

Proposal to reprioritize selected activities in the 2023 work programme of the Independent Office of Evaluation

Owner: Independent Evaluation Office

Date: 9 March 2023

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ABBREVIATIONS

BOD	Board of Directors
CLE	corporate level evaluation
IEO	Independent Evaluation Office
NDB	New Development Bank

I. BACKGROUND

1. At its session in December 2022, the Board of Directors (BoD) approved the first independent evaluation work programme and budget for 2023¹ of the Independent Evaluation Office (IEO). The work programme contains a mix of activities, *inter-alia*, the undertaking of projects evaluations in China, Russia and South Africa - including the completion of a project evaluation launched in Brazil in 2022; a programme evaluation of the five emergency loans provided by the New Development Bank (NDB) to the founding members of the Bank to combat the COVID-19 emergency; a corporate level evaluation (CLE) on supervision and implementation support; and the preparation of an evaluation synthesis report on decentralization. In addition, the IEO 2023 work programme includes other activities, such as evaluation capacity development, knowledge sharing and outreach, and partnerships.
2. The purpose of this paper is to propose a few adjustments and prioritize further the list of evaluations to be conducted by IEO in 2023. In this regard, since the development of the IEO work programme for 2023 - a process that was started in September and culminated by the approval of the BoD in December 2022 – this proposal takes into account the rapidly evolving global and NDB contexts - with the objective of ensuring that IEO focuses on the most relevant evaluation topics to support the Bank deliver on its mandate and improve its overall development effectiveness and performance.

II. PROGRESS IN IMPLEMENTATION OF WORK PROGRAMME

3. In line with agreed timelines, IEO has conducted preparatory/planning missions for the project evaluations in Brazil, China, and South Africa. The evaluation methodologies for these evaluations are under development and the main missions are planned in the very near future, with plans to present the corresponding evaluation reports to the Board at different sessions during 2023. Similarly, IEO has launched the evaluation of the COVID-19 emergency response loans, and the approach paper containing the methodology and process has been finalized. Several initiatives related to evaluation capacity development, knowledge sharing and outreach, and partnerships are on track.
4. As also agreed with the NDB Management and BoD, the project evaluation in Russia, the CLE on supervision and implementation support as well as the preparation of the evaluation synthesis report on decentralization are foreseen to start in the second part of 2023. Hence, so far, no resources have been invested towards any of these activities.

¹ See document 2022-BHRC21-DOC-008-b.

III. REPRIORITIZATION OF SELECTED IEO ACTIVITIES IN 2023

5. **New evaluation proposal.** Given the extensive ongoing discussions around the Bank's finances and the importance of ensuring sustainable access to funding for the Bank to fulfil its mandate, IEO is proposing to include a new CLE into its work programme in 2023. This would be a **CLE on NDB's Financial Architecture**. Given IEO's direct and exclusive reporting lines to the BoD, entrusting IEO for such an evaluation would ensure full objectivity and credibility of the review.
6. The proposed evaluation would cover broadly the following areas/questions: (i) assess the instruments used by the NDB and their effectiveness for fund raising and borrowing, and whether other instruments could be explored for effective and targeted fund-raising; (ii) has the NDB been strategic, responsible and effective in investing its resources², with a focus on treasury functions, and have the investments been appropriately supervised and transparent, and whether the NDB has a coherent investment model and strategy; (iii) evaluate the changes in fund-raising conditions and their impact on NDB's loan portfolio (e.g., types of clients, types of transactions, pricing, etc.), the implications for NDB's ability to support development outcomes in the countries where it operates, and whether there are any implications in terms of the way the Bank conducts business; and (iv) the effectiveness of the NDB's governance structure of fund raising and investment processes, and to what extent do they promote transparency, accountability, and alignment with the Bank's development mandate. With specific regard to the aforementioned, the evaluation would also review the overall internal governance structure for oversight and guidance including the role of the NDB Governing Bodies in these processes. One key dimension of the evaluation would be benchmarking with other MDBs, to capture relevant lessons and good practices applicable to NDB's specific context.
7. Should the BoD agree with the introduction of this evaluation into the IEO 2023 work programme, IEO will prepare the approach paper which would provide an opportunity to further sharpen the focus of the evaluation, in further consultation with NDB Management and BoD. More specifically, the approach paper would contain details of the evaluation's objectives, key questions, process and timelines. The draft approach paper will be shared with the NDB Management and BoD for comments before end April 2023. The plan would be to finalize and discuss the evaluation report with the BoD before end 2023.
8. **Defer two evaluations to 2024.** At the same time, IEO is proposing to defer two evaluations that are currently in its 2023 work programme to 2024. These are the evaluations of the Sustainable Infrastructure in relation to "ZapSibNefteKhim" Project (SIBUR) in Russia, and the CLE on supervision and implementation support. As mentioned above, these

² This does not include investments through operations.

evaluations were planned to start in the second part of 2023 and no staff or budget resources have been so far invested in either of them.

9. These above-mentioned two evaluations are not time-sensitive, and there are some additional reasons why deferring them to 2024 may be appropriate. With regard to the Russia project evaluation, it would be advantageous to defer the evaluation to allow for more time for project impacts to mature, allowing IEO to better determine post-completion sustainability and to conduct a more robust impact assessment.
10. With regard to the CLE on supervision and implementation support, while it is indeed a very important topic for strengthening the Bank's development effectiveness, there is much to gain in terms of broader IEO efficiency by deferring it to 2024. In particular, the CLE conducted in 2024 would benefit from new evidence and findings on the same topic (supervision and implementation support) that will be captured in the three ongoing IEO project evaluations (in Brazil, China, and South Africa) to be completed in 2023 as well as from the evaluation of the COVID19 emergency loans. Hence, doing this CLE in 2024 would ensure a wider evidence base of independent evaluations to draw upon.
11. **Budget implications.** Deferring the Russia project evaluation and CLE on supervision and implementation support would allow IEO to work within the 2023 budget envelope approved by the BoD in December 2022, rather than making a request for further funding this year to undertake the CLE on NDB's Financial Architecture. It is important to clarify that, while the Russia project evaluation was to be undertaken and completed this year and therefore fully budgeted for in 2023, the CLE on supervision and implementation support was only partly budgeted this year, as it was to be started in 2023 and completed during the course of 2024. The savings generated by deferring the Russia project evaluation and CLE supervision and implementation to 2024 would be allocated towards the CLE on NDB's Financial Architecture and fully utilized this year.

IV. RECOMMENDATION

12. IEO recommends for the BoD to agree to introduce a new CLE on NDB's Financial Architecture into the IEO 2023 work programme, and at the same time, defer the undertaking of the project evaluation in Russia and CLE on supervision and implementation support to 2024.