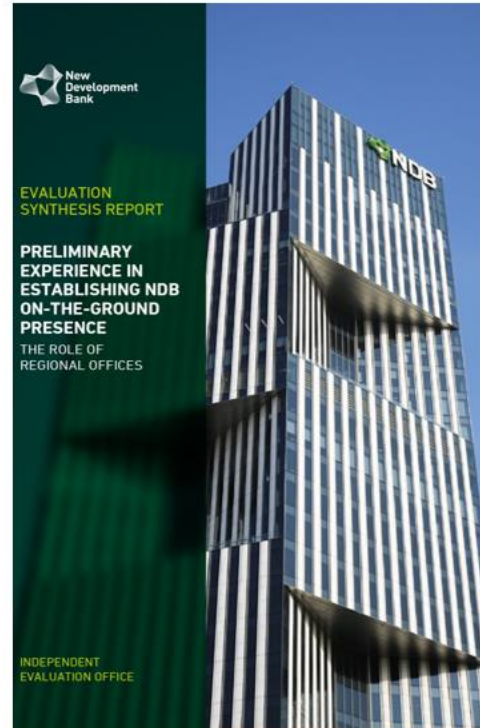
# Types of Evaluations



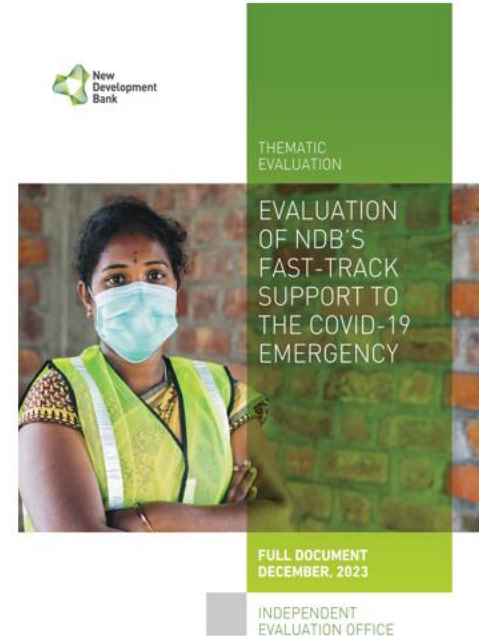
**Corporate-Level  
Evaluations  
(CLEs)**



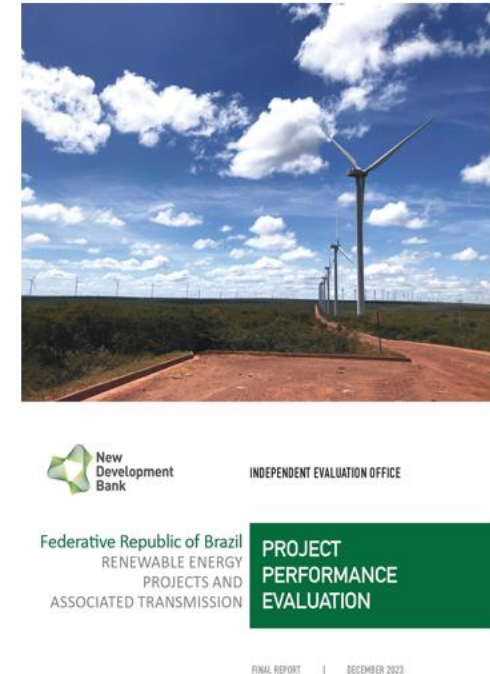
**Country Portfolio  
Evaluations  
(CPEs)**



**Evaluation Syntheses  
(ESRs)**



**Thematic Evaluations  
(TEs)**



**Project Performance  
Evaluations  
(PPEs)**

**Development Effectiveness Report (DER)**

# Completed Evaluations

## Project Performance Evaluations (PPEs)

INDIA

Madhya Pradesh Major District Roads Project (Dec. 2022)

SOUTH AFRICA

1. GHG Emissions Reduction and Energy Sector Development Project (Sep. 2023)
2. Renewable Energy Sector Development Project (Jun. 2024)

BRAZIL

1. Renewable Energy Projects and Associated Transmission (Sep. 2023)
2. Para Sustainable Municipalities Project (Sep. 2023)

CHINA

1. Luoyang Metro Project (Dec. 2023)
2. Putian Pinghai Bay Offshore Wind Power Project (Jun. 2024)

## Thematic Evaluation

NDB

NDB's COVID19 Emergency Response Programme (Sep. 2023)

## Evaluation Synthesis Research Report

NDB

NDB's On-the-ground Presence & Regional Offices (Mar. 2024)

## Project Completion Report Validation

CHINA

Lingang Distributed Solar Power Project (Apr. 2024)

## Corporate-Level Evaluations

NDB

1. Financial Architecture (Jun. 2024)
2. Policy Framework (Aug. 2024)



# Cross-Cutting Findings from PPEs: Areas of Strength

- ✓ **Strong alignment** with Government policies and priorities.
- ✓ **Success in achieving outputs by using country systems**, in some cases exceeded the target.
- ✓ **Robust collaboration** with local stakeholders & implementing agencies.
- ✓ **Favorable partner choice** facilitated smooth and timely implementation.
- ✓ **Positive Government engagement**: high degree of support during project life cycle.
- ✓ **Demonstrated agility**: COVID19 loans - timely support members during crisis.
- ✓ **Staff commitment**: high degree of commitment and resilience to go the “extra mile”.
- ✓ **Positive role of regional offices**: strengthening on the ground presence.

# Case Study



## South Africa: Renewable Energy Sector Development Project

Approval Date: **March 31, 2019**

Loan Closing Date: **December 6, 2023**

Borrower & Executing agency: **The Industrial Development Corporation**

Total project cost at approval: **ZAR 27.5 billion**

NDB Financing amount: **ZAR 1.15 billion**

Co-financing/ leveraging amount: **ZAR 26.65 billion**

Total project investment cost: **around ZAR 27.8 billion**

RE technology supported: **Solar PV & Concentrated Solar Power**

Geographic Coverage: **4 plants in the Northern Cape province**

Renewable energy generation (estimated): **1,340 GWh/year**

CO2 emission saving (estimated): **around 1.3 mill. tons/ year**



Figure 5: Transformative Equity Aspects in the Sub-Projects

Transformative Equity	
<b>Redstone</b> <ul style="list-style-type: none"> <li>Shareholding by BEE: 24%</li> <li>Shareholding by Community Trusts: 15%</li> <li>Investment in community initiatives during construction ZAR 5 mn.</li> <li>Expected investment in community initiatives during LoP: ZAR 575 mn</li> </ul>	<b>Scatec</b> <ul style="list-style-type: none"> <li>Shareholding by HI Holdings BEE 49%</li> <li>Investment in community initiatives during construction</li> <li>Expected investment in community initiatives during LoP.</li> <li>GBVH Policy &amp; Action Plan.</li> </ul>

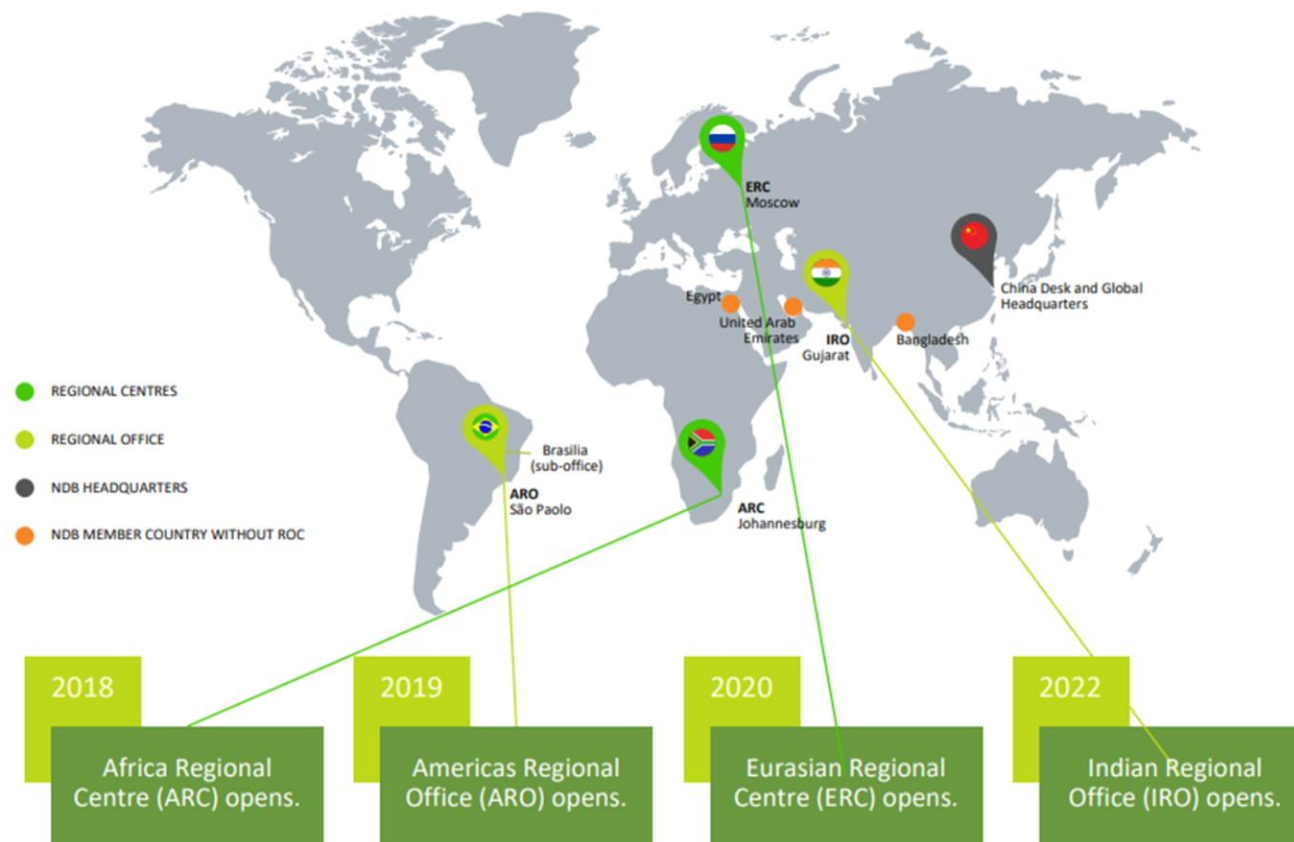
## Cross-Cutting Findings from PPEs: Areas for Development

- i. Strengthen project design: **deeper impact-orientation, sophisticated risk analysis and DMF.**
- ii. Enhance quality assurance: **systematic approach to improve “quality-at-entry”.**
- iii. M&E activities and reporting merits continuous attention.
- iv. Country strategies to be developed: **restricting opportunities for synergies across portfolios.**
- v. Resource allocation: potential challenge with expanded membership.
- vi. Increase investment in non-lending activities: **partnerships, SSTC, TA, policy support, KM.**
- vii. More collaboration with development partners/ co-financing.
- viii. Sector specialists: needed for priority areas of the General Strategy.
- ix. Adequate consideration required for learning: **cross-fertilization of good practices**



NDB was established in 2015 with headquarters in Shanghai. Within three years of operations, NDB opened its first regional office. By 2022, NDB had four Regional Offices and Centres (ROCs) to serve its expanding membership base. **What has been the experience so far?**

## Regional Offices and Centres: From zero to four in four years





## Top 5 positive contributions of ROCs

Facilitating support to field missions

ROCs strengthen  
“One Bank” culture

Helping advance engagement and  
dialogue with a wide range of  
institutions

Phased setting up of global  
presence: good use of limited  
resources

Basing China Desk in HQ has  
enabled economies of scale and  
staff efficiency

## What are some of the current challenges?

- Focus within ROCs on operations, and limited resources: *restricting opportunities for deeper engagement in non-lending activities*;
- Limitations of institutional IT systems challenge efficiency;
- Staffing capacities and capabilities: narrow talent pool limits diversity;
- Difficult to decipher clear contribution the ROCs are expected to make to the Bank’s strategic objectives.

## 5 things to focus on going forward

Developing tailored  
country strategies  
to provide better  
guidance and  
transparency

Finalising  
organisation-wide  
corporate results  
framework so  
ROCs have clearer  
targets and  
structure

Improving IT  
systems and  
connectivity to  
improve ROC  
efficiency

Hire more  
staff members  
focusing on  
diversity and a  
wide range of  
skills

Furthering  
regional- and  
country-level  
partnerships  
with peer  
MDBs, United  
Nations, etc.



## Inter-Departmental Working Group on Evaluation

In collaboration with the NDB Management, IEO established an Inter-Departmental Working Group (WG) on Evaluation, as a platform for exchanging knowledge and information, and discussing evaluation matters of shared interest and importance. The WG meets on a quarterly basis, or more frequently, depending on business needs.

Members of WG: lending & operations, ESG, risk management, research, strategy, regional offices etc.

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# High-Level Evaluation Advisory Committee



The main purpose of the HLEAC is to: provide strategic advice to the Director General of IEO and lend credibility and bring reassurance to the Board and NDB Management



Mr. Alexandre  
Meira da Rosa  
Brazilian



Mr. Sergey I.  
Shatalov  
Russian



Mr. Vinod  
Thomas  
Indian



Mr. Xianbin  
Yao  
Chinese



Ms. Zenda  
Ofir  
South African

# Key Takeaways

Evaluation can and should:

- ✓ *help establish a clear baseline of current state;*
- ✓ *facilitate setting measurable goals align with mission;*
- ✓ *uncover obstacles may hinder transformation effort;*
- ✓ *fosters a culture of learning by identifying what works / what doesn't;*
- ✓ *engage stakeholders to support for transformation initiatives, and support monitoring the progress;*
- ✓ *assess impact of the transformation on performance and effectiveness.*



# Key Takeaways (Cont'd)

## Integrate Evaluation into Organizational Practices:

- ❑ Link evaluation activities to institutional strategic goals;
- ❑ Develop Evaluation Frameworks (Policy, Strategy, Manual, etc.)
- ❑ Customize methodology to NDB and member countries' specific context;
- ❑ Establish a *Culture of Evaluation* and provide training for staff;
- ❑ Create mechanisms for timely feedback;
- ❑ Regular reporting on results to keep stakeholders informed.



# Thank you

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