



NORDIC  
INVESTMENT  
BANK

# Monitoring and ex-post mandate assessment framework



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# 1 Introduction

For the purposes of assessing how well NIB's lending projects have been implemented by borrowers in accordance with expectations, and how well NIB's mandate criteria have been fulfilled, a monitoring and ex-post mandate assessment process was introduced on 1 January 2016. The assessment also helps the Bank to identify possible areas for improvement in order to increase performance in the future. This document sets out the principles for the monitoring and ex-post assessment process.

Monitoring and ex-post assessment is regarded as a best practice according to the International Organization for Standardization (ISO) management standards, and internationally accepted evaluation criteria applied by NIB's peer international financial institutions (IFIs).

The implementation of projects will be monitored on an ongoing basis. The ex-post mandate assessment will be conducted when the project has reached operating maturity (at the latest three years after completion) to allow for meaningful evaluation. The assessment of environmental and social aspects, if required, will be carried out as part of the implementation monitoring.

## 2 Scope

All NIB-financed projects receive ex-post evaluations. The only exemption is to exclude ex-post mandate assessment of sub-projects in financial intermediary (FI) lending within NIB's member countries, which already has an established scheme for reporting. Outside NIB's member countries, FIs perform ex-post mandate assessments according to their own procedures and report to NIB.

Assessments will, in addition, be carried out thematically, meaning that a particular theme is chosen, when it is deemed that this will add to the understanding of how well the Bank's mandate is being fulfilled. Themes could include renewable energy, energy efficiency, transportation, telecommunications, municipal infrastructure, transmission, etc.

The monitoring and ex-post assessment will focus on the quality and results of NIB's projects with respect to [1] implementation [2] mandate fulfilment and, when relevant, [3] adherence to the Sustainability Policy.

## 3 Purpose

NIB continually seeks to improve the quality of the ex-ante project assessment defined in the Mandate Rating Framework. The ex-post assessment of projects will contribute to these aims through a feedback loop on operational outcome from the loan projects, as well as by disclosure to relevant stakeholders on the fulfilment of the Bank's mandate. When a project is completed, it should be possible to examine the implementation process, to analyse why and to what extent the intended results were or were not achieved, and to identify lessons learnt and highlights that can serve as recommendations for improvement.

## 4 Principles

The information used in monitoring and ex-post mandate assessments is collected from project documentation, including background document reviews, as well as, to the extent agreed, on the basis of interaction with project participants, through interviews and, if required, field inspections.

The monitoring and ex-post mandate assessment consist of the following elements:

1. Monitoring of project implementation
2. Impact assessment (mandate fulfilment in both productivity and environment)
3. Sustainability assessment (environmental and social impact) when relevant

The final impact will be assessed using an evaluation standard in line with the one used in ex-ante assessments.

If the sustainability review process carried out during the normal credit process concludes that assessment of environmental and social aspects is needed, this will form part of the monitoring of implementation of the project.

## 5 Ex-post mandate assessment

NIB's loan project assessment cycle has different stages, from ex-ante appraisal to ex-post assessment. Monitoring and ex-post assessment are not add-ons at the end; on the contrary, they should be built into the project from the start. This requires that the interrelations between ex-post and ex-ante assessment are taken into account from the very beginning of the credit preparation, and that the main issues are monitored systematically.

A first definition of the information required for ex-post assessment is prepared during ex-ante appraisal to decide what to monitor and evaluate. This does not, however, prevent collection of other types of information that also might appear relevant at a later stage. In practice, while ex-ante assessments are forward-looking, the ex-post assessment is carried out using historical data. Mandate indicators should, right from the start, be objective, verifiable and understood. They must be precisely defined, and should also be comparable across projects.

Ex-post mandate assessment normally takes place three years after project completion. If there are special reasons to have the ex-post mandate assessment at another point in time, the Credit Committee will be asked to decide on this at the time of credit approval. The ex-post mandate assessment is mirrored against the mandate ratings, parameters and key assumptions at the time of ex-ante assessment.

## 6 Lessons learnt and recommendations

NIB continually seeks to improve the quality of its project assessment and to apply a high level of openness in the disclosure of information. The ex-post assessment of projects will contribute to these aims through the feedback loop on operational outcome from the projects, and through disclosure to relevant stakeholders on the fulfilment of the mandate.

Identified useful lessons should be summarised and presented in order to make maximum use of evaluation results by providing a pool of information to improve project selection and design, and to enable ex-ante evaluation procedures to be fine-tuned through an ongoing feedback process, in addition to building up a database to indicate the outcomes of different sectors and projects.



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