



Realizing Sustainable Development

DEVELOPMENT EFFECTIVENESS REPORT 2017

August 2018



About the Islamic Development Bank

The Islamic Development Bank (IsDB) is a multilateral development financing institution, established in 1975. It aims to foster economic development and social progress of its 57 member countries and Muslim communities in non-Member Countries in accordance with the principles of the Shari'a (Islamic law). Its mission is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.

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ACKNOWLEDGMENT



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The Annual Development Effectiveness Report (ADER) 2017 was prepared under the supervision of the Vice President Country Programs. The Operation Quality and Results Unit led preparation of this report. Several departments and units of the Bank contributed to the ADER.



ABBREVIATIONS

10YS	10-Years Strategy	MW	Megawatt
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions	NDC	Nationally Determined Commitment
AfDB	African Development Bank	NTD	Neglected Tropical Diseases
AFD	Agence Française de Développement	OCR	Ordinary Capital Resources of IsDB
ALA	Asia and Latin America Region	OECD	Organization for Economic Cooperation and Development
AsDB	Asian Development Bank	OED	Operation Evaluation Department
BMGF	Bill & Melinda Gates Foundation	OFID	OPEC Fund for International Development
CIBAFI	General Council for Islamic Banks and Institutions	OMVS	Senegal River Basin Development Organization
CP	Country Program Complex at IsDB	P5P	President's Five-Year Program
CSI	Core Sector Indicator	PCR	Project Completion Report
CSO	Civil Society Organizations	PIASR	Project Implementation Assessment and Support Report
ECA	Europe and Central Asia Region	PPP	Public Private Partnership
FAO	Food and Agriculture Organization	RE	Renewable Energy
GDP	Gross Domestic Product	RL	Reverse Linkage
GFIA	Global Forum for Innovations in Agriculture	SDG	Sustainable Development Goal
GPs	Global Practices of the IsDB	SFD	Saudi Fund for Development
HDI	Human Development Index	SPCA	Special Program for Central Asia
IaDB	Inter American Development Bank	SSA	Sub-Saharan Africa Region
ICBA	International Center for Bio-Saline Agriculture	STI	Science, Technology & Innovation
ICT	Information and Communications Technology	TA	Technical Assistance
IFI	International Financial Institutions	UNFCCC	United Nations Framework Convention on Climate Change
IFS	Islamic Finance Sector	WBG	World Bank Group
IFSB	Islamic Financial Services Board		
IsDB	Islamic Development Bank		
IsDBG	Islamic Development Bank Group		
IICPSD	UNDP-Istanbul International Center for Private Sector in Development		
IMPACT	Islamic Microfinance for Poverty Alleviation and Capacity Transfer		
KAUST	The King Abdullah University for Science and Technology		
LLF	Lives and Livelihoods Fund		
M&E	Monitoring and Evaluation		
MC	Member Country		
MCPS	Member Country Partnership Strategy		
MDB	Multilateral Development Bank		
MDG	Millennium Development Goals		
MDP	Microfinance Development Program		
MENA	Middle East and North Africa Region		
MfDR	Managing for Development Results		
MNCH	Maternal, Newborn and Child Health		

IsDB's Commitment to SDGs



FOREWORD

I am pleased to present the 2017 edition of the Annual Development Effectiveness Report (ADER) highlighting key contributions made by the Islamic Development Bank (IsDB) towards achieving developmental results in our Member Countries (MCs) and Muslim communities in non-Member Countries. The ADER aims to showcase how IsDB is fostering socio-economic development around the globe. It also sheds light on progress towards achieving the IsDB Group 10-Year Strategy (10YS) and President's Five Year Program (P5P).

The global development landscape is changing rapidly due to technological advancements, geo-political circumstances and growing protectionism. MCs are faced with systemic challenges ranging from slow economic growth, lack of infrastructure, inadequate technological development and growing youth population with low development of human capital and high levels of unemployment. These issues along with increase in fragility, social disorder and negative impact of climate change can further exacerbate the situation. In short, these challenges can be overwhelming but IsDB needs to focus its efforts towards helping MCs and Muslim communities to achieve effective development, particularly the ambitious targets of the Sustainable Development Goals (SDGs).

If IsDB is to remain relevant, however, we must transform our development-financing model to align better with the changing needs of our clients and to help them strive for the SDGs. IsDB must be an adaptable and innovative financier, with diverse funding sources, creative partnerships, meaningful engagement with the private sector and civil society and committed to much greater development effectiveness.

I have set out a new roadmap under the "President's Five-Year Program" (P5P) which will focus on delivery and the adoption of a more dynamic and result-oriented approach. Under the P5P, IsDB has embarked on a new decentralized business delivery model by increasing our footprint across MCs. Establishment of 11 regional hubs will bring IsDB closer to its stakeholders, business processes are being simplified and staff are empowered to take more operational decisions from the field. We are working on new financing modalities with wider options. These efforts will lead to making available additional resources, coupled with greater private sector engagement.

This year has seen a transformative period for IsDB in seeking to serve our MCs and Muslim communities in the most efficient and effective manner. This ADER reflects that transformative approach. Going forward, IsDB must remain focused on critical needs of MCs and Muslim communities, it must capitalize on our growing field presence to support MCs on the sustainable development path towards realizing the SDGs and, of course, it must continue to improve efficiency and effectiveness. IsDB will also support the quest in Science, Technology and Innovation. IsDB aims to be at the forefront of supporting our MCs to meet the SDG targets by 2030.



Beside highlighting IsDB's achievements, the ADER 2017 identifies our challenges and lays out the lessons that will help us to become more nimble, efficient and effective in the future.

Dr. Bandar M. H. Hajjar
President, Islamic Development Bank



I have set out a new roadmap under the "President's Five-Year Program" (P5P) with focus on delivery and adoption of a more dynamic and results-oriented approach for socio-economic development

EXECUTIVE SUMMARY

This 2017 Annual Development Effectiveness Report (ADER) provides a summary of the progress made by the Islamic Development Bank (IsDB) towards achieving the objectives of its 10-Year Strategy (10YS) and President's Five-Year Program (P5P).

The Development Context

Although economic growth rates in MCs have improved since the 2008/2009 financial crisis, the recovery is still very slow. The rate of growth is far below its pre-crisis level hovering around 3.6% in 2017 (2006:6.4%). While MCs have made some progress in socio-economic development, the human development index (HDI) covering MCs showed no significant change during 2006-2017, with only 5 high income countries ranked in the top 51 countries (namely Brunei Darussalam, Qatar, Saudi Arabia, UAE and Kuwait).

The multidimensional poor population in MCs is still high at 551 million. However, there are some promising signs in

MCs. The number of undernourished people did decline; the under-5 mortality rate in MCs also dropped significantly; the maternal mortality rate also declined; access to water improved; and primary school enrollments increased.

The world continues to face significant challenges and uncertainties, including fragility and conflicts that have created risks for development, particularly in those regions where most MCs are located. Moreover, a financing gap of about US\$ 2.5 trillion for implementing the ambitious SDGs remains a critical constraint in making meaningful development progress. Therefore, innovative approaches for

2017 Key Development Financing Highlight: Ordinary Capital Resources (OCR)

Approvals

US\$ **4.6**
Billion

58
Projects

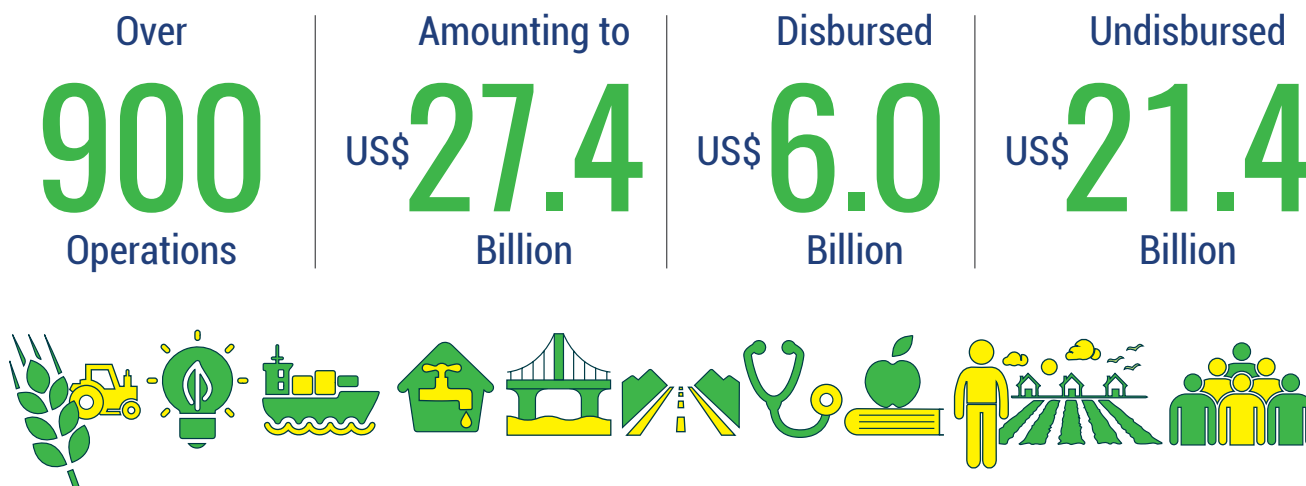
99
Technical
Assistance Grants

Disbursements

US\$ **2.5**
Billion



A financing gap of about US\$ 2.5 trillion for implementing the ambitious SDGs remains a critical constraint in making meaningful development progress.

Active Operations Portfolio (As of 31st December, 2017)

The majority of the active portfolio is concentrated in infrastructure, including energy, transport, water and sanitation and urban services, followed by agriculture related sectors and human development sectors such as health and education.

development financing are needed besides ensuring effective use of available resources. For example, the global Islamic finance sector reached US\$ 2.6 trillion in 2016. So, clearly with its unique role, IsDB's Islamic finance instruments have the potential to deploy resources and contribute towards improving development in MCs and Muslim communities. Moreover, IsDB will pursue a new strategic approach to "crowd-in" private capital for development.

Guided by the objectives of the 10YS, the President's new Five-Year Program (P5P) offers a bold roadmap towards much better development outcomes for MCs and Muslim communities.

Contribution to Developmental Outcomes

During 2017, IsDB approved US\$ 4.6 billion for 58 projects and 99 Technical Assistance (TA) grants to support socio-economic development in MCs and Muslim communities. The financing for economic infrastructure continues to represent sizable proportion of total approvals, followed by approvals for social development sectors such as health, education, agriculture, rural development, and other sectors.

In 2017, the resource transfers to MCs via project disbursements amounted to US\$ 2.5 billion.

As of 31st December, 2017, IsDB's active operations portfolio comprised of over 900 operations amounting to US\$ 27.4 billion, of which US\$ 6.0 billion had been disbursed, with US\$

21.4 billion remaining undisbursed. The majority of the active portfolio is concentrated in infrastructure, including energy, transport, water and sanitation and urban services, followed by agriculture related sectors and human development sectors such as health and education. IsDB continues to address issues and expedite implementation of nearly 300 delayed projects worth US\$ 8.6 billion.

IsDB regularly assesses the effectiveness and delivery of development results of completed projects. The total cost of 77¹ completed projects in 2017 was US\$ 15.7 billion, with IsDB's contribution of US\$ 6.2 billion (39% of total cost) and partner/government contributions of US\$ 9.6 billion (61% of total cost). For completed projects, IsDB disbursed US\$ 5.2 billion, 85% of IsDB's total approved amount, with savings of approximately US\$1 billion (16% of total approvals). These completed projects were implemented in 34 MCs with an average completion period of 6.6 years per project.

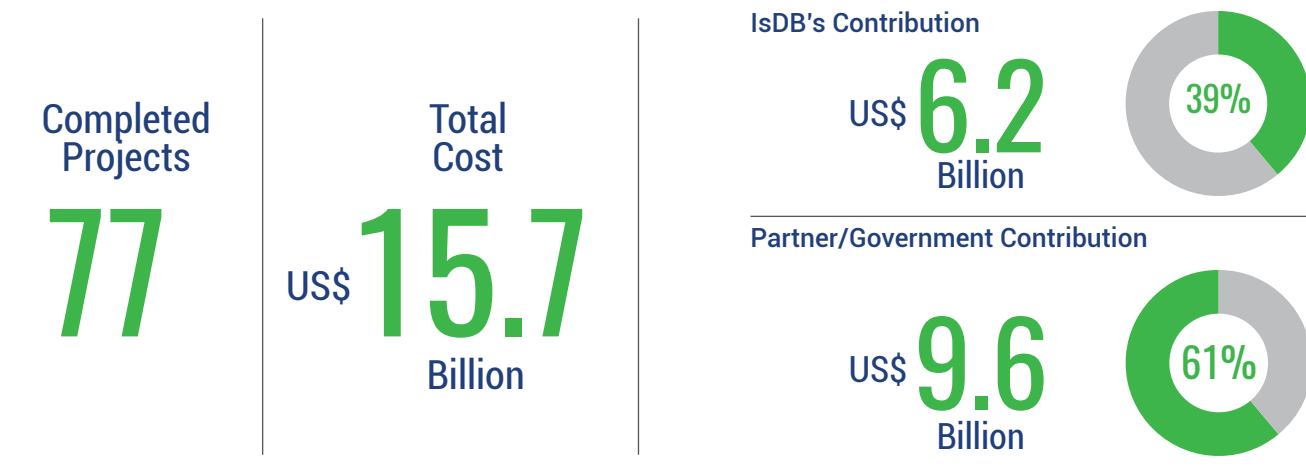
A summary of development outcomes of planned and achieved results of IsDB financing by SDGs is presented in Appendix III, and by country in Appendix IV.

Operational Effectiveness

IsDB aspires to improve its operational effectiveness through the key components of our financing operations: approvals, disbursements, management of development assistance

¹ These projects were completed during 2017 and few projects for which the PCRs were initiated in 2016 but completed in 2017.

Key Data about Completed Projects



For Completed Projects, IsDB Disbursed



and mobilization of funds. In terms of approvals, IsDB is committed to maintaining a sustainable growth rate based on IsDB's financial prudence and risk appetite. Financial support must be fueled by timely disbursements because the 10YS stipulated that the target disbursement ratio should gradually increase to 25% by end of 2025. Project performance, particularly in social sectors, needs to be further enhanced and improved.

IsDB is committed to achieving sustained resource mobilization by increasing co-financing efforts to mobilize US\$ 3 for each dollar co-financed by IsDB. IsDB financing is leveraged by co-financing with other traditional development partners, including other multilateral development banks (MDBs), the Arab Coordination Group Institutions, bilateral donors (such as OECD members) and global funds and philanthropists. In addition, IsDB continues to play a key role in the implementation of projects and programs under important initiatives such as the Lives and Livelihoods Fund (LLF), the "Deep Dive" initiative with the World Bank Group (WBG), and framework agreements with other regional MDBs, namely, AsDB and AfDB.

During 2017, IsDB improved project supervision, including nearly 150 separate field missions to accelerate project implementation and address issues facing some projects. Analyzing 2017 Project Implementation Assessment and

Support Report (PIASR), it was found that the progress of 45% of around 146 projects as either "Partially Satisfactory" or "Unsatisfactory" and these projects require corrective actions.

The 10YS anticipates that around 70% of Project Completion Reports (PCRs) should produce a "Successful" rating at completion. During 2017, over 90% of 36 PCRs achieved "Successful" or "Highly Successful" ratings. However, ratings assessed by IsDB's independent Operations Evaluation Department (OED) showed a decline in success rates of completed projects in 2017² as compared to 2016. In particular, success rates of projects in social, agriculture and rural development sectors and projects in SSA region continue to be relatively low.

IsDB continues to learn lessons from completed projects and seeks to improve its performance. During 2017, IsDB published 7 success stories under its "Success Stories" program, which showcases some of its most successful projects for future replication.

Perception surveys were deployed to validate progress and seek feedback on the 10YS from IsDB's stakeholders. The

² Enhanced methodology for project evaluation and decline in efficiency has contributed in low success rates.

surveys reveal that IsDB is upholding Islamic principles while stimulating social and economic development. While, stakeholders expressed to have a limited understanding of the 10YS of IsDBG, they call for increasing IsDB's footprint in MCs to create greater awareness about IsDB's priorities and programs.

Organizational Efficiency

IsDB has undergone a major institutional transformation in 2017 to enhance its organizational efficiency and increasing its field presence, including the creation of 11 field offices in sub-regions and introducing more effective decentralization. Thematic global practices (GPs) have been established at Headquarters to augment knowledge and best practices in IsDB operations. Regional hubs in the field and the GPs at Headquarters will enhance quality and efficiency in project delivery and keep IsDB on track to support country-owned development agendas, including SDG targets. IsDB's new structure will also enhance support for development initiatives such as Youth and Women's Empowerment, Resilience and Social Development, Climate Change, Capacity Development, Public Private Partnerships (PPPs), and the Islamic Finance Sector, all contributing to development in MCs. In late 2017, IsDB carried out a human resource mapping exercise to align IsDB staff competencies with future business requirements. Furthermore, business processes are being improved, with more authority been delegated to field staff to enhance efficiency and effectiveness in development financing. IsDB has established specialized units to enhance fiduciary functions related to procurement, financial management and disbursements, with "end-to-end" responsibility and accountability to undertake these roles. The control functions of risk, compliance, integrity and audit have also been strengthened.

Recent decentralization efforts signal IsDB's commitment to get closer to MCs in order to better serve their needs and

contribute meaningfully to each MC's value proposition for sustainable socio-economic development.

All operations activities have been consolidated under a Country Programs (CP) Complex to deliver all of IsDB's products and services to MCs efficiently. IsDB will enhance project selectivity and quality and reduce delays at various stages in project cycle. IsDB is developing sector and thematic policies (including environmental and social safeguards, climate change, resilience, youth and women's issues) to provide strategic directions for IsDB's operations.

IsDB is also aligning its result framework indicators with the SDG targets, as adopted by MCs. This will strengthen IsDB's engagement with MCs and offer common ground for dialogue with external partners on development co-operation. A Partnership Development Complex has been established to strengthen IsDB's partnerships and resource mobilization efforts, through innovative financing mechanisms. These initiatives will improve IsDB's offering and delivery of development assistance.

The report contains 7 Chapters:

Chapter 1 focus on the context of IsDB's development financing strategy. **Chapter 2** provides a quick summary of the status of socio-economic development in Member Countries (MCs). **Chapter 3** explains in detail how IsDB is striving for development results in MCs and Muslim communities in non-Member Countries, particularly in poverty alleviation, with a unique focus on Islamic finance sector and other important development initiatives. **Chapter 4** and **5** survey IsDB's efforts to make its operations more effective and organization efficient. **Chapter 6** looks at the important lessons emerging from evaluations, and how these can contribute to improved effectiveness. Finally, **Chapter 7** offers a signpost to our future development effectiveness.





The **P5P** offers a
concise action plan to help MCs
and Muslim communities to
**secure sustainable
development** and
encouragement
to all stakeholders

Chapter 1

IsDB's DEVELOPMENT FINANCING STRATEGY

IsDB's 10-Year Strategy (10YS) provides high-level strategic ambitions depicted in a strategy map, which clearly sets out the Bank's development goals and targets to be achieved and the guiding principles designed to ensure better delivery and monitoring of progress towards achieving IsDB's development finance objectives. In 2017, IsDB determined that, going forward, the 2030 Agenda of Sustainable Development Goals (SDGs) will provide the primary metrics to monitor development progress in MCs. Therefore, our transformational challenge will be to match IsDB's performance based on the 10YS aspirations and that of the SDGs.

1. The 10-Year Strategy (10YS)

The Board of Governors endorsed the 10YS in 2015 to enable IsDB to respond more effectively to socio-economic demands of MCs in the ensuing decade. The 10YS Framework (2016-2025) took into account global and regional development agenda and sought to reflect the aspirations of our 57 MCs, Muslim communities and other partners of the IsDB Group (IsDBG).

The 10YS Strategic Framework includes composite indicators for Goals, Results and Corporate Performance, based on data that monitors the implementation of the 10YS at these distinct levels as depicted in figure 1.1.

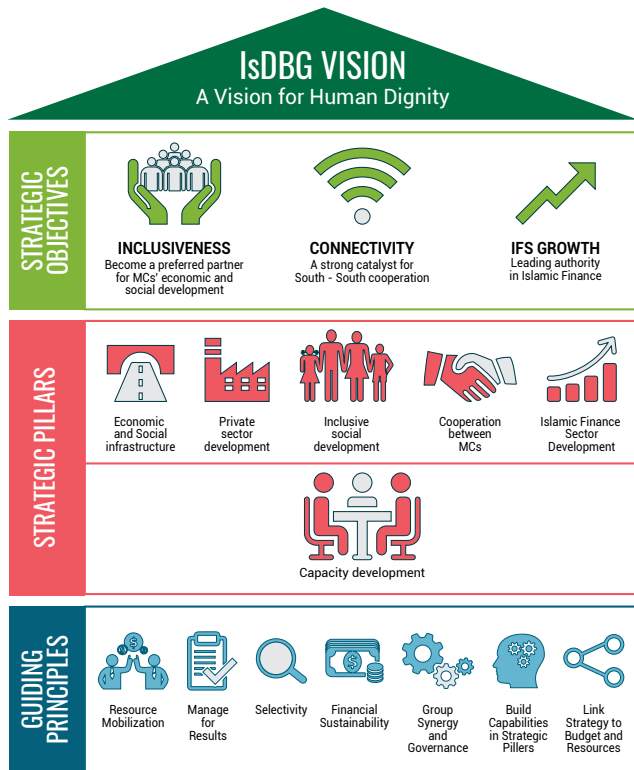
Figure 1.1: Results Framework of IsDB



The 10YS is driven by 3 strategic objectives, namely Inclusiveness; Connectivity; and Growth of the Islamic Finance Sector (IFS). Realization of these objectives are based on 5 strategic pillars, namely (i) inclusive Social Development; (ii) Private Sector Development; (iii) Islamic Finance Sector Development; (iv) Economic and Social Infrastructure; and (v) Cooperation between MCs. Capacity Development in MCs is regarded as a crosscutting theme which is embedded appropriately in all IsDBG operations. The pursuit of the 10YS is supported by 3-Year rolling work plans, annual work plans, annual budgets, IsDBG's financial strategies and IsDB's People Strategy.

IsDBG's corporate performance is measured, monitored and managed using 7 guiding principles, namely (i) Resource Mobilization; (ii) Managing for Results; (iii) Selectivity; (iv) Financial Sustainability; (v) Group Synergy and Governance; (vi) Building Capacities in Strategic Pillars; and (vii) Linking Budget and Resources to the 10YS. Figure 1.2 depicts these objectives, pillars and guiding principles.

Figure 1.2: IsDB Group's 10 Years Strategic (10Ys) Framework



2. The President's Five-Year Program (P5P)

While the 10YS provides high level guidance on IsDB's development finance strategy, during 2017 the President determined that, in order to remain relevant to MCs and Muslim communities, IsDB needed to pursue certain



transformational changes at the corporate level. IsDB had to be nimble in offering a menu of development financing solutions for MCs; IsDB should decentralize so that field offices spearhead operations at the MC level; greater emphasis is needed on partnerships and collaboration for the benefit of MCs and Muslim communities; and effectiveness would remain the cornerstone of IsDB's development assistance.

Therefore, in the last quarter of 2017, the President launched a new Five-Year Program (P5P), which aims to track the progress of 10YS in a more "granular" manner and provide an important shift towards evidence-driven operations.

The P5P offers a concise action plan to help MCs and Muslim communities to secure sustainable development and to encourage all stakeholders, such as financiers, scientists, investors, universities and research centers, to collaborate and create innovative solutions to developmental problems.

The P5P will support MC's efforts to tackle developmental challenges by focusing on the six priorities as in figure 1.3.

Figure 1.3: P5P's Six Priorities

Priority 1 – Work with MCs



Establish a permanent field presence and nurture communications with stakeholders in each MC.

Priority 2 – Enhance development impact



Offer integrated financing solutions focusing on results through effective operations and an efficient organization (advanced technology, teamwork and field presence).

Priority 3 – Expand partnerships



Improve collaboration with existing development partners and engage proactively with new partners.

Priority 4 – Pursue innovative financing



Diversify sources of funding, develop innovative Islamic finance products and use advanced technologies in these areas to enable IsDB to respond to the growing financing needs of MCs and Muslim communities.

Priority 5 – Strengthen capacity building in MCs



Continue to support capacity building in MCs as a driver of change and engage with our development partners as sources of knowledge, skill and experience.

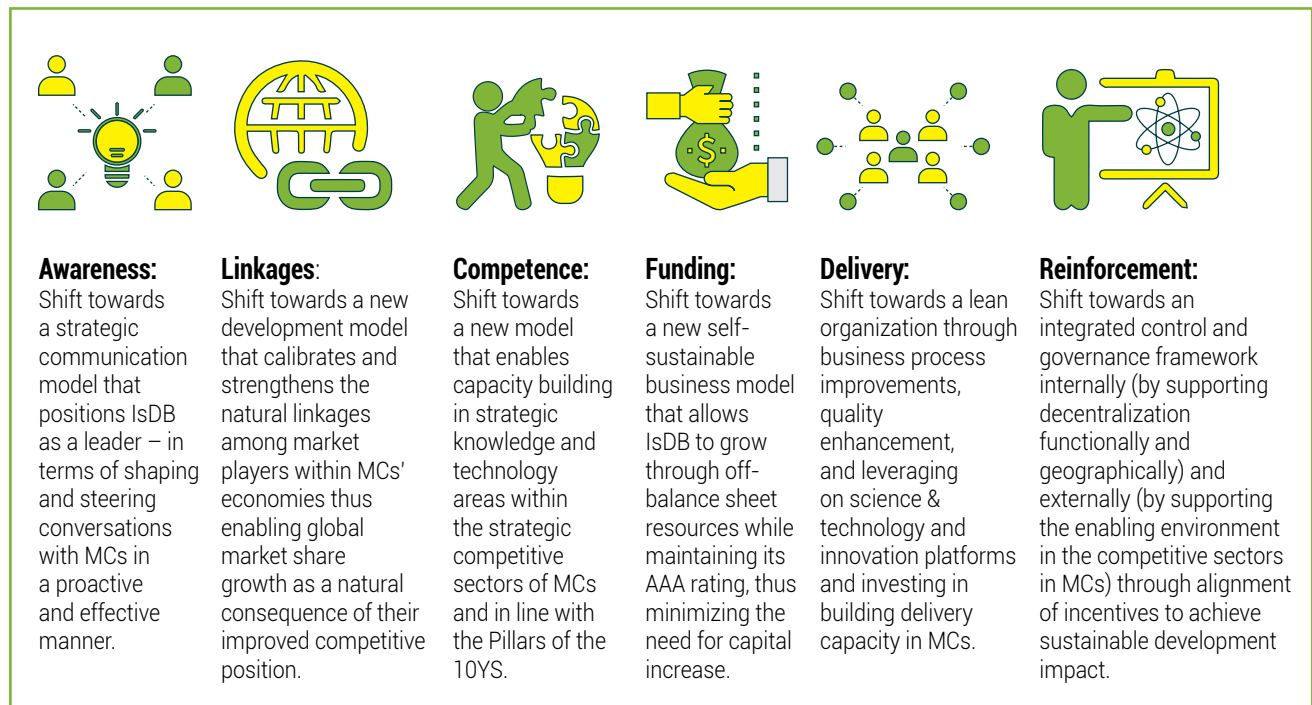
Priority 6 – Improve image of IsDB



Establish a new information and communication office to promote IsDB's role; highlighting its mandate and achievements using various media platforms

The P5P addresses these priorities by reference to Six Tracks, with progress to be measured, monitored and managed by employing the composite indicators in IsDB's Results

Figure 1.4: Strategic Shifts under Six Tracks of P5P



Framework. The strategic shifts aspired under these tracks are illustrated in figure 1.4. P5P tracks are not isolated efforts, rather aim at accelerating the implementation of 10YS.

3. Incorporating the Sustainable Development Goals (SDGs)

Following the promulgation of the SDGs, IsDB has undertaken an exercise to assess the alignment of the 10YS with the Global Agenda. Out of 17 SDGs, 12 Goals are attributed to have alignment with the 10-YS of the IsDB Group.

The 12 SDGs which are aligned to the Operational activities of the Bank are:



The 17 SDGs aim to commit stakeholders to achieve sustainable development by eliminating poverty and hunger, achieving quality of health and education, striving for gender equality, building economic infrastructure, water and sanitation facilities and clean energy, progressive action on climate, sustaining urban development and promoting development partnerships. While MCs are diverse in size and demography with varying levels of socio-economic development, MC governments are embracing the ambitious SDG targets and are stipulating national targets to be fulfilled voluntarily by 2030. Country level frameworks have been developed to assist countries to assess progress on SDG targets and submit voluntary reviews to the UN High Level Political Forum.

Therefore, it is only natural that IsDB should redouble its efforts to partner and collaborate with MCs to help them achieve the SDG Targets, as they apply in each country circumstance. Figure 1.5 summarizes the various activities carried out in 2017 to mainstream SDGs at the IsDB.

At the same time, IsDB is well aware of the significant challenges that continue to hinder the developmental aspirations of MCs: for example, multidimensional poverty






continues to afflict many MCs (2017: 551 million persons); a sizeable population across the MCs remains undernourished (12.1%); ready access to basic infrastructure and services such as energy, water, sanitation, housing, education and health remains inadequate; and, with young populations, access to marketable skills and employment remain a critical issues. Figure 1.6 highlights some of the MCs' development challenges.

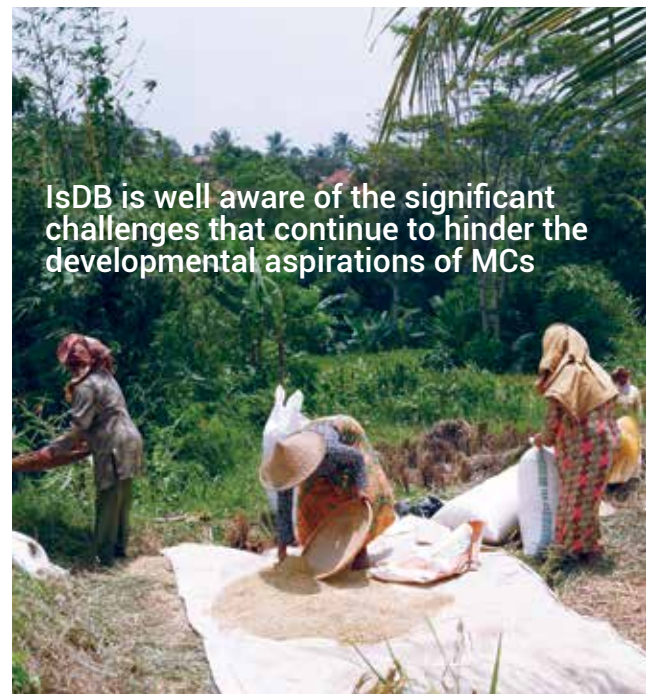


Figure 1.5: Mainstreaming SDGs at IsDB



Figure 1.6: Developmental Challenges facing IsDB MCs

<p>Huge infrastructure financing gap</p> 	<ul style="list-style-type: none"> • Annual financing needs of US\$800 billion for Asia, US\$90 billion for Africa and US\$40 billion for Arab World • 433 million people (25%) lack access to electricity • Nearly 815 million people lack improved sanitation
<p>Increased fragility and conflict</p> 	<ul style="list-style-type: none"> • 15 out of 33 countries categorized as fragile are MCs • 21 million people were affected by natural disasters from 2000 to 2013
<p>Low levels of health and human development</p> 	<ul style="list-style-type: none"> • Low levels of human development, low quality of education, limited capacity for Science, Technology & Innovation • 3 million infants die under 5 years (2017) • On average, 13% of population in MCs contracted malaria
<p>High poverty levels</p> 	<ul style="list-style-type: none"> • 32% of MC populations live on less than US\$1.90 a day. • High incidence of poverty: Cameroon 38%, Mali 44%, Niger 49%, Sudan 46%, Senegal 47%, Togo 55%, Sierra Leone 53%. • Due to uneven income distribution, pockets of poverty exist even in middle and high-income countries. • Nearly 200 million people in MCs (12.1%) still suffer from under-nourishment
<p>High unemployment</p> 	<ul style="list-style-type: none"> • Average unemployment rate across MCs was 12% - nearly 130 million people without jobs • High youth unemployment with growing youth population. Creating decent employment opportunities is critical



Revitalizing partnerships, promoting cooperation, and strengthening means of implementation for achieving SDGs in 57 MCs is an ongoing efforts at IsDB. Being a South-South Cooperation institution, since its inception in 1975, IsDB is working with various partners including MDBs, IFIs, Arab Donors and UN Agencies for increasing resource availability for MCs in support of their efforts for realizing a sustainable development.

To further strengthen its partnership efforts, more recently, the Bank established a dedicated partnership development complex for leveraging on its existing relationship with traditional donors and to build new strategic partnerships to mobilize additional technical and financial resources through co-financing, syndications, trust funds, knowledge and technical cooperation, engaging with private sector and developing new crowd sourcing and financing schemes.

The Bank's new financing model supports non-sovereign transactions, including Public Private Partnership via A/B financing. A number of funds were created aiming at increasing private sector resources and scaling up engagement with institutional investors and donors, including sovereign investment funds from Member and Non-Member Countries.

As an institution of South-South cooperation, IsDB can play a critical role by facilitating innovative development finance solutions that address the most pressing SDGs for each MC; moreover, IsDB can ensure that resources are deployed efficiently to maximize development effectiveness and, ultimately, impact in our MCs and Muslim communities ■

A person wearing a white turban and a brown robe is bent over, working in a field of green plants. The background shows a dry, open landscape with a few trees and a cloudy sky. A large white hexagon is overlaid on the image, containing text. To the left of the hexagon is a cluster of grey hexagons, and to the right is a single grey hexagon.

Despite a marginal
global **economic
recovery** in 2017, most
MCs continue to face
systemic and emerging
challenges

Chapter 2

STATUS OF SOCIO-ECONOMIC DEVELOPMENT IN MEMBER COUNTRIES











This chapter briefly reviews the progress and performance of socio-economic indicators at IsDB Member Countries (MCs) and across regions. It includes which the member countries -as a group- have made progress towards ending poverty, improving health, universalizing education, prospering the people, empowering women, and building partnerships to integrate member countries' economies with each other, and with the rest of the world.

Despite marginal global economic recovery in 2017, most MCs continue to face systemic and emerging challenges. Lack of basic services and perpetual poverty continue to affect the lives of millions of people across Sub-Saharan Africa, South and South-East Asia regions. In addition, a number of MCs continue to face challenges due to conflicts and fragility.

1. Employment and Economic Growth

Although economic progress measured by real GDP growth rate in IsDB MCs has improved since the 2008/2009 financial crisis, the recovery is still very slow and the rate of growth is far below its pre-crisis level hovering around 3.6% in 2016 compared to 6.4% in 2006.

Figure 2.1: Status of Economic Growth in MCs

Indicator	2006	2017	Changes
 Real GDP Growth Rate (%)	6.4	3.6	
 GDP Per Capita (Nominal - Current US\$)	2,451.0	3,490.5	
 Intra-Exports of MCs (US\$ million)	141,744.3	259,733	
 Intra-Exports of MCs (% of Total Exports)	14.1	21.3	
 HDI index "2015"	0.6	0.6	

The average per capita GDP has steadily increased for the IsDB MCs to reach high level of US\$4,009 in 2016. The





Middle East and North Africa (MENA) region has the highest per capita GDP among all the IsDB regions with US\$8,054 followed by Europe and Central Asia (ECA) US\$3,334, and Asia and Latin America (ALA), US\$3,100.3, while Sub-Saharan Africa (SSA) had the least per capita GDP of US\$1,784.

Intra-trade in IsDB MCs, as of 2016, was US\$289.7 billion, representing 18% of their total value of trade commodities. The Intra-Exports has increased two folds from US\$141.7 billion in 2006 to US\$260 billion in 2017.

Looking at the human development index (HDI), a more comprehensive measure of well-being that includes health and education attainments in addition to per capita income, no significant change took place for the MCs as a group over the period 2006-2016, the average value remained at 0.6. Regionally, Sub-Saharan Africa (SSA) compares unfavorably to the other IsDB regions. The HDI is low in SSA, although it inched up from 0.4 to 0.5 between 2006 and 2017, slightly falling short of medium human development level. Middle-East and North Africa (MENA) and Europe and Central Asia (ECA) maintained their high development levels, and they were joined by Asia and Latin America Region (ALA) in 2016.

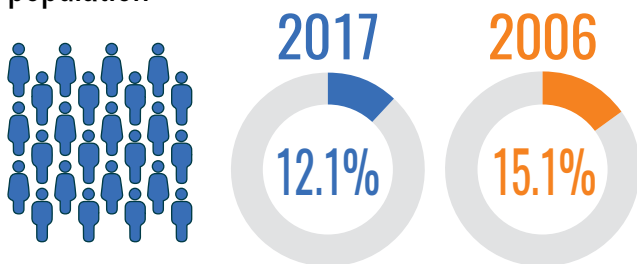
2. Poverty and Undernourishment

Figure 2.2 Status of Poverty and Under-nourishment in MCs

Indicator	2006	2017	Changes
 Total Number of Poor People (Income and Multidimensional Poverty-million) "2014"	395.0	511.5	↗
 Population under-nourished (%) "2015"	15.1	12.1	↘

Looking at the Multi-dimensional Poverty Index, the number of undernourished people across all MCs declined from 15.1% of the population in 2006 to 12.1% of the population in 2017. However, this decline also reveals differences between

Decline in undernourished population



countries and regions. For instance, all IsDB regions have seen a decline in their proportions of undernourished populations, except the SSA region, which is showing a marginal increase from 15.6% in 2006 to 15.7% in 2017 and this may be due to recurrent drought, persistent conflicts and social strife in some countries of that region. In comparison with other regions, the proportion of other undernourished populations dropped from 9.1% to 8.5% in MENA, from 19.6% to 13.5% in ALA and from 8.4% to 5.0% in ECA. SSA also has the highest number of people within the population who are multi-dimensionally poor, with 281 million poor people (40%). ALA has 202 million multi-dimensionally poor people (29%).



3. Health, Water and Sanitation

Recent health sector indicators suggest that MCs have improved in achieving their planned targets. At the MC level, the under-5 years mortality rate dropped significantly to 52 per 1000 live births in 2017 (2006: 72 per 1000 live births); maternal mortality also declined from 321 to 256 per 100,000 live births during the same period; access to clean drinking water has increased from 79.2% in 2006 to 84.8% of population in 2016; and MCs have witnessed the proportion of population with improved access to sanitation increasing by 5.8 % during the period 2006-2016.







Improved **health** and **sanitation** in MCs for sustainable development



Although the proportion of the population with access to improved sanitation generally increased across MCs, SSA is still lagging behind other regions with the lowest improvement rate of 0.6 points during the period 2006–2016 compared to MENA (6.2 points), ALA (9.7 points) and ECA (4.5 points). Adequate and safe drinking water, sanitation and hygiene are essential to public and environmental health, both of which play important roles in a sustained economic growth and development. It is therefore essential to ensure that these services are available to urban and rural areas.

Figure 2.3 Status of Health, Water & Sanitation in MCs

Indicator	2006	2017	Changes
 Under 5 mortality rate (per 1,000 live births) "2016"	71.7	51.9	↗
 Maternal mortality ratio (per 100,000 live births) "2015"	321.4	256.2	↗
 Population with Access to Water (%) "2015"	79.2	84.8	↗
 Population with Access to Sanitation (%) "2015"	56.8	62.6	↗




4. Education

Primary school enrollment rate increased from 81.4% in 2006 to 84.7% in 2017



Education is the key to building human capital and improving future prospects for socio-economic development. Quality Education aims at ensuring inclusive and quality education to all citizens, irrespective of their differences in sex, class, physical condition or geographic location. The indicators used to measure performance on this goal (primary school enrollment, primary and lower secondary completion rates) have gone up in IsDB MCs.

Figure 2.4 Status of Education in MCs

Indicator	2006	2017	Changes
 School enrollment, primary (% net) "Latest"	81.4	84.7	↗
 Primary completion rate, total (% of relevant age group) "2015"	82.7	89.3	↗
 Lower secondary completion rate, total (% of relevant age group) "2015"	61.6	69.8	↗



Overall, the primary school enrollment rate in MCs increased from 81.4% in 2006 to 84.7% in 2017. At the regional level, MENA achieved 94.7% primary school enrollments in 2017, followed by ECA 93.5% and ALA 85.6%, while SSA has the lowest enrollment rate at 72.1% for the same period.

Similarly, the secondary school completion rate across all MCs also increased from 61.6% in 2006 to 69.8% in 2017. Although the rate for SSA increased substantially from 19% in 2006 to 31.3% in 2017, it is still comparatively lower than the MC average. MENA performed better than all the remaining regions in all the education-related indicators (except in lower secondary school completion rate), followed by ECA and ALA.

5. Women's Empowerment






Secondary school enrollment for girls increased to 66.3% in 2015 (2006: 49.7%)

IsDB aims to empower women and girls, as their potential is underutilized across MCs. IsDB has recognized the importance of this potential and is committed to provide support to realize gains through targeted operations in MCs. In education, girls scored higher primary school enrollment rates than the total enrollment. Girls progressed from 94% of primary school enrollments in 2006 to 99.6% in 2016, compared with the overall primary school enrollment rate of 84.7%. This indicates that boys lag behind girls in primary school enrollments, while girls have almost achieved universal education target of 100% in primary school enrollments.



Figure 2.5 Status of Women's Empowerment in MCs

Indicator	2006	2017	Changes
 School enrollment, primary, female (% gross) "2015"	94.0	103.3*	↗
 School enrollment, secondary, female (% gross) "2015"	49.7	66.3	↗
 Seats held by women in national parliament (%)	12.0	17.8	↗

* Gross enrollment rate can be more than 100% due to the inclusion of over-aged and under-aged students because of early or late school entrance and grade repetition

Secondary school enrollments for girls have also improved significantly from 49.7% in 2006 to 64.4% in 2016. ECA and MENA have achieved universal education targets for girls at primary schools, and other regions have achieved more than 90% primary school enrollments, implying that this target will soon be achieved for all the regional groupings. However, more efforts are required to address the low rate of secondary school enrollments for girls, particularly in SSA, where only 32.4% secondary school enrollment rate was achieved in 2016.

Women participation in highest decision making forums have increased. Parliamentary representation of women increased from 12% in 2006 to 17.8% in 2017. ALA has seen the highest rate of empowerment in terms of political representation with 20.1% of its parliamentarians being women in 2017. This is followed by ECA with 17.4%, SSA with 17.1% and MENA with 15.1%. Meanwhile, MENA experienced the highest percentage point increase from 6.7% in 2006 to 15.1% in 2017.



Seats held by Women in National Parliaments increased to nearly 18% in 2017 (2006: 12%)

6. Partnership for Development

Multi-stakeholder based smart partnerships are central for the implementation of national and global development agendas. Partnership and cooperation is essential to achieving the SDG 17. IsDB has strong and unwavering commitment towards the partnership development. The IsDB Group promotes cooperation, trade and facilitates investments among the MCs and with the rest of the world. The Bank continues to reinforce collective efforts through Group Synergy, where each Group Member focus on financing the specific development needs of MCs.

7. Achieving SDG targets for MCs

The 17 SDGs aim to commit stakeholders to achieve sustainable development by eliminating poverty and hunger, achieving quality health and quality education, striving for gender equality, building infrastructure, water and sanitation facilities and clean energy, progressive action on climate, sustaining urban development and promoting development partnerships. While MCs and Muslim communities are diverse, with varying levels of socio-economic development, MC governments are embracing the ambitious SDG targets and are stipulating national targets to be fulfilled voluntarily by 2030. Figure 2.7 lists the status of some of the SDG indicators in MCs.

Figure 2.6 Status of Selected SDGs Indicators in Member Countries





MCs are focusing on the implementation of inclusive **socio-economic policies** that may create employment opportunities and provide social safety nets to lift citizens **out of poverty** and provide them with **jobs** and **improved living conditions**

Chapter 3

STRIVING FOR DEVELOPMENT EFFECTIVENESS

This Chapter presents the operational details for sectors and related SDGs supported by IsDB funding.

A. SECTORAL/THEMATIC OPERATIONS

2017 Financing of Completed Projects

IsDB has assessed the efficiency and effectiveness¹ of 77 completed projects² to identify contributions made to improve MC socio-economic conditions.

Total cost of the 77 completed projects in 2017 was US\$15.7 billion, with IsDB's contribution of US\$6.2 billion representing around 39% of total cost and the remaining

61% was contributed by MCs and other organizations. The total disbursement of IsDB commitments amounted to US\$ 5.2 billion, representing 85% of IsDB's approved, after financing resulting in cost savings of US\$1 billion (16% of total approvals). These completed projects were successfully implemented in 34 MCs. The average completion period per project was 6.6 years.

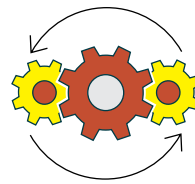
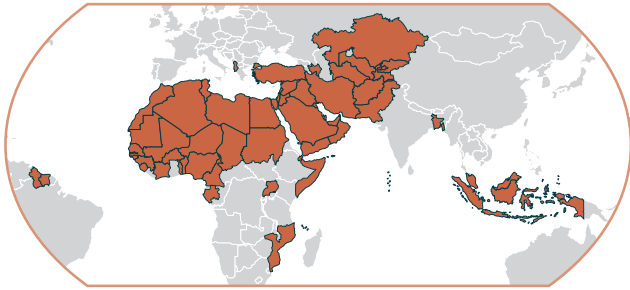
The completed projects include 38 projects for Infrastructure (i.e. Energy, Transport, ICT and Water and Sanitation), 8 for health, 19 for education, 4 for finance (Microfinance) and 8 for agriculture and rural development. Appendix I provide a detailed financial breakdown of these projects (approvals, disbursement and co-financing amounts) sorted by sectors. Figure 3.1 maps these financial contributions to respective SDGs.

Figure 3.1: Financial Contribution of IsDB's 77 completed projects to SDGs (as a percentage of approved amount)



* Note that one IsDB operation may contribute simultaneously to more than one SDG.

Map of 57 IsDB MCs



Approved operations amounting to
US\$4.6 Billion
 to accelerate development
 efforts in MCs

2017 Financing program

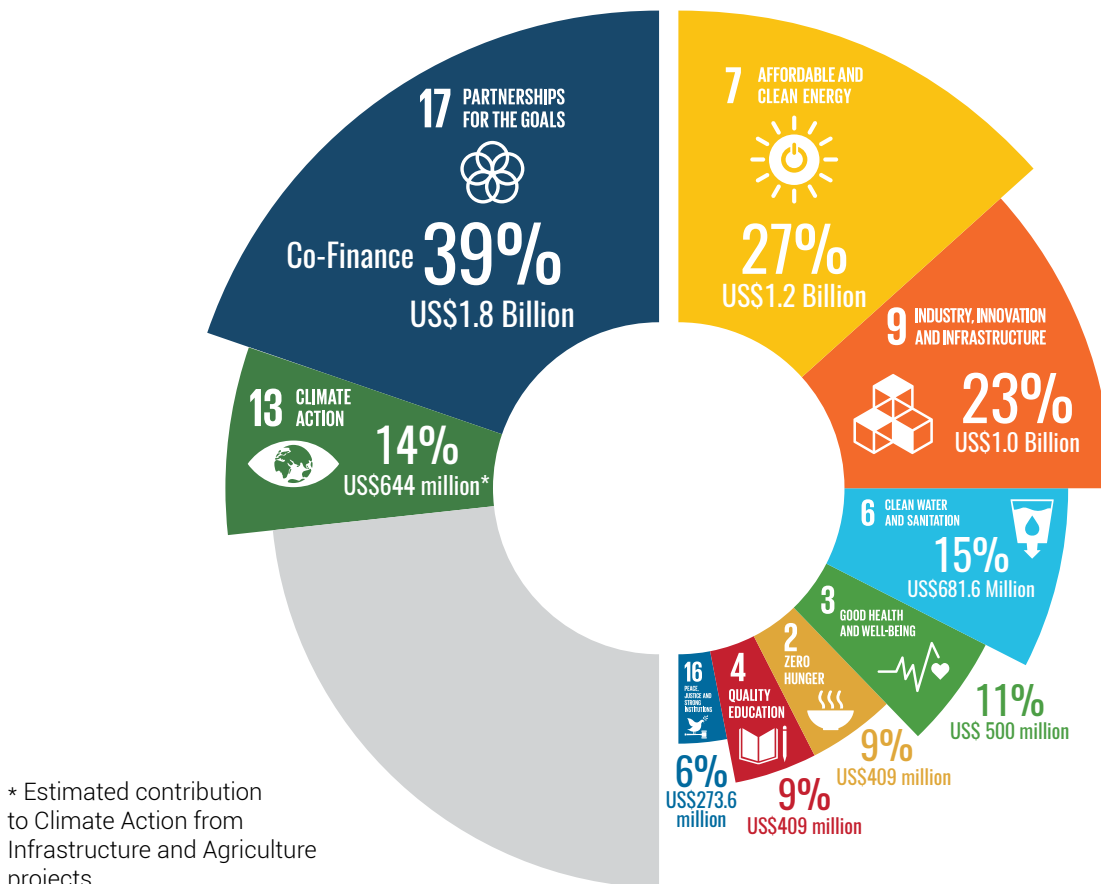
As part of the implementation of the 10YS, in 2017 IsDB approved 157 projects and TA operations amounting to US\$4.6 billion to support and accelerate development efforts in MCs. This include, 58 projects (US\$4.5 billion) and 99 TAs (US\$4 million).

Financing for economic infrastructure (energy, transport, water and sanitation) constituted 62% of IsDB's total approved financing. Approvals for social development sectors (health, education, agriculture and rural development) represented

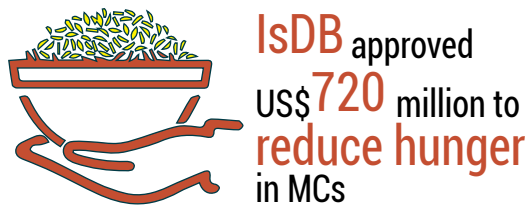
29%, and other sectors 9% of IsDB's total approved financing. Project disbursements for 2017 amounted to US\$ 2.5 billion, with 66% of that amount directed to infrastructure. Appendix II give a detailed account of approvals and disbursements in 2017.

The implementation of approved projects in 2017 were directly related to SDG 2, 3, 4, 6, 7, 9, 13 and 17, respectively, with the proportions of financing targeting each SDG, as shown in figure 3.2.

Figure 3.2: 2017 OCR Projects Contribution to SDGs (as a percentage of total approved amount):



1. Food Security and Agricultural Development



Effective poverty alleviation in IsDB MCs requires more investment with greater development orientation engagement with stakeholders. This can be delivered through financial collaboration with private partner entities and civil societies.

Agriculture continues to be the backbone of the economies of most MCs, providing food security and employment opportunities for rural populations. IsDB has increased its investments in agriculture-related activities, with approvals in 2017 totaling US\$720 million for 46 operations. IsDB financing will continue to contribute to the reduction of hunger and achieving SDG 2 targets in MCs.

With reference to the portfolio, IsDB continue to improve the implementation of existing agriculture projects, while paying particular attention to projects with low disbursement rates and those with scope for greater regional integration. An example of this is the Drylands Project covering 3 MCs in the East African region (Djibouti, Somalia, and Uganda). Similar action is being pursued under regional projects focused on 'Building Resilience to Frequent Droughts' covering 7 MCs (Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal and The Gambia).

Similarly, during 2017, IsDB sought to strengthen its partnerships in agriculture with a number of development partners, research organizations and academic institutions, including the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization (FAO), the King

Abdullah University of Science and Technology (KAUST), International Centre for Bio-Saline Agriculture (ICBA), Global Forum for Innovation in Agriculture (GFIA) and the Swiss Development Corporation. IsDB anticipates that these partnerships will lead to increased funding for agriculture projects in MCs.

Within the portfolio, 11 Agriculture and Rural Development projects were completed in 2017. These projects have contributed to SDG 2 and SDG 8 by helping to increasing the area of irrigated farmlands by approximately 12,000 hectares and increased crop-production capacity to about 1.4 million tons. Nine market centers were established and access to microfinance was expanded to service over 138,000 people.

IsDB's efforts targeting populations living below poverty are aligned with SDG 2 (Zero Hunger) and SDG 8 (Economic Growth). Poverty has significantly declined across MCs despite the setbacks from the 2008 global financial crisis.

Figures 3.3 and 3.4 below summarize IsDB's contributions to SDG 2 and SDG 8. IsDB has invested US\$1.2 billion on inclusive program for provisioning of basic housing. IsDB need to coordinate efforts with partners working in SSA and ALA regions to reduce poverty through more effective interventions, such as social safety nets in the regions with high numbers of multi-dimensionally poor.



Figure 3.3: IsDB's Contributions to SDG 2

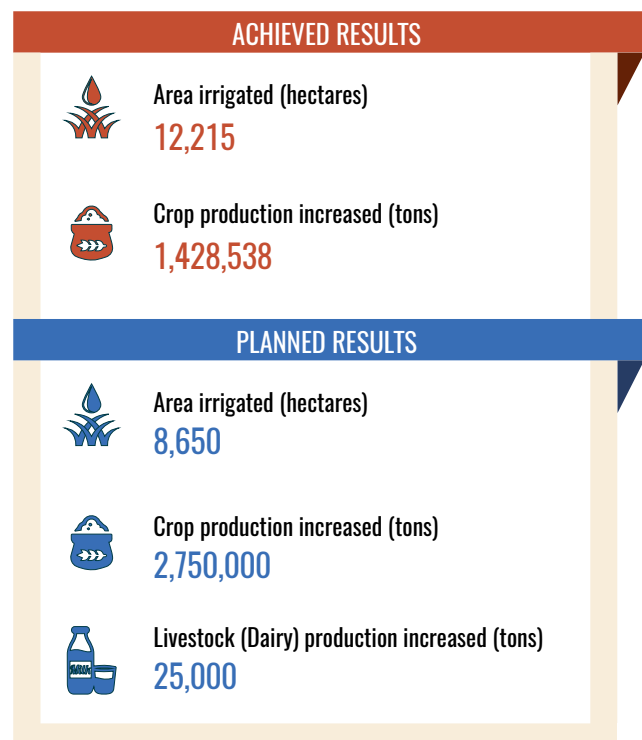
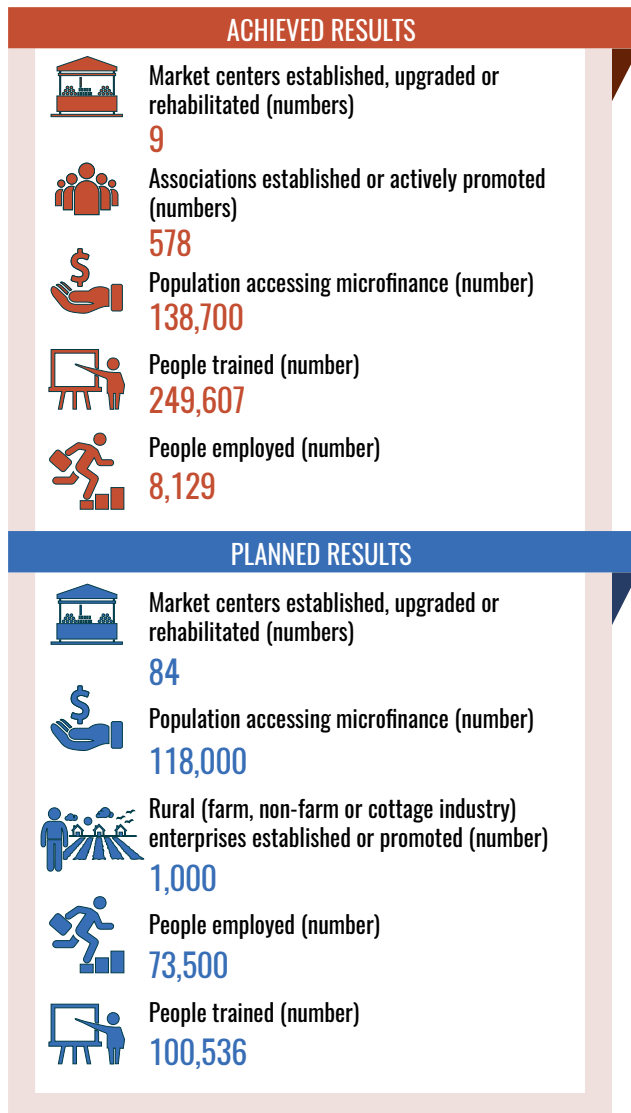
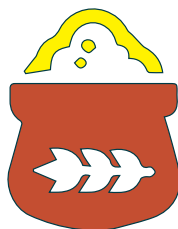


Figure 3.4: IsDB's Contributions to SDG 8



In connection with the US\$642 million approved by IsDB for these completed projects in Agriculture Sector, a total of US\$603 million was disbursed (i.e. 94% of approvals) in the implementation period of the concerned projects, while the average completion period for these 11 projects was 7.8 years.

Increased intervention
in Agriculture Sector
boosted **crop**
production capacity
by **1.4 million tons**



2. Health



Improved **health** and
sanitation in MCs for
sustainable development

In 2017, IsDB approved health sector projects with a total amount of over US\$500 million and 12 TA Grants of nearly US\$0.5 million. These projects will contribute to the establishment of 230 health facilities, thus directly benefiting over 700,000 people. Around 12,000 health professionals will receive specialized training and health awareness campaigns which are expected to have profound, positive effects on disease prevention, will be available to over 9.5 million people.

In 2017, 8 Health projects were completed, including the construction of 7 health facilities also featuring an additional 500 beds as part of rehabilitation of these facilities. These health projects trained nearly 9,000 personnel and over 1.5 million outpatients benefited from these facilities. Polio eradication campaigns reached an impressive 36 million people. Highlights of the achievements are shown in figure 3.5.



IsDB disbursed US\$210 million (80% of total approvals) towards these projects, with co-financing of US\$ 141 million from partners and governments.

Construction of health
facilities for **700,000**
people in **MCs**





Medical Education and Research Institute (IMERI), Indonesia



IsDB assisted Government of Indonesia to mobilize financing of US\$128 million for cutting-edge medical education and research project in Indonesia. IsDB contributed US\$ 64 million and mobilized co-financing resources of US\$ 36 million from Saudi Fund for Development (SFD), and the Government of Indonesia contributed US\$ 28 million.

The project aimed at improving medical education and specialized health care services in Indonesia. Three Centers of Excellence in medical education, research and teaching were established. This includes the IMERI in Jakarta and 2 university hospitals in Padang and Solo, respectively. The 2 hospitals will add an extra 500 patient beds as well as upgraded services to the cities mentioned above. The National University of Semarang added 13 new buildings, and upgraded laboratory and research equipment which will increase student intake to 36,000 by 2025 and allow for enhanced research activities. The completion of the State University of Padang enabled the university to upgrade facilities of 7 buildings.

Figure 3.5: IsDB's Contributions to SDG 3



Expected Results of Health, Water and Sanitation Projects



Mauritania: US\$2.9 Million Supporting the National Program for Reproductive Healthcare

(i) Births attended by skilled personnel increased from 42.8% to 60%, (ii) Antenatal Care rate increased from 45% to 65%, (iii) 87 Health Posts, 3 Health Centers, and 1 Regional Hospital equipped, (iv) 342 health personnel trained, (v) Over 500,000 people exposed to awareness campaigns.



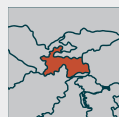
Niger: US\$44.8 Million Maternal and Child Mortality and Morbidity Healthcare

(i) Increased uptake of primary health services in 65 districts, (ii) 95% of pregnant women have access to quality MNCH care, (iii) 3,104 health staff trained, (iv) RCR system for EmONC established, (v) 65 HPs upgraded and equipped and 1,863,134 women of childbearing age have access to comprehensive MNCH services.



Guinea: US\$59 Million Conakry Sanitation

(i) water-borne diseases and malaria cases have been halved in project area (ii) 1.4 million inhabitants are protected against flooding, benefiting from regular collection and disposal of solid waste using equipment and containers and received sensitization on WASH (iii) 55.6km of concrete collectors built (iv) 50 latrine and 2 WSPs of 250m3/day along with 500m3/day of sludge treatment built (v) 200,000 people sensitized about water sanitation & hygiene (WASH).



Tajikistan: US\$26 Million Maternal, Neonatal and Child Health (MNCH)

(i) 1 Regional MNCH Center and 4 central district hospitals upgraded (ii) Referral system established (iii) Health workers trained (iv) Development of National Neonatal Survival Strategy, (v) Communication and awareness for better health behaviors.

Lives and Livelihoods Fund (LLF)

The LLF was established in 2015 as part of collaboration between IsDB and major donors providing the poorest countries with resources in financing developmental projects in health, agriculture and infrastructure sectors. From 2016 to 2020 the LLF can make up to US\$2.5 billion available for projects. These projects will help the poorest people in the 33 least developed member countries of IsDB to live a healthier and more productive lives, enabling them to lift themselves out of poverty. Appendix V highlights some key projects approved in 2017 and their expected results.



Lives and Livelihoods Fund

The Lives and Livelihoods Fund (LLF) was a collaboration between major donors in the Middle East, the Bill & Melinda Gates Foundation (BMGF) and the IsDB.

The LLF use an innovative financing model that combines grants and loans to provide the poorest countries with more resources on concessional terms for critical projects. It provides a sustainable way to drive economic growth and raise living standards.

So far, LLF portfolio distribution across the three sectors is as follows: Agriculture 49%, Health 39% and Basic Infrastructure 12%. Sub-Saharan Africa received the bulk of the financing with 81%, followed by MENA (15%) and Asia (4%).

The LLF cumulative value of project portfolio to date (by end of 2017) is totaling over US\$ 600 million comprising 14

projects in Sub-Saharan Africa, Morocco, Central Asia and Middle East (6 projects initially approved in 2016 for a total of US\$363 million).

Key projects approved in 2017 will deliver the following results:



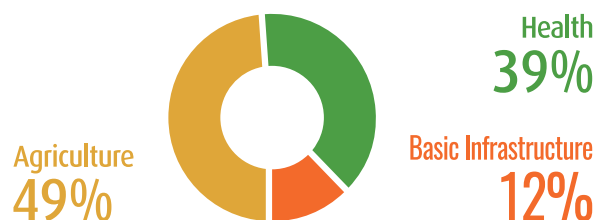
Cameroon: US\$54.9M – Agricultural infrastructure and value chain development

(i) 5% reduction in the population living in poverty; (ii) about 10,000 new jobs created; (iii) 30% to 70% increased yield from the targeted value chain; (iv) 30% to 80% increase in processed production of certain crops; and (v) increased access to rural infrastructure (30 markets, 290km feeder road, 7 health centers, 10 classrooms).

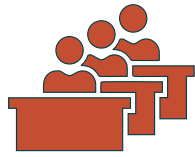


Uganda: US\$69M – Local agriculture and economic growth support

(i) Access to drinking water increased by 75%; (ii) the proportion of farmers using improved seeds increased by 30%; (iii) Crop yields increased by 10% due to improved agricultural inputs and practices; and (iv) energy savings and renewable energy use increased by 20%.



3. Education



Construction of
210 classrooms for
750,000 students

IsDB will continue to support MCs through targeted interventions in Education sector for sustained human development. In 2017, IsDB approved 4 projects for this sector, totaling US\$388 million. In addition, IsDB approved 16 education TAs, amounting to approximately US\$1.2 million. The education projects are expected to support the construction of over 210 classrooms across 5 MCs (benefiting nearly 800,000 students) and the provision of required teacher training courses for nearly 530 teachers.

80,000 students
accessed **quality**
educational facilities
and **3,000** teachers
were trained



In the Education Sector, 17 projects were completed during 2017 in 13 MCs, namely, Burkina Faso, Cameroon, Indonesia, Jordan, Lebanon, Mozambique, Sudan, Senegal, Sierra Leone, Chad, Togo, Uganda, and Uzbekistan. These projects

have established 146 new educational institutions and delivered 626 classrooms and 244 hostels accommodating over 1,224 students. Overall, 80,000 students have benefited from educational facilities and 3,000 teachers were trained as part of the project deliverables. Results from IsDB's interventions in Education sector contribute directly to SDG 4. Figure 3.6 highlights the achievements in the Education sector.



Figure 3.6: IsDB's Contributions to SDG 4



4. Urban Development

Urbanization is defining 21st century trends more than half of global population is living in cities and urban areas. In recent years, MCs have emerged as among the fastest urbanizing regions in the world. Therefore, it is a priority for IsDB to support Urban Development by improving access to safe water and sanitation services, building sustainable housing and shelters, increasing the economic potential of cities and building resilience against climate change and disasters.



IsDB approved **US\$680 million** for **water sanitation and urban development projects**

IsDB continue to expand its portfolio in the urban sector during 2017, approving nearly US\$680 million for water, sanitation and urban development projects in Cote D'Ivoire, Oman, Senegal, and Suriname. The projects cover the entire spectrum of urban services sub-sectors – integrated urban development, urban economic development, environmental protection, disaster risk mitigation and housing.

The projects will build waste water treatment plants of 10,000 m³/day capacity, establish 772 km of water supply networks and build 11,450 shelters and houses and will contribute to the achievement of SDGs 1, 6 and 11. The infrastructure will help to improve water and sanitation services benefiting 193,200 households and allow access to potable water for a population of over 800,000.

Five urban services projects for water supply and sanitation were completed in Bangladesh, Iran, Lebanon, Mali, Tajikistan and Uzbekistan. These projects contributed to increased



National Slum Upgrading Project (NSUP), Indonesia



The National Slum Upgrading Project (or NSUP) was designed to empower the community and to strengthen local government roles for acceleration of the '100 – 0 – 100' movement (100% connection to water supply, 0% Slums, and 100% access to sanitation). The project is implemented across 15 provinces across Western Java, Sumatra, and Kalimantan, covering a total of 4,923 Kelurahan in 116 cities/regencies. In 2017, the project completed approx. 220 km of community roads/footpaths, 2300 public toilets, 210 km of drainage channels, 25 km of water supply pipelines in terms of infrastructure, while also providing microfinance access to nearly 1700 beneficiaries clustered around 215 Self-Help Groups (SHGs).

potable water capacity benefiting over 127,000 households with a potable water capacity of 8,000 m³ per day. The results also include installation of 156 Km of water network and





Figure 3.7: IsDB's Contributions to SDG 1 and 11

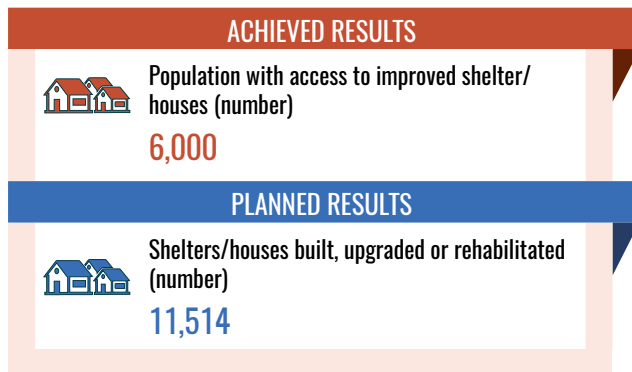
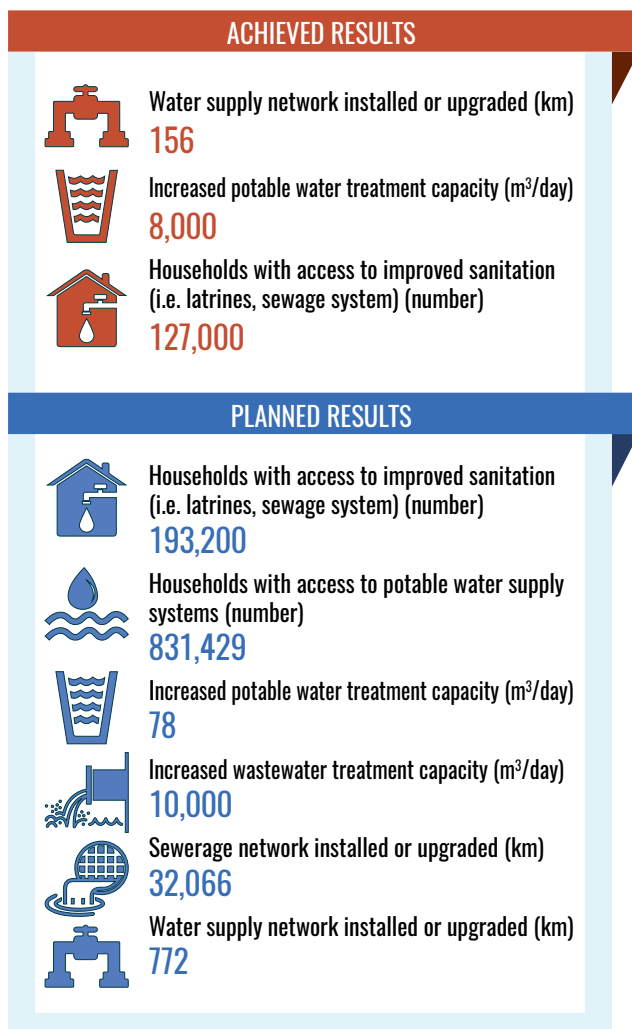


Figure 3.8: IsDB's Contributions to SDG 6



Tripoli Port Expansion Project, Lebanon



This project is one of Lebanon's priority projects for improving the infrastructure and supporting the economy not only of the northern parts of Lebanon but also the entire country. With the growing infrastructure needs in Lebanon, expansion of the Port is needed to cope with the expected increase in imports and exports in the region. The Tripoli Port project was approved for US\$86 million. The project will facilitate economic growth, particularly in the northern region, by increasing capacity and improving efficiency. The project will provide much-needed infrastructure, equipment and IT systems that will enable it to cope with increasing traffic. Once completed, the port expansion is expected to result in increase in port revenues, provide competitive container services to serve the local market, facilitate more transit and transshipment movements and increase port capacity from 45,000 TEU (2017) to 270,000 TEU upon completion.





Mashhad Sewage Project, Iran

In 2017 the Mashhad sewage project in Iran was completed. Mashhad is the second largest city in Iran with a current population of 2.7 million, in addition to about 20 million annual visitors for religious tourism. IsDB supported the Government of Iran to increase access to sewerage services from 25% in 2007 to 48% in 2016. Through its €52.83 million financing facility, IsDB also contributed to 2 wastewater treatment plants (WWTPs), with a cumulative capacity of 163,000 m³/day. As a result, an additional 900,000 people received tertiary treatment wastewater facilities and about 60 million cubic meter of treated effluent could be used for irrigation purposes annually.



Suriname - Flagship project for affordable housing



The lack of affordable and decent shelter is a rapidly escalating social issue in Suriname. To respond to this challenge, IsDB approved a US\$35 million project to provide access to affordable housing. Under a unique initiative, eligible low-income

households can benefit from a “one-off” conditional cash transfer to contribute towards housing payments. The project channels subsidized housing finance with individual savings and private sector mortgage financing, for construction and renovation of houses. The project will also develop new serviced areas in Paramaribo – with water, sanitation, energy and other civil service – for development of new housing units that will sustain access to housing for low-income population and improve their living conditions. By 2023, the project aims to construct and rehabilitate 4,000 housing units, improve sanitation access for 2,000 households, and install 700 solar power units in the hinterland of Suriname. Approximately 16,000 people – equivalent to 3% of the total population – will gain access to affordable housing through the project. The project has a target of 40% for women beneficiaries.

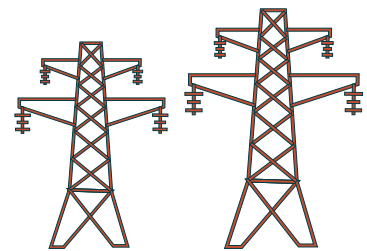


IsDB approved a **US\$35 million** project that aims to provide access to **affordable housing**

5. Energy

SDG 7 aims to improve access to affordable and clean energy and this continues to be one of IsDB's main priority sectors. IsDB continues to provide support through projects, while focusing on the need to develop indigenous renewable energy resources and promote energy efficiency enhancement initiatives in MCs.

IsDB approved **US\$1.3 billion** to **boost energy capacity** in MCs



In 2017, IsDB approved 9 energy projects for US \$1.3 billion, representing 27% of total annual approvals. These projects are expected to add value to energy sectors in Burkina Faso, Bangladesh, Kyrgyz Republic, Mali, Niger, Tajikistan, Turkey, and Turkmenistan. IsDB anticipates that these projects will generate an additional 481 MW of electricity, 764 kms of new transmission lines and installation of 210 Sub-stations for the provision of electricity to approximately 20,000 households in the concerned MCs .

In 2017, IsDB approved US\$30 million to facilitate access to electricity for people in remote rural areas of Niger. The rural electrification project is currently being implemented under the Reverse linkage (RL) modality with the assistance of ONEE -the national utility institution in Morocco, identified as an RL Partner. IsDB anticipates that this project will lead to increased access to electricity in rural areas by around 20% by end 2021, connecting nearly 17,500 households out of a

population of 122,500, including 1,500 connections for public institutions (schools and hospital) and small businesses.

In 2017, IsDB also approved US\$200 million to finance Renewable Energy (RE) and Energy Efficiency Enhancement (EEE) projects in Turkey. Earlier, IsDB approved US\$540 million to support the Government of Turkey to achieve energy supply security by increasing the share of domestic RE in the overall energy mix to 30% by 2023 (current: 23%) and to minimize electricity network losses. This project will enable Turkey to achieve its Nationally Determined Commitment (NDC) to reduce greenhouse gas emissions by 21% with positive reduction of fossil fuel emissions affecting climate change. The project will also serve as a catalyst for Turkey to achieve the sustainable development goals relating to SDG 7, SDG 9 and SDG 13.

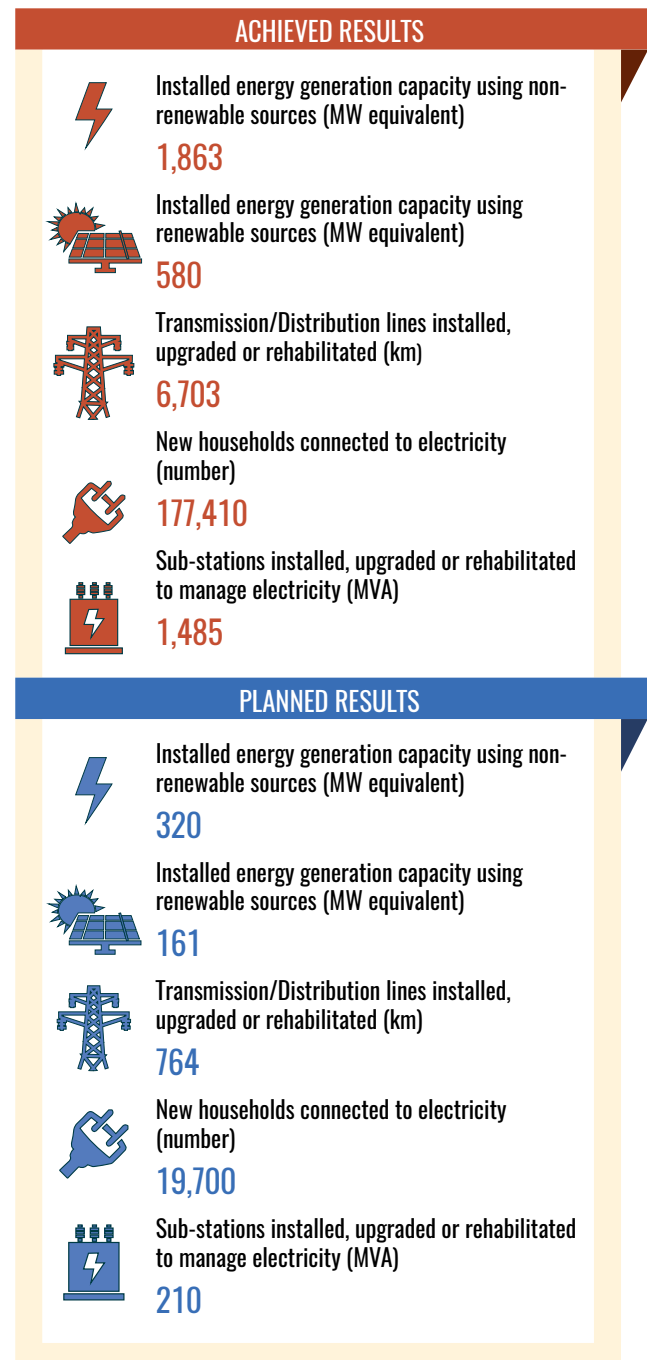
19 energy projects were completed, including 8 power generation projects in Bangladesh, Bahrain, Egypt, Mauritania and Turkey. These projects have facilitated the connection of nearly 175,000 households to electricity. Projects for the expansion of power generation capacity led to the availability of additional power generation of 2,443 MW, of which 580 MW was obtained from renewable energy sources.

Other results include the installation and upgrade of 6,703 kms of Transmission/Distribution lines and 1,485 MVA sub-stations to manage electricity. Although IsDB achieved most of its planned targets, some projects fell short of the intended targets (for example, connections of household electricity and installation or upgrading of sub-stations).



Overall, IsDB's energy projects have contributed to the attainment of SDG 7 as shown in figure 3.9.

Figure 3.9: IsDB's Contributions to SDG 7



Generally, energy projects commenced disbursement within 16 months from approval date, and were completed within 5 years from approval. These average times are relatively less than for other sectors. Energy projects were also highly leveraged, with co-financing accounting for around 69% of total project costs.



Janub Power Plant, Azerbaijan



Recognizing the importance of supplying affordable, efficient and reliable electricity to improve living standards, the Government of Azerbaijan decided to construct a new 780 MW Janub Power Plant to replace the Shirvan Power Plant. IsDB provided financing of Euro134 million and mobilized co-financing funds from other development partners: i.e. Euro 21.5 million from OPEC Fund for International Development (OFID); and Euro 41.5 million from Abu Dhabi Fund for Development (ADFD).

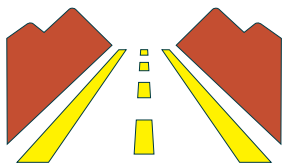
The new power plant was built with the state-of-the-art technology, provides about 20% of the total national power output. The Janub Power Plant helps in meeting the growing electricity demand and improves the reliability of the power system. As a result of the new power plant, the delivery of

social services by hospitals, schools and public administration have substantially improved. In addition, industrial units, commercial centers, high value-industries and entrepreneurs are now able to boost overall performance due to availability of sustained and reliable power supply.

A unique feature of the power plant is its flexibility to increase production capacity from 300 MW to 780 MW in short time. The new power plant is also helping to reduce overall transmission losses. Finally, the project has reduced CO2 emissions by 72,000 tons.

6. Transport

IsDB continues to focus on the transport sector as the primary means of national and regional integration of MCs. The sector directly and indirectly contributes to increases in business, job creation and national and global trade. In addition, the efficient mobility of people, goods and materials is a vital enabler of sustainable social and economic development, connecting people to services and linking markets.



Connecting MCs through transport networks

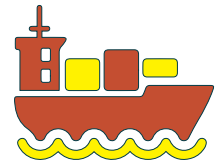
In 2017, IsDB approved 7 transport projects amounting to US\$774.5 million. These projects will enable construction of 711 kms of highways, 1230 kms of rural road and provision of train services benefiting more than 250,000 people annually in 8 MCs, thereby contributing to SDG 9.

In contrast to recent years, 82% of the approved transport financing was in the road sub-sector while, the remaining 18% targeted the maritime/port sub-sectors. Railway operations continue to gain importance and recognition for IsDB. The geographic distribution of the



new interventions includes 36% of the financing approved for Sub Saharan Africa (SSA), 25% for Europe and Central Asia (ECA), 21% for Asia and Latin America (ALA) and 18% for the Middle East and North Africa (MENA).

Regional integration as a catalyst for increased trade between MCs

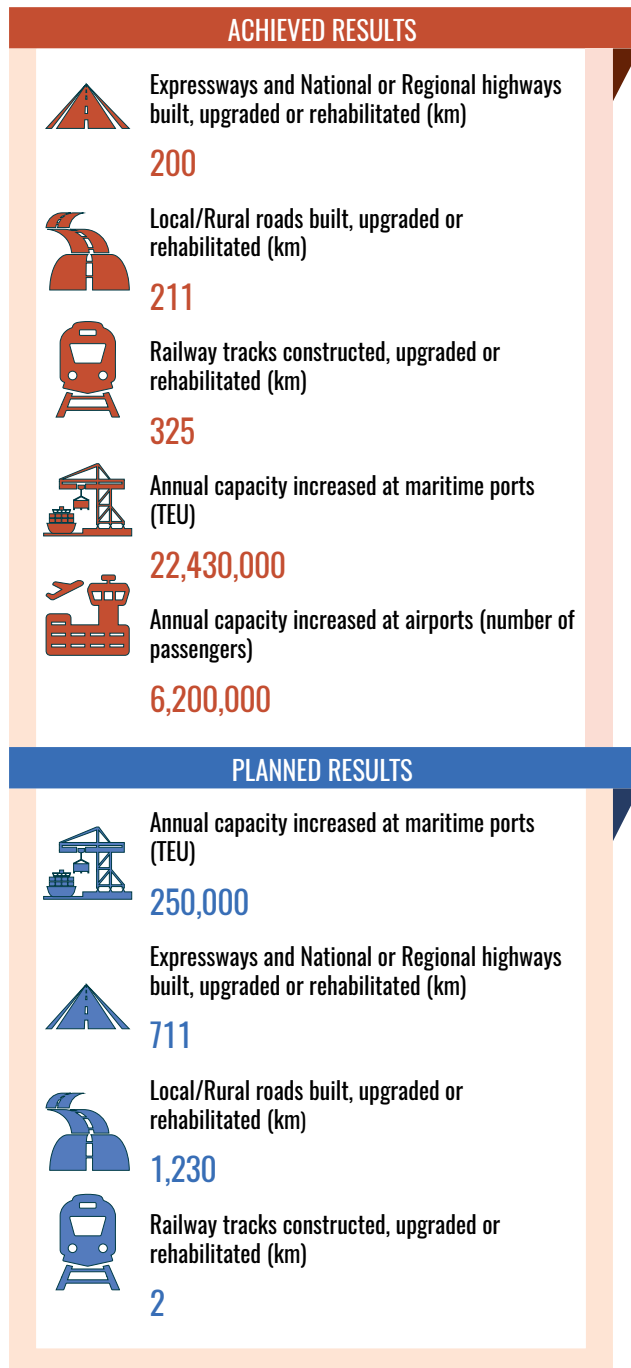


In 2017, IsDB significantly integrated the 2030 Agenda for Sustainable Development in its transport and urban development projects, notably through participation in sustainable mobility for all initiatives and the continued promotion of a sustainable urban transport agenda, with emphasis on 7 SDG targets related to transport (including both rural and urban infrastructure).

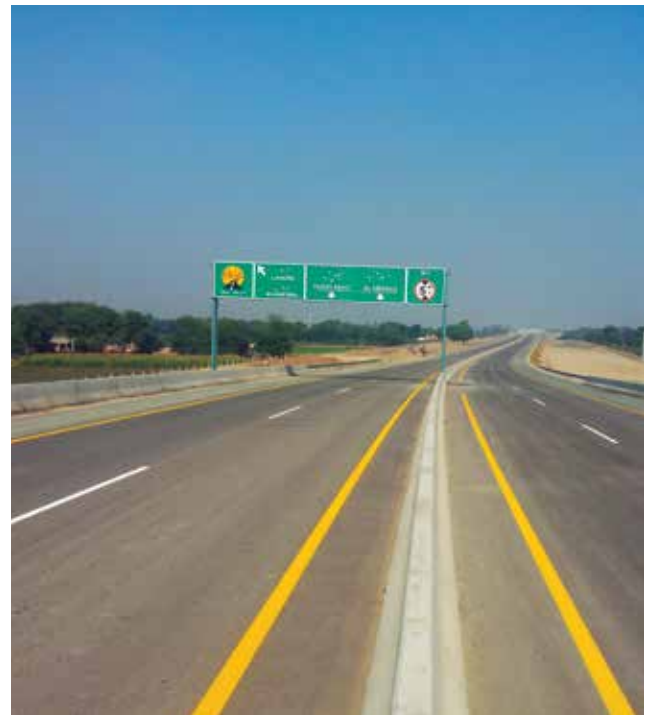
Developing sustainable transport networks and services is increasingly recognized as contributing to reducing inequalities in access to basic services and poverty reduction, with due consideration to climate change and the reduction of greenhouse gas emissions. In line with SDG 11, IsDB will continue to play an active role in helping MCs transform their urban and rural areas for accessible, safe, efficient and environmentally friendly transport.



Figure 3.10: IsDB's Contributions to SDG 9



During 2017, 13 transport projects were completed relating to highways, roads, airports, ports and railways. These included the construction of 200 kms of highways in Afghanistan, Bangladesh, Cote d'Ivoire, Gabon, Pakistan, Chad and Tajikistan; 325 kms of railways in Turkey and Turkmenistan; increasing the annual capacity of airports to a total of 6.2 million passengers annually in Jordan and Senegal; and an increase of cargo capacity to 22 million tons annually in the Jorf Lasfar port



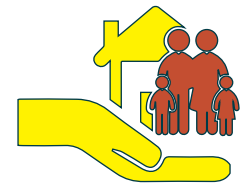
expansion project in Morocco. Summary of achieved results in transportation sector is depicted in figure 3.10.

Transport projects were also highly leveraged, with partners contributing around 68% of total costs. IsDB disbursed US\$1.1 billion (or 77% of the total approved amount), resulting in cost savings of over US\$330 million. All results targets with the exception of road projects, exceeded planned targets.

IsDB continue to include road safety as an integral part of its financing of transportation corridors in MCs.

7. Employment and Growth

Better
quality of life through
economic growth

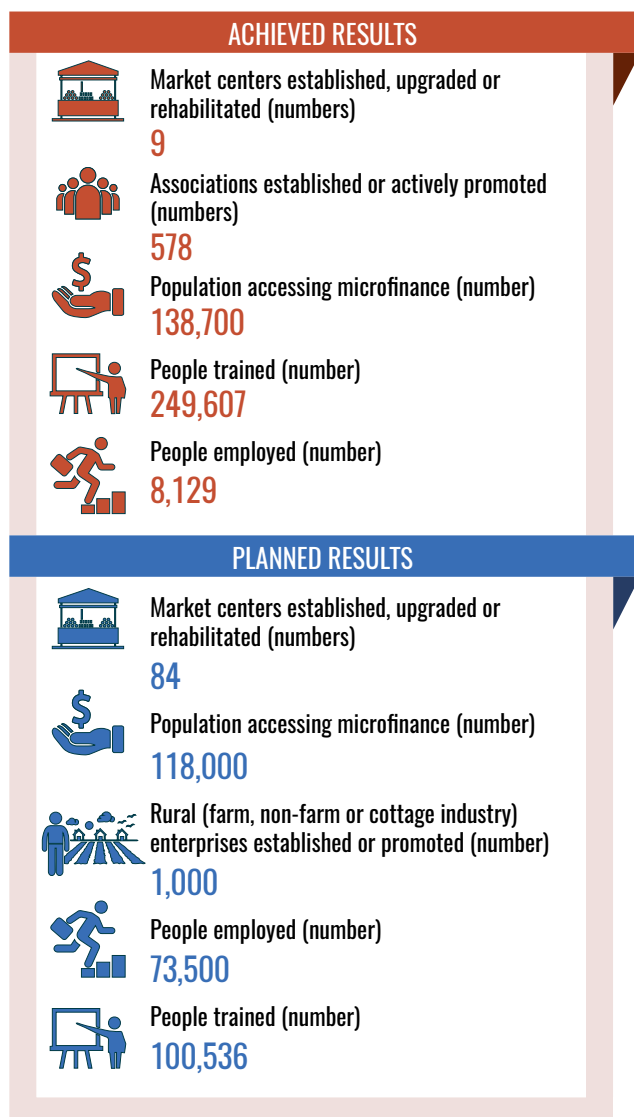


MCs aspire to increase economic growth and prosperity in their quest for higher levels of productivity and improving economic inclusion.

IsDB has recognized the importance of achieving the SDG 8 targets for the sustained socio-economic development of MCs and continue to support MCs developmental efforts through its operations. Figure 3.11 summarizes IsDB's contributions to SDG 8 while highlighting the achieved results compared to planned targets.



Figure 3.11: IsDB's Contributions to SDG 8

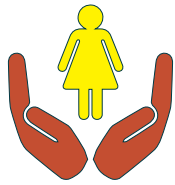


Flagship Project for development of suburbs of Dakar, Senegal



The suburbs of Dakar and the regional capitals of Senegal have witnessed rapid population growth in recent years, resulting in tremendous pressure on the basic public infrastructure. With an aim to support the Government of Senegal's priority to modernize and improve access to key urban services in the secondary cities of Senegal, IsDB approved a US\$145 million project in 2017 to finance the Government's Promovilles initiative. The project takes an integrated urban development approach enabling minimum access to basic infrastructure, such as secondary and tertiary urban roads, community centers, storm-water drainage channels, street lighting, etc. in lagging regions of the country. Approximately 2.2 million people in the target municipalities of Greater Dakar Area will benefit from the improved urban infrastructure and municipal service. In addition, over 100,000 people will be protected from the risk of recurrent flooding.

8. Women's Empowerment



IsDB continues to reinforce its support for **women empowerment** through targeted **interventions** in **MCs**

In 2017, IsDB supported operations that led to increased access to higher education in scientific fields for women and girls. In addition, the approved operations enabled women to gain access to non-financial services, such as business skills, financial literacy and project management skills. Financing was provided to support economic opportunities for women engaged in income-generating activities, agriculture and entrepreneurship. Investments were made to improve women's access to affordable housing and infrastructure that leverage women's empowerment.

In collaboration with some MCs, IsDB will launch a The Coalition to Stop Obstetric Fistula Program (2018-2022) a 5-year initiative intended to address maternal health in Afghanistan, Pakistan, Sierra Leone, Somalia and The Gambia.

IsDB awarded the 12th IsDB Prize to two laureates for Women's Contribution to Development, devoted to "Women's Contribution to the Prevention and Control of Cancer". IsDB also continued to support women's socio-economic



development by channeling grant resources to non-governmental organizations in various sectors.

Results from IsDB's programs for women's empowerment contribute to SDGs 3,4,5,8 and 10.

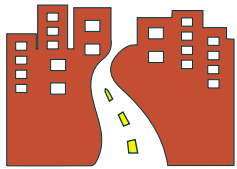


Women and girls must be offered quality education and the economic and political opportunities to participate in the development of society



9. Public Private Partnership

In 2017, IsDB expanded its interventions in the infrastructure through its Public Private Partnerships (PPP) initiatives, including participation in a third healthcare project in Turkey (a bio-safety laboratory) along with other international lenders. IsDB has committed up to €75 million to this project, which will be the first of its kind in the country. In addition, IsDB participated in financing of 6 solar power projects in Egypt under the Feed-In Tariff (FIT) program. Together, these 6 projects in Egypt are expected to generate 300 MW of electricity to the national grid of the country. This represents IsDB's first non-sovereign intervention in solar power generation in Egypt, in addition to the US\$110 million support extended to UAE for the 800 MW solar power project as an expansion of IsDB's support for renewable energy initiatives in MCs.

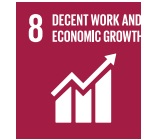


PPP infrastructure projects helps in **economic development, job creation and regional integration**

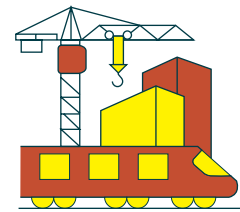
IsDB's PPP portfolio continues to target non-sovereign infrastructure projects to promote economic development, job creation, regional integration and transfer of skills and expertise for sustainable growth in MCs with direct

contribution to SDG 9 (Industry, Innovation and Infrastructure) and SDG 8 (Decent Work and Economic Growth).

Results from PPP projects will help achieving the following SDGs:



Resource mobilization through private sector participation for infrastructure development



IsDB has also established an A/B Financing program, which allows private sector banks to participate alongside IsDB in providing infrastructure investment. This program, a first within the Islamic finance industry, provides participants with capital relief under Basel III³, country risk coverage and, above all, an enhanced access and exposure to markets. Henceforth, IsDB will ensure that its PPP interventions leverage this product to mobilize resources for MCs.

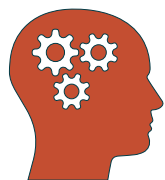
³ Basel III: International Regulatory Framework for Banks.



In 2017, the Bank further strengthened its partnership development efforts with the existing partners and expanded new partnership agreements with other development partners.

During 2017, the 147 MW Patrind Hydropower Project in Pakistan, which IsDB co-financed with other MDBs, achieved commercial operation. Another important milestone is the formal opening of the new 3-million passenger capacity airport in Dakar, Senegal where IsDB was instrumental in arranging almost a third of the required financing, with participations from OFID and Saudi Fund for Development (SFD).

10. Capacity Development



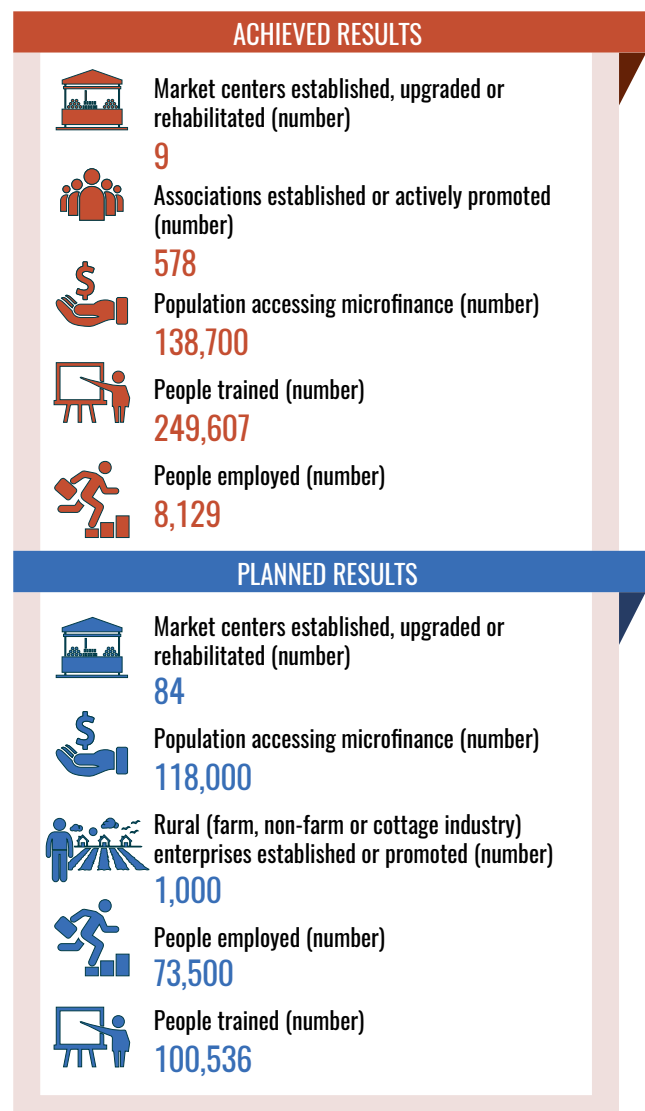
Enhanced support for capacity building in MCs

IsDB continues to support capacity development both embedded in projects and mainstreamed as stand-alone capacity development activities under its RL and Technical Cooperation Programs. The number of MCs to benefit from such projects will increase in future as IsDB accelerates efforts to expedite project implementation through decentralization and the inauguration of additional Regional Hubs in MCs.

In 2017, the capacity development components of approved projects are expected to increase and complement the technical capacity of executing agencies, to create over 73,000 jobs and provide training to over 100,000 people. Thus, these projects are expected to contribute towards the realization of SDG 8 as shown in figure 3.12.



Figure 3.12: IsDB's Contributions to SDG 8

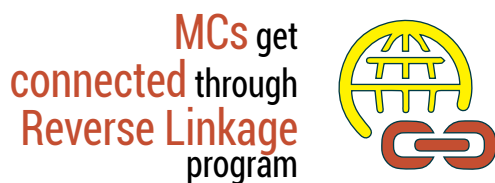




Capacity development is an essential crosscutting theme of the 10YS and, as such, is included with the Strategic Pillars of the 10YS Framework. IsDB activities and initiatives contribute to the successful pursuit of capacity development.

As for the completed projects, in addition to project-specific specialized training, IsDB's projects also funded training for an additional 250,000 people and employment was provided to over 8,000 people in projects under various sectors.

11. Technical Cooperation through Reverse Linkages



The RL is a technical cooperation mechanism whereby MCs exchange knowledge, expertise, technology and resources to develop technical capacities and devise solutions for sustained developmental. The 10-Year Strategic

Framework states that the RL is the main modality for connecting MCs⁴.

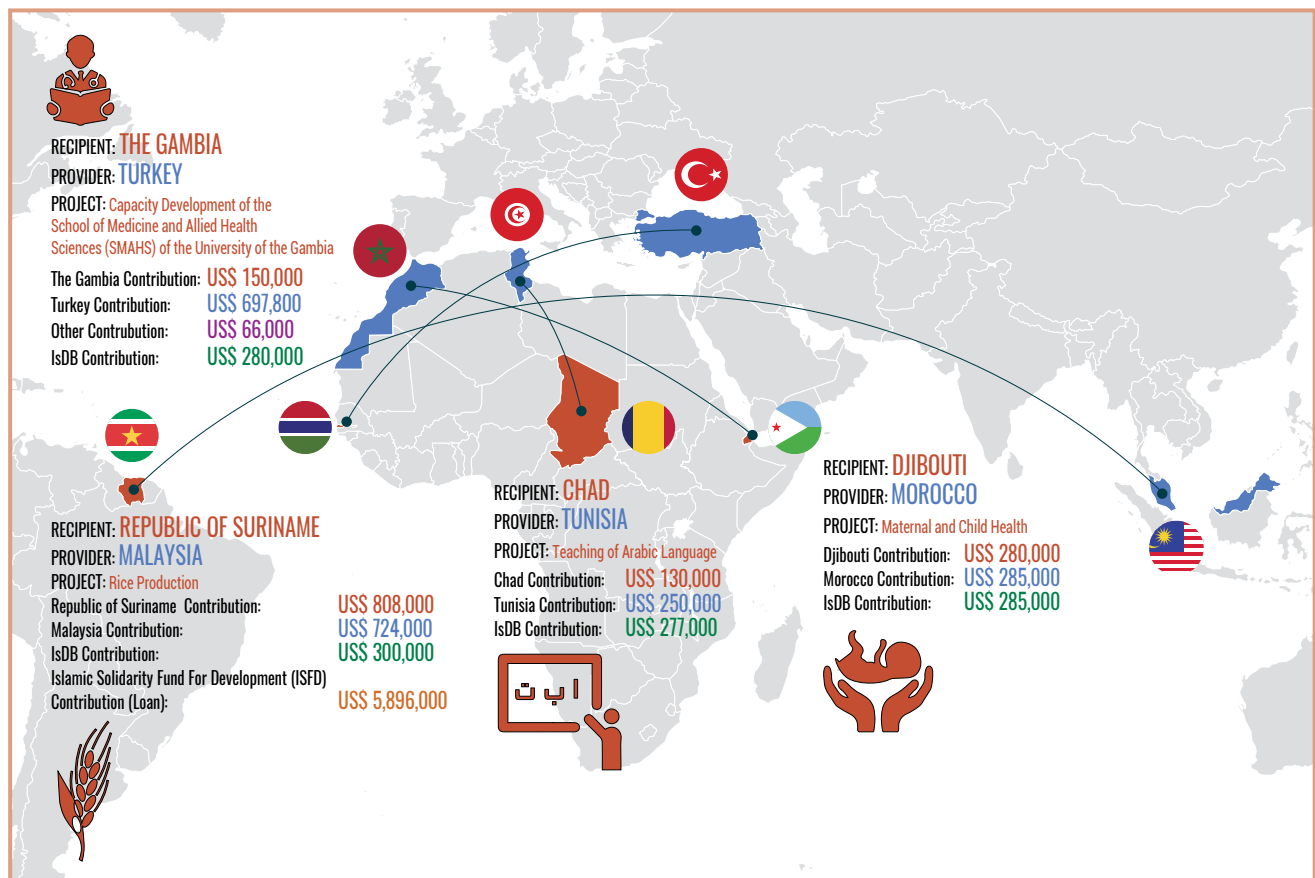
The P5P advocates, among others, transforming IsDB to a Bank for developers and knowledge broker through transfer of relevant development solutions from one MC to another through RLs.

Due to the success of this initiative, demand for RL operations from a number of MCs in 2017 increased from 9 to 18. The amount approved for RL operations also increased from US\$2.48 in 2016 to US\$ 25.11 million in 2017, with IsDB's contributions of grants amounting to US\$3.61 million (or 3% of the overall size of the portfolio). The map in figure 3.13 showcases the spread of RL among MCs and highlights the relevance of RL for development of MCs.

To facilitate the systematic identification of technical skills gap in MCs, IsDB launched the program for Resource Centers (RC) mapping to enhance and increase the matching of technical skills seekers and providers of technical knowledge across MCs. These RCs are institutions that have accumulated expertise and transferable developmental solutions. The RCs are public, private or non-governmental. During 2017, IsDB completed the mapping of RCs in Indonesia and Pakistan. In Indonesia, IsDB and the Ministry

⁴ The RL is also strongly aligned with the P5P for delivery of programs in MCs.

Figure 3.13: Geographical Mapping of Selected Reverse Linkage Projects



of National Development Planning (BAPPENAS) produced the report on "Mapping Indonesia's Resource Centers". The report presented the profiles of 22 RCs in agriculture, marine and fisheries, health, pharmaceutical, technical and vocational education and training, planning and budgeting, microfinance, transportation, industry, trade, and disaster risk reduction and mitigation.

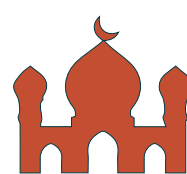
In Pakistan, IsDB and Pakistan's Higher Education Commission collaborated in preparing report on "Mapping Pakistan's Resource Centers". This report presented the profiles of 16 institutions in agriculture, agri-based industries, pharmaceuticals and ICT.

To date, IsDB has mapped more than 100 RCs in Indonesia, Pakistan, Turkey and other MCs, such as Malaysia, Morocco and Tunisia. As part of the RC Mapping program, the profiles of all mapped RC's are shared online.

RL programs contribute to SDGs 3,4,7 and 15:



12. Islamic Finance Sector Development



IsDB continues to **reinforce its support to Islamic financial sector development**

During 2017, IsDB supported the development of the Islamic financial services industry through TAs for the development of relevant regulatory frameworks and capacity building activities, Islamic infrastructure institutions and new financial products. IsDB also supported the development of the regulatory environment for Islamic finance in 3 MCs, namely Afghanistan, Kyrgyzstan and Suriname; and supported the integration of Islamic financial institutions with the international system in 3 additional countries, namely Russia, Djibouti and Comoros.

Capacity Development - In 2017, 6 Islamic finance TAs and 9 Islamic awareness activities were undertaken with a total budget of US\$1.8 million. These projects and activities have benefited 10 MCs through publication of relevant Islamic

finance standards for development projects, together with Islamic infrastructure institutions such as AAOIFI, IFSB and CIBAFI. IsDB also implemented 35 TA operations to support capacity development in the Islamic Finance Sector.

Financial Inclusion Through Microfinance - Microfinance projects in Albania, Maldives, Egypt, Tunisia, and Yemen, provided finance for 2866 beneficiaries, including 716 women. Under these projects, beneficiaries were trained to undertake new businesses and 17,028 new jobs were created.

Equity Investment - Currently, IsDB has equity investments in 37 Islamic financial institutions, which includes Islamic banks, investment companies, microfinance institutions, Takaful institutions, finance companies and an Islamic rating agency, all spread globally across 23 countries.

Awqaf Organizations - IsDB also supports Islamic charitable entities, which have a mandate to engage in economic, social and cultural activities in MCs and Muslim communities. Under the Awqaf Properties Investment Fund (APIF), IsDB develops Waqf lands and buildings, thereby transforming them into income-generating assets.

During 2017, 7 Awqaf projects were approved for a total amount of US\$74.2 million. The projects comprise of the



Proposed Waqf Residential and Commercial Building in Kampala, Uganda, in favor of Islamic University in Uganda (IUIU)



Proposed Waqf Complex in Makkah, Saudi Arabia

construction of 7 mixed-used residential and commercial complexes in different MCs and non-Member Countries (Fiji, Bangladesh, Uganda, Djibouti and Bosnia). The 7 complexes will have an aggregate area of 60,260 m² upon completion and will contribute additional income for universities, NGOs, and Muslim communities in non-Member Countries for the achievement of various socio-economic activities such as supporting educational activities, relief work, human development and health services. In 2017, the APIF declared a dividend of 2.50 % of paid-up capital to its shareholders.

The expected results from the interventions through Awqaf initiatives will contribute towards achieving the following SDGs:



B. SUPPORT FOR MUSLIM COMMUNITIES IN NON-MEMBER COUNTRIES

1. Special Assistance

Muslim communities in non-Member Countries generally lag behind others in access to education and health services. Realizing full the human potential of these communities requires improving their socio-economic conditions, while preserving their cultural and religious identities and uplifting their education, social and economic capabilities.











During 2017, IsDB embarked on 22 Special Assistance operations which benefited Muslim communities in 13 non-Member Countries including Belgium, Bosnia & Herzegovina, Brazil, Fiji, Kenya, Madagascar, Malawi, Nepal, New Zealand, Rwanda, South Africa, Sri Lanka and the United States of America. In addition, Special Assistance programs addressed the urgent needs of people in MCs facing fragile circumstances. In 2017, IsDB responded to the needs of people in Syria, Yemen and Somalia, through emergency assistance programs.

The expected outputs and outcomes resulting from the above program interventions are given in figure 3.14.

Planned results from Special Assistance Program interventions are expected to contribute to the following SDGs:



Figure 3.14: Results of Special Assistance Programs

Sector	Indicator	Planned
Capacity Development	 People trained (number)	150
Education	 Number of persons accommodated in educational institutions (number)	2,570
	 Residence rooms built or upgraded in hostels and accommodation in educational institutions (number)	25
	 Classrooms built or upgraded in primary/secondary educational institutions (number)	167
	 Institutions built or upgraded or equipped (number)	8
	 Students benefited (number)	48,340
	 Teachers/Faculty/Staff trained (number)	80
Health	 Health facilities constructed or upgraded or equipped (number)	3
Water, Sanitation & Housing	 Households with access to potable water supply systems (number)	1,429
	 Shelters/houses built, upgraded or rehabilitated (number)	64

2. Scholarship Programs

The Bank continues to support MCs in capacity building efforts through the provision of scholarships for qualified students in MCs to pursue higher education in recognized educational institutions. The Bank's scholarship program is designed to build science based human capital competencies in MCs and other Muslim communities under the following sub-programs:

- (i) Scholarship Program for Muslim Communities in non-Member Countries (SPMC);
- (ii) MSc Scholarship Program in Science and Technology for Least Developed Member Countries;
- (iii) Merit Scholarship Program for High Technology (MSP);
- (iv) ISFD Scholarship Scheme for the LDMCs for Bachelors and Diploma courses

During the year 2017, under SPMC, a total of 280 students

from 33 Muslim communities in non-member countries including 6 MCs benefited from the Program thus bringing the total beneficiaries to 13,852 students from inception of the Program in 1983. In addition, IsDB Education Trust established in beneficiary countries have awarded a total of 2,523 scholarships from the loan refund collected from graduates.

For the MSc, a total of 50 scholarships were granted in 2017 to students to develop the intermediate level of science-based human capital in selected MCs. The cumulative number of students benefiting from this program since inception in 1998 is 710. Under this program, 14 scholarships were awarded in the field of statistics and demography under IsDB's Statistics Capacity (STATCAP) building initiatives for least developed MCs.

The MSP Program launched in 1992 provides grants for doctoral or post doctoral research studies in designated universities. This partnership program includes Universities of Cambridge, Nottingham, Birmingham, Queen Mary, Imperial College London, University College London, King Abdullah University etc, which has an impact of overall cost saving of US\$ 1.8 million resulting from operational cost sharing agreement with the respective universities for the implementation of the program.


C. NEW DEVELOPMENT INITIATIVES

1. Science, Technology and Innovation (STI)

IsDB regards Science, Technology and Innovation (STI) as a key enabler for sustainable socio-economic development which can serve as a catalyst for successful implementation of IsDB projects in MCs. STI can also offer a communication platform for knowledge capturing and sharing, both internally and externally, with MCs and other development partners.

In 2017, as part of its renewed efforts to leverage STI to promote sustainable development in MCs, IsDB established a US\$500 million STI Fund. The STI Fund provides support to develop innovative technology-based solutions for various development challenges facing MCs. STI Fund to generate public good by facilitating the commercialization of technology. Initially, IsDB will contribute US\$200 million to the Fund while MCs, donors, institutions, corporate organizations and individuals are being invited to contribute the remaining amount.

Some of IsDB's major STI activities in 2017 were:

- 1  Establishment of an STI Online Platform (Engage) to support technology transfers among MCs (via matchmaking), and serving as a repository for information aggregation, contents search, online interaction, consulting, online education and training, content delivery, and linkages with external websites;

Science, Technology and Innovation (STI) Initiatives



IsDB launched **Engage** platform, an online ecosystem that connects scientists, innovators, and entrepreneurs from all over the world.

A first of its kind for the developing world, the platform will focus on six Sustainable Development Goals, ultimately helping to improve the lives of millions of people.

Its key focus is to accelerate progress towards following SDGs:



Engage offers three main services: **Match-making, Technology Transfer and Calls for Innovation.**

Through Engage, innovators, SMEs, private sector companies, Governments and NGOs will benefit from tailored mentoring services and expert knowledge sharing that will help them take their ideas and proposals to an internationally recognised standard.



IsDB launched a **US \$500 million Transform Fund**

Transform will provide seed money for start-ups and SMEs to develop their ideas and facilitate the commercialization of technology within IsDB's MCs.

Innovators, scientists, SMEs private companies, NGOs, Governments and academic institutions, from anywhere across the world, are all eligible to apply for funding from Transform via its website.

The Fund's Scientific Advisory Board comprises ten of the world's leading scientists. Its Board of Trustees includes Global leaders.

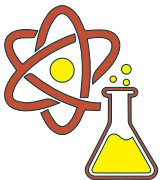


2



Development of an STI Policy Framework, in collaboration with UNESCO, based on GO-SPIN methodology; and

3



Design of fellowships and grants program, in partnership with The World Academy of Sciences (TWAS) in Trieste, for researchers in IsDB-LDMCs and other science-lagging MCs. These researchers will be sent to partner universities or research centers in Brazil, India, Malaysia, Pakistan, South Africa, Mexico, Thailand or other countries to obtain invaluable research experiences with high-level scientists.

2. Climate Change



IsDB approved **US\$644 million** for **climate related** projects in 2017

MCs are vulnerable to climate change and events such as increased extreme weather and natural disasters, which are becoming visible in cities, along coastlines, on flood plains, in rain-dependent agricultural zones and in contested drylands. Many MCs are not resilient against such adverse conditions. Without addressing climate change in agriculture, energy, transport, water supply and waste management, it will

become increasingly difficult to foster a vibrant, dynamic and functional society. Without appropriate adaptation and mitigation measures, the progress made in poverty reduction and improved human livelihoods, which are fundamental objectives for IsDB, will certainly deteriorate.

During 2017, IsDB approved projects in both Infrastructure and Agriculture sectors with an estimated climate finance contribution of US\$ 600 million: 48% of the climate finance contributed to climate mitigation, 40% contributed to climate adaptation 12% of the total contributed to both adaptation and mitigation (i.e. dual climate benefits).

IsDB is working with its development partners in addressing global issues affecting the most vulnerable members of society. In future, IsDB will also pay greater attention at project conception, selection and design stages for financing that will contribute to climate change adaptation or mitigation and integrate climate change considerations at project design stage to avert potential climate risks and to ensure sustainability.

3. Effective Support for Resilience



Fragility and conflict are adding to an already complex set of **developmental challenges** currently affecting our MCs, including **displacement** of the **population**

People in conflict affected and fragile countries need sustained and coordinated support to effectively handle conflict related insecurity and vulnerability to risks. Improvement of lives of the population is the main concern of the Bank because the human and financial consequences of renewed conflict and crises are unacceptably high. This requires a major change in the nature and type of assistance given in terms of resources and logistics to handle such situation. Currently, the focus of attention of IsDB for both MCs and Muslim Communities in non-Member Countries affected by conflict and displacement is to facilitate the process of supporting the communities to add value to their host country economy rather than becoming permanent aid dependants. In this regard, the Bank is currently developing relevant policies and guidelines for effective handling of such situations and to have a nexus between humanitarian and development related assistance.

In order to address the above-mentioned challenges and to promote inclusive economic and social development for our MCs, the Bank has created a fragility and resilience unit to handle effectively, all issues relating to fragility, conflict, disaster management and resilience. More specifically, the Bank's interventions will encompass the following initiatives during the coming years through:

- A systematic and coherent approach to: (i) support conflict-affected and fragile MCs through country led resilience response interventions, (ii) introduce tailored



conflict prevention and resolutions measures including, institutional capacity development, (iii) mainstreaming resilience building in IsDB development programs and projects; and (iv) provide technical advisory services through knowledge development and dissemination to proactively anticipate and respond to the needs of the MCs.

- Support the Fragile & Conflict-Affected States (FCAS) in MCs to cope with the shocks, negative impact and consequences resulting from violent conflicts and man made calamities through Fragility Financing Facility (TRIPLE-F) aiming at: (i) providing effective humanitarian and emergency response to the conflict-affected countries; (ii) supporting the economic, social transition, recovery and resilience building of the FCAS in MCs (ii) providing institutional support to strengthen capacity of the institutions; and (iii) encouraging private sector-led development interventions through Public Private Partnerships (PPP) to mobilize adequate resources from the private sector to support infrastructure reconstruction and development.

4. Engagement with Civil Society Organizations (CSOs)

In conformity with the new business model of the Bank, the future interventions in MCs for sustainable development will include among others, the following activities to enhance development related results through:

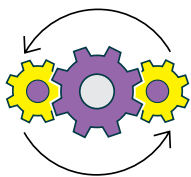
- The development of relevant policies for the engagement of civil society organizations and NGOs in dealing conflict and fragility situations in MCs. The main focus of attention will include among others, (i) To design and encourage a conducive framework of dialogue and consultation with NGOs to nurture knowledge sharing of experiences; and (ii) improve the effectiveness and efficiency of the assistance and support given to the affected local communities in MCs and/or Muslim communities in non-MCs by engaging the services of NGOs with relevant experiences.
- The IsDB and ISFD jointly are planning to introduce NGOs Transformation Program, which aims at: (i) mapping, screening and categorizing national CSOs operating in Least Developed Member Countries (LDMCs); (ii) providing institutional capacity development programs to mainstream the NGOs and CSO as "network of developers" to participate in the implementation of the Bank's operations and programs, (iii) setting up sustainable financing system by developing national and regional crowdsourcing platforms; and (iv) Allocation of ISFD and IsDB grant resources to support relevant economic empowerment programs to strengthen community resilience, introduce and reinforce refugee related education programs, provision of humanitarian and basic social services through the services of NGOs ■



IsDB continues to improve the performance of its **portfolio** and enhance **project quality** and readiness by increasing implementation support, improving **procurement efficiency** and focusing on **delivery of results**

Chapter 4

OPERATIONAL EFFECTIVENESS



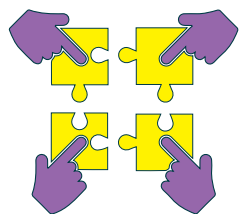
IsDB continues to **improve** its **development** **impact** through **effective** **implementation** of projects

IsDB recognizes that its financial support to MCs and Muslim communities in Non-MCs must be delivered in an efficient and effective manner. IsDB continues to improve delivery of development assistance and to enhance performance of the key financial and delivery indicators: approvals, disbursements and co-financing.

This section provides brief account of efforts made by IsDB for increasing co-financing, improving operations portfolio performance, and enhancing operations quality and business processes.

In terms of approvals, IsDB is committed to financial sustainable growth based on risk appetite, capacity adequacy, and overall portfolio performance. The 10YS stipulates the disbursement ratio¹ to be gradually increased to reach 25%.

1. Strengthening Development Partnerships



Mobilizing US\$ 8 Billion For Project Financing Through Partnerships during Next 5 Years

¹ Disbursement ratio is the amount disbursed in a given year as a percentage of the undisbursed balance at the start of the year

Pursuant to the 10YS, IsDB is committed to pursuing increased co-financing. Newly established Partnership Development Complex will continue to expand partnerships with both traditional and new development partners in order to contribute to the 10YS's target co-financing of bringing \$3 for every dollar of the Bank by 2020. IsDB's project financing is expected to be leveraged by co-financing with other development partners, particularly other MDBs, the Arab Coordination Group Institutions, bilateral donors such as OECD members, global funds and philanthropists.

In 2017, the Bank further strengthened its partnership development efforts with the existing partners and expanded new partnership agreements with other development partners. Framework agreements were signed with AfDB, AsDB, laDB, AFD, with D-8 secretariat and The World Academy of Sciences. These partnerships will bring a co-financing of US\$ 8 billion during the next 5 years. Bank has also co-financed projects of US\$ 1.5 billion with partners.

In addition, IsDB is leading in the implementation of projects and programs under 3 important initiatives: namely, the Lives and Livelihoods Fund (LLF), the "Deep Dive" initiative with the World Bank, and framework agreements with the Asian Development Bank (AsDB) and African Development Bank (AfDB) respectively.

2. Portfolio Performance

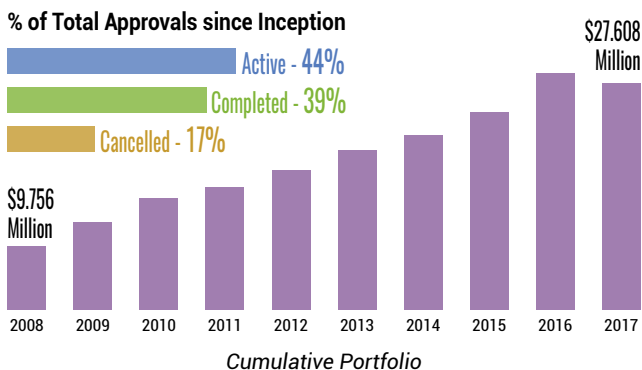
Project approvals continue to **increase for MCs**



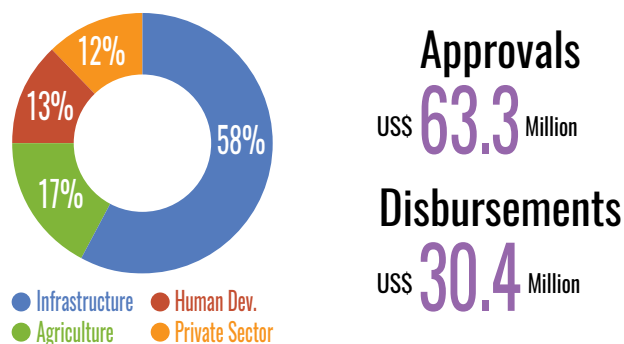
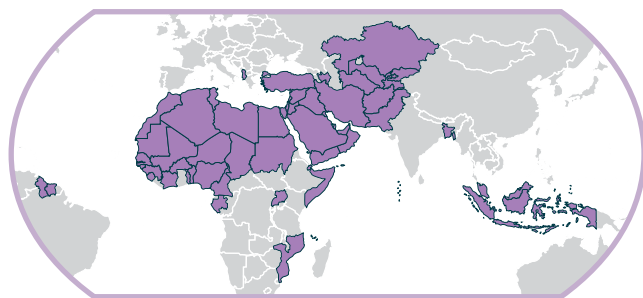
IsDB is also improving the performance of the portfolio and enhancing project quality, readiness and increasing implementation support, while improving efficiency of procurement and the focus on delivery of results.

As of 31st December 2017, IsDB's active operations portfolio comprised of 903 operations amounting to US\$27.6 billion, of which US\$6.0 billion had been disbursed with US\$21.4 billion remaining undisbursed. The majority of the active portfolio is concentrated in the energy, transport, water and sanitation and urban services sectors (65%). This is followed by the agriculture-related sectors (24%) and the human development sectors, such as health and education (11%).

Figure 4.1: Evolution of the Active Portfolio



Following the scale-up of approvals to mitigate negative impact of 2008 financial crisis on MCs, the size of the active portfolio has almost tripled from US\$9.7 billion at the end of 2008 to almost US\$27.6 billion in 2017 as shown in figure 4.1. However, disbursements have not kept pace with the high growth in IsDB's development financing. Approvals, on average during past 4 years, were over US\$4.5 billion annually, while disbursements hovered around US\$2 billion a year. The higher growth in approvals (as compared to disbursements) during past 8 years has resulted in a declining ratio of disbursements, as percentage of annual approvals, from around 56% in 2008 to 39% in 2016, before picking up to 53% in 2017. Similarly, the disbursement ratio, which was around 23% in 2008, has continued on a downward trend and has dropped to under 12% by 2017.



Portfolio performance remains unsatisfactory due to systemic challenges relating to project readiness, institutional capacity of some MCs and limited field presence to provide implementation support. During the last 3 years, the size of IsDB's active portfolio (projects and technical assistance) increased by almost US\$6 billion (28%). In the same period, the undisbursed balance also increased US\$4.8 billion (around 29%). Time from approval to project completion currently averages around 7 to 8 years, while the time from approval to first disbursement averages around 2 years. Currently, around 42% of the projects can be categorized as facing implementation delays, as per IsDB's guidelines.

Out of total Active Operations Portfolio of 903 operations of US\$27.6 billion, of which 534 operations worth US\$ 15.3 billion were being disbursed, while 363 operations worth US\$12.1 billion were yet to make a single disbursement. The bulk of the non-disbursing operations are those that were declared as effective but yet to make their first disbursement. These delays between effectiveness and first disbursement highlight the challenges with respect to the readiness and quality-at-entry at the time of approval.

Within the non-disbursing portfolio (102 operations; US\$3.3billion) are yet to be signed; 113 operations (US\$5.3 billion) are signed but not yet declared effective; and 148 operations (US\$3.3 billion) have been declared effective but have not yet made the first disbursement.

During 2017, 201 new operations worth US\$4.6 billion were approved and entered the portfolio, including roll-overs (approved in previous years but considered as part of 2017 Operations Plan), while 83 operations worth US\$2.1 billion were completed. IsDB undertook a comprehensive exercise to clean-up the "legacy" portfolio and, as a result, 64 operations worth US\$3.8 billion were cancelled. The Bank is proactively monitoring operations reaching timelines set by the Bank and are liable for cancellation. Therefore, the size of

the active portfolio at the end of 2017 decreased by US\$833 million (3.1%) compared to the start of the year.

While continuing to undertake the portfolio cleaning activities, IsDB will be continuing its efforts to address the issues facing 297 delayed projects worth US\$8.6 billion, with the aim of expediting implementation.

3. Operations Quality



The Bank has sizeable operations portfolio which is under implementation and thus requires enhanced supervision and support from the Regional Hubs.

For new projects, IsDB has put in place certain measures to ensure quality-at-entry, such as the quality reviews of projects and technical assistance. In addition, IsDB continues to improve the quality of the Results Matrix to help track performance of each Member Country Partnership Strategy (MCPS) and each individual project. Improvements include clear outcome indicators, baselines and targets in the Results Matrix. IsDB is also working to automate the monitoring and reporting of the Results Matrix through the Operation Management Solution (OMS).

As part of the effort to improve portfolio quality, IsDB is tracking “problem projects” (as a percentage of the active portfolio) and is reporting a “proactivity index” (the percentage of problem projects rectified during the subject year). In 2017, 512 projects have made progress out of total project portfolio of 718, and thus proactivity index remain high at 72%.



4. Project Cycle Management

In line with the 10YS, IsDB endeavor to improve its operational efficiency through greater focus on the end-to-end operations cycle, from design to approval to effectiveness and implementation, and eventually to completion. In particular, the 10YS anticipates that the time between concept clearance to first disbursement will be gradually reduced by 30% via improved project prioritization and readiness at the time of project approval. In this regard, IsDB tracks intermediate milestones such as improvement in the time elapsed from Concept Note approval to signature, effectiveness, disbursement and to project closure. IsDB will improve project quality through enhancement of the upstream planning process through an Integrated Strategic Programming Framework (ISPF) and using a Project Prioritization Matrix to ensure that IsDB selects high-impact, high quality and ready-to-implement projects.

Figure 4.2 compares the average time (months) to reach key milestones during the project cycle for 2016 and 2017.

Figure 4.2: Average Time to Reach Key Milestone of Operations Cycle

	Concept Clearance ↓ Board Approval	Board Approval ↓ Signature	Signature ↓ Effectiveness	Effectiveness ↓ First Disbursement	First Disbursement ↓ Last Disbursement	Total Project Completion Time
2016	4.5 months	5.9 months	21.2 months	14.0 months	22.9 months	68.3 months
2017	6.4 months	5.9 months	22.4 months	15.0 months	28.2 months	77.9 months

*Time lag on effectiveness is influenced by internal procedures in MCs. In some instances, it requires parliamentary approval of the project. Time from effectiveness to 1st disbursement is to enhance project readiness for implementation. Other MDBs have long project preparation periods and hence utilize Project Preparation Facility to improve project implementation readiness.



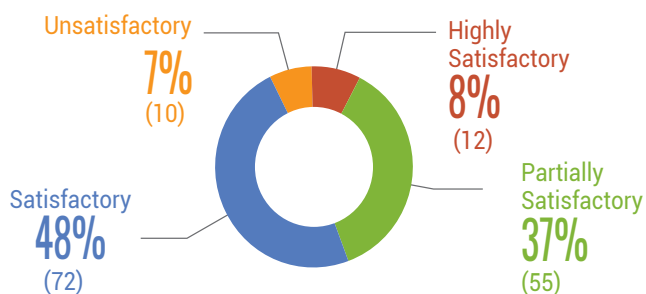
In 2017 the project approval to completion time increased mainly due to ongoing institutional reforms and the transition towards a new decentralized business delivery model. IsDB is also facing the challenge of a higher number of delayed projects. Therefore, to better identify bottlenecks in internal processes during the operations lifecycle, periodic portfolio monitoring has been intensified.

IsDB will be improving project selectivity, quality, readiness and impact of new projects. IsDB's expanded field presence is expected to fast track project implementation. In 2017, IsDB has met annual targets for increased implementation support for projects, and it has improved implementation progress of projects by assessing ratings of completed Project Implementation Assessment and Support Reports (PIASRs). Once regional Hubs are in place, IsDB will conduct a supervision mission once per year for all ongoing projects or more often in the case of problem projects.

In 2017, project supervision staff undertook a total of 149 field missions to prepare PIASRs (2016: 156), which helped to enhance project implementation performance and efficiency. The percentage of "Partially Satisfactory" or "Unsatisfactory" projects fell from 48% in 2016 to 45% in 2017.

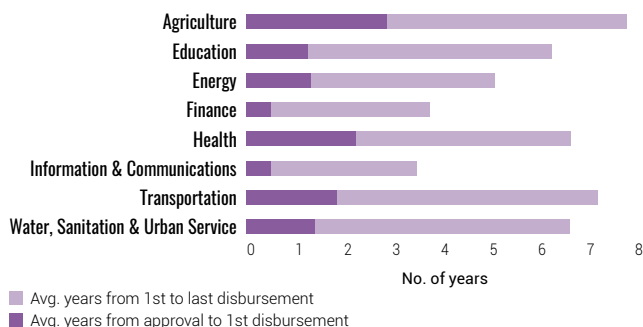
As per the PIASR ratings in 2017 (figure 4.3), the self-assessment of implementation progress indicates that the progress of 45% of these 149 assessments are either "Partially Satisfactory" or "Unsatisfactory", suggesting issues impeding the progress of these projects and requiring corrective action to enhance project implementation.

Figure 4.3: Ratings of 149 PIASRs undertaken in 2017



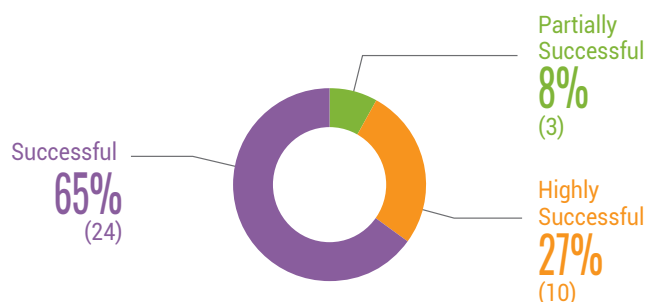
The average completion period for the projects completed in the year 2017 was 6 years, though this varied across sectors and MCs. Energy and ICT projects were completed in relatively shorter periods compared to those in transport, agriculture, health and education. Figure 4.4 depicts the comparison of average completion periods by sectors disaggregated by periods from approval to first disbursement, and to last disbursement.

Figure 4.4: Average Completion Periods of Projects by Sectors



A Project Completion Report (PCR) is the main instrument for self-assessment of performance of completed projects. PCRs also provide information on development results in comparison with planned results. During 2017, IsDB prepared 37 PCRs indicating an impressive rating of 92% projects as "Successful" or "Highly Successful" as shown in figure 4.5.

Figure 4.5: Ratings of 37 PCRs undertaken in 2017



IsDB is also committed to disseminating "Success Stories" of the most successful project for replication and upscaling. During 2017, IsDB published 7 success stories featuring projects in rural water supply in Senegal, emergency health care and rural housing in Uzbekistan, the Ma'aden Phosphate Fertilizer Complex project in Saudi Arabia, the Khwar Hydro Power Project in Pakistan, rural roads in Chad, the Khavaja hospital in Albania and a power plant in Djibouti.

5. Member Country Partnership Strategies (MCPs)

IsDB continues to engage MCs for sustained socio-economic development through MCPs



In 2010, the IsDB launched MCPs as the principal instrument for its medium-term engagement in delivering development assistance to MCs. Through the MCPs, the IsDB was able to enhance its synergy and implementation programs in collaboration with the concerned MC and other development partners.

As of December 2017, IsDB had prepared 19 MCPs, of which 14 were completed while 5 are at various stages of implementation. 14 MCPs which are either under implementation or completed are for Indonesia, Kuwait, Kazakhstan, Malaysia, Mali, Mauritania, Niger, Pakistan, Senegal, Somalia, Suriname, Turkey, Tunisia and Uganda.

The MCPs for Kazakhstan, Malaysia, Somalia and Kuwait (all without financing envelope) have all achieved satisfactory implementation in both financing and non-financing activities.

IsDB's overall average achievement rate of MCPs (in terms of approvals) represented 74% of the indicative financing envelope: IsDB (67%), ITFC (81%) and ICD (58%), respectively. In addition, ICIEC provided risk insurance of \$1.95 billion and IRTI contributed in capacity development and knowledge transfer.

A total of 15 MCPs were under preparation in 2017, of which 2 were second generation MCPs (Turkey and Senegal). 13 MCPs are at different stages of preparation for Afghanistan, Cameroon, Djibouti, Egypt, Gabon, Kyrgyz Republic, Iran, Nigeria, Sudan, Saudi Arabia, Tunisia, Uzbekistan and Yemen.

The 10YS anticipates that around 70% of MCPs should be rated as "Satisfactory" at completion. The Operations Evaluation Department (OED) has assessed 3 MCPs (Tunisia, Niger and Kazakhstan) and also initiated the MCPs implementation review for Morocco. The reviews rated each MCP as "Partly Successful". Although, approvals have



increased in the MCPS countries, implementation of the active portfolio remains a challenge, as does IsDB group coordination. The independent evaluation also highlighted weak logframes and a lack of clear results targets as impediments to improved ratings of MCPSSs.

6. Procurement

Project procurement is critical to enhance project efficiency and effective delivery. It also focuses on the fiduciary responsibility for economical and efficient procurement throughout the project cycle. New IsDB procurement policies were finalized, namely, 'Procurement of Goods, Works and Use of Consultants'. In order to serve project needs better and to cater for decentralization, a new IT workflow solution is being implemented to automate all procurement requests. Most of procurement staff will be placed in Regional Hubs to engage with project preparation and implementation.

IsDB conducted 3 Country Procurement Workshops and 6 Project Startup Workshops to familiarize executing agencies and project management units (PMUs) with IsDB's procurement guidelines. IsDB is working with other MDBs to assess and improve a procurement fiduciary framework in our common MCs. For example, IsDB joined a World Bank mission to participate in the 13th Procurement, Integrity, Management and Openness (PRIMO) Forum which was held in Ukraine and Georgia. Moreover, IsDB was represented at the "High Level Public Procurement Forum" (HLPPF) and the "e-GP Forum of Africa" organized by AfDB and the WBG in South Africa where the focus was on modernizing public procurement systems.

7. Efficient Knowledge Management

IsDB is transforming from a Bank for financing projects to a Bank for developers. Hence, it needs to leverage on its role as an effective knowledge broker and convener for successful interventions in MCs. Knowledge management is now an integral part of the Operations to guarantee greater focus on the knowledge aspects in IsDB operations. The key 2017 initiatives included:

- Science, Technology, Engineering, Arts and Mathematics (STEAM) Competition was held in collaboration with King Abdullah University of Science and Technology (KAUST) at IsDB Headquarters in Jeddah. A total of 120 students from 7 universities participated in the competition to address issues related to food wastage, transportation barriers to educational institutions in developing countries, the impact of climate change on farming, tackling non-communicable diseases and many other related topics.
- The Global Competition on FinTech in Islamic Finance was held in partnership with the Saudi Spanish Center for Islamic Economics & Finance of the IE Business School, Madrid, Spain to promote access of Islamic finance through technological platforms. The competition invited innovative financial technology ideas with the aim to contribute to the development of FinTech ecosystem within the Islamic finance industry.
- The Fifth IsDBG Innovation Exhibition was held in conjunction with IsDB's 42nd Annual Meeting to showcase



projects from MCs that are innovative, inclusive and have affected the livelihood of people.

- “Pitch your Product” competition was organized by the International Islamic University of Malaysia and sponsored by IsDB. The major aim of the competition was to create awareness on innovation, ideation, prototyping and pitching by school and university students and researchers.
- Effat University Bootcamp, which focused on the 3 elements of the Saudi Vision 2030- A Vibrant Society, a Thriving Economy and an Ambitious Nation- was also sponsored by IsDB. Students were required to develop ideas and solutions for commercialization under the Effat Accelerator Program.

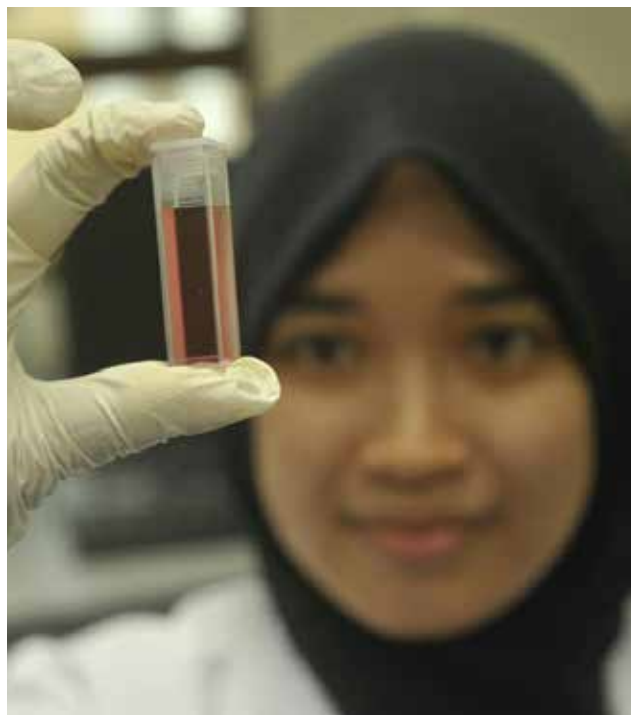
that development projects financed by IsDB are meant to improve the lives of those affected by such projects and to “do no harm”.

Taking into consideration the importance of social, environmental and reputational risk mitigation and for ensuring development effectiveness of the Bank’s operations, the concept and road map for adopting social and environmental safeguards in its operations was developed and presented it to the Board of Executive Directors (BED). In this regard, the BED has suggested a technical study, which is underway, and it is planned that the Bank will adopt the ESS policy in the near future ■

8. Environmental and Social Safeguards

Social and environmental concerns are becoming an integral requirement for new operations of IsDB and for supporting realization of SDGs. It is now a requirement that all new operations in the Bank must have a component relating to Environmental and Social Safeguards (ESS) including gender issues, to be addressed during interventions in MCs.

Fundamentally, the guiding principles for IsDB to adopt safeguards which are derived from Islamic principles and from the Articles of Agreement of the IsDB, which recognize



Key outcomes of Perception Survey of IsDB Stakeholders

A series of client surveys have been deployed to inform, validate and direct IsDBG’s 10YS and its implementation through 3 Years Work Program (3-YWP) and MCPS. In 2015, IsDB conducted a pilot survey in Africa, followed by qualitative research conducted in Asian MCs in 2017.

Key findings from these stakeholder surveys reveal that IsDB’s upholding of Islamic principles while stimulating social and economic development is a strong feature of IsDB. Feedback from stakeholders attests to a limited understanding of IsDB’s strategy. This observation adds value to IsDB’s current plans to decentralize.

Stakeholders feel that IsDB has a responsibility and the capacity to do much more knowledge sharing and thought leadership. Bolder steps are seen to be absolutely critical to enhance awareness of IsDB’s profile as a recognized regional development actor. This may also help drive more positive perceptions of its impact. IsDB Group’s presence in the region is not considered to be robust and is distant in comparison to other development banks or regional agencies.





IsDB is developing **policies**
and supporting **strategies**
in thematic areas to provide
improved guidance and focus for
operations

Chapter 5

ORGANIZATIONAL EFFICIENCY

IsDB seeks to increase its efficiency, effectiveness, and institutional economy in delivering value for money. The efficiency of IsDB as an organization will hinge on five objectives given below.



1. Managing for Development Results

The 10YS calls for an increase in those initiatives that are linked to results, as depicted in the 10YS Strategy Map. IsDB addresses this objective by operationalizing the results chains that underpin its operations. In addition, IsDB is committed to scaling up its overall initiatives to manage better for development results. For example, new information technology infrastructure is being implemented to facilitate the collection, consolidation and publication of performance data. Such systems facilitate the presentation of result chains and associated indicators through business intelligent reports and online dashboards. Progress is being made to automate the project logframe and project self-assessment tools such as the PIASRs and PCRs.

2. Enhancing Delegation and Improving Businesses Processes

IsDB is developing policies and supporting strategies in sector/thematic areas to provide improved guidance and focus for operations. It is also improving the efficiency and effectiveness of the operations through new business processes, guidelines, tools, operations manuals and new delegation of authorities. Policies, procedures and guidelines will be developed in new areas of Climate Change, Women Engagement, Resilience and Environmental and Social Safeguards.

IsDB has reached advanced stages of implementation of the ambitious SAP based Group Business Enhancement and

Transformation IT (GBEST) program. The Operations Management Solution (OMS) was implemented under GBEST Program which has successfully enhanced and automated business processes related to planning and operations management, financing, contract management and results management. The solution entails intelligent reports and dashboards and allows efficient information management and evidence-based decision making.

3. Decentralization and Empowerment

Decentralization and delegation are now transformational trends at IsDB. The 10YS calls for increases in both the proportion of “client-facing professionals” and the numbers of “staff in field offices”. In this regard, and as part of the P5P, IsDB is embracing new decentralization initiatives. In order to align the decentralization of field presence with the P5P while observing cost efficiency, a new business model for decentralization calls for the establishment of 11 Regional Hubs to cover operational activities in 54 MCs, which will be fully responsible and accountable for business development, business delivery, resource mobilization and IsDBG’s “branding” in all MCs, other than the Kingdom of Saudi Arabia, Yemen and Palestine, each of which will continue to be managed from Headquarters, in interim.

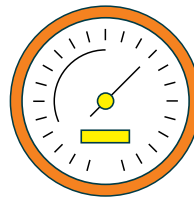
The key motivating factors behind the sweeping geographical and functional decentralization of IsDB proposed by the

Working Group and approved by the Board were the following institutional transformations that altogether form the four pillars of IsDB’s decentralized delivery model:



Empowerment: As per the new empowerment mandate, IsDB’s field presence will be spearheaded by 11 empowered Regional Hubs fully responsible and accountable for the Bank’s business development and

business delivery. This field empowerment mandate is reinforced by three organizational lynchpins i.e. the new organizational structure, placement of client facing staff in the field and the new single-point Delegation of Authority and Accountability.



Efficiency: IsDB’s field presence will be financially viable, driven by cost efficiencies generated from the new decentralized delivery model. Cost efficiency is an important tenet of IsDB’s decentralization exercise along with operational efficiency, and client satisfaction.





4. Human Resources to Implement the 10YS and P5P

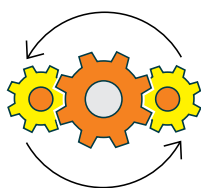
IsDB continues to deploy human resources as necessary for the successful implementation of both the 10YS and the P5P.

One of the guiding principles of the 10YS Framework is the commitment to the continuous building of capabilities in people management. Talent management (or having the right people in the right place at the right time) is a critical success factor for IsDB to implement each of the Strategic Pillars of 10YS successfully.

The 2025 target percentage of professional staff as a percentage of total IsDB workforce is 70%. Achieving this target will require a shift in HR focus from compliance to performance and effective people management skills. In this regard, and as part of the P5P, IsDB embarked on a Human Resource Transformation program in late 2017. IsDB established a Task Force to facilitate assessment of the competencies of IsDB staff vis-à-vis its business objectives. As a result of an independent assessment, staff were mapped to respective units based on their expertise, and a fair recruitment process was established to fill the vacant positions.

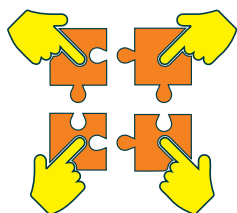
5. Learning for Development

The 10YS calls for initiatives to share lessons learned from completed projects and to incorporate these into IsDB's future operations. The principal focus of these initiatives includes the sharing of such lessons learned with key stakeholders in a timely and effective manner. IsDB endeavors to mainstream a 'knowledge culture' and to prioritize learning and development within its operations cycle through knowledge creation and sharing at MC and operations levels, creation of communities of practices, acting as a knowledge broker and innovative operational thinking and process planning ■



Effectiveness: The operationalization of IsDB's 11 empowered Regional Hubs is expected to have a direct impact on financial performance. Being closer to clients will help in improving the disbursement ratio through gains in implementation efficiency and improved

quality of projects. In essence, this value addition from empowered Regional Hubs is the value-for-money generated from IsDB's new decentralized delivery model.



Synergy: The operationalization of 11 'one-stop shop' Group Regional Hubs covering 54 Member Countries will ensure Group synergy in all facets of business development and will allow the IsDB Group to leverage on economies of scale and coordination from Group operations as well as cost sharing among the Group Members.

Ultimately, the critical performance indicator to determine the financial sustainability of the decentralization exercise is the decrease in the operating expense ratio for Regional Hubs over a period of five years.



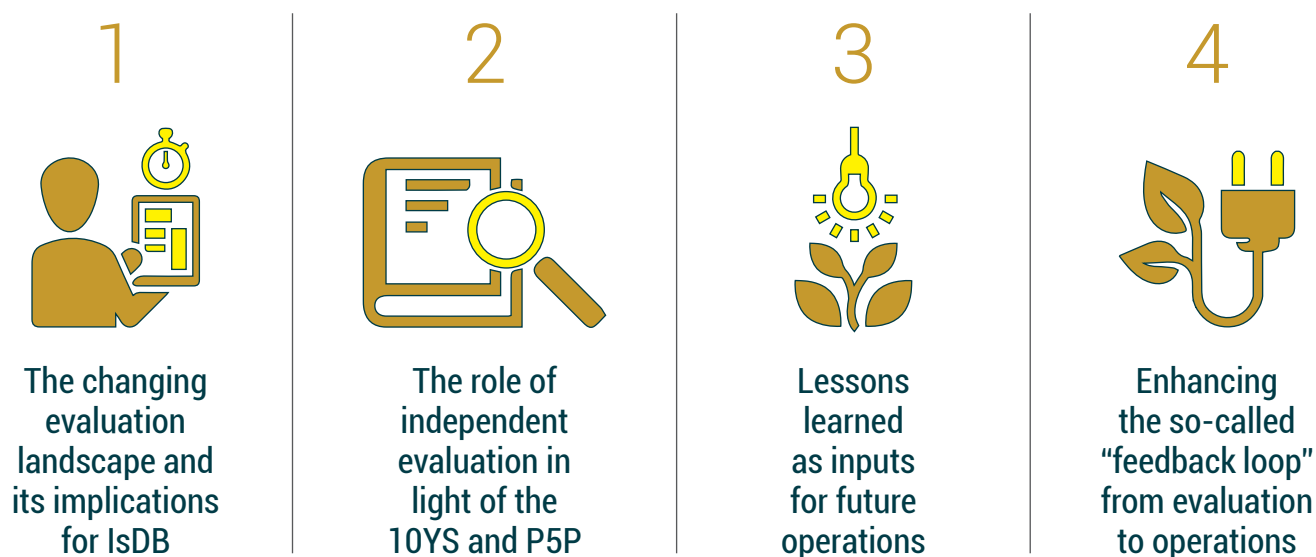


The 17 SDGs and their
169 targets have
created an entirely
new foundation for the
evaluation of **IsDB**
operations

Chapter 6

INDEPENDENT EVALUATION

Independent evaluation is critical to promote accountability and learning across IsDB. In the light of the new global development agenda, including the SDGs, and IsDB's significant institutional transformation, the following 4 evaluation themes have emerged:



1. The Evaluation Landscape

IsDB's Operations Evaluation Department (OED) continues to undertake evaluations to fulfill its mandate of accountability, transparency and learning. The adoption of the SDGs by MCs has changed the evaluation landscape: the 17 SDGs and their 169 targets have created an entirely new foundation for the evaluation of IsDB operations. This, in turn, requires improved monitoring and evaluation (M&E) frameworks that will be able to assess progress made on the SDGs and recommend adjustments, where necessary. IsDB will consider the following evaluation issues:

- 1. Reporting on progress:** Since the SDGs are time-bound, M&E will help in reporting on progress, taking into account the national circumstances of each MC. Unlike the Millennium Development Goals (MDGs), which mainly

focused on monitoring, the SDGs have a follow-up and review mechanism.¹

- 2. Learning and accountability:** Evaluating SDG's progress will be important for learning, mutual accountability and for generating evidence on implementation successes and failures. The evidence generated through M&E will contribute to revising IsDB's plans to support the SDGs, feed into the design of new strategies and inform policy and decision-making.
- 3. "No one left behind" principle:** In the era of the SDGs, it is also extremely important to ensure that the core

¹ This would address many challenges that affected the achievement of the MDGs (the major criticism of the MDGs was that they lacked the evaluation framework).



principles of reducing inequalities and “no one left behind” are integral to evaluation. Indeed, IsDB needs to evaluate the equity dimensions of operations to assess levels of inequality in MCs.

4. **Sharing experiences:** IsDB should determine whether the progress (or delay) in one SDG is dependent on contributions in respect of other SDGs. Thus, joint country-level evaluations could provide information that can be shared globally.
5. **Evidence-based information:** Evaluation will play a crucial role in supporting efficient and effective implementation of SDGs at the country level. Since a feature of reducing inequality is to identify groups left behind, country-level evaluations should improve access by decision makers and other stakeholders to evidence-based information.

2. The Role of Independent Evaluation: 10YS and P5P

Based on the independent 40-year assessment of IsDB, MCs expressed 3 expectations: IsDB needs to be proactive; IsDB must be at the frontier; and IsDB must be fast and adaptive. For purposes of the P5P, the President launched a 2017

Transition Action Plan (TAP), which encompasses all of the commitments aligned to the P5P's Six Tracks.

All reform initiatives will be evaluated to ensure that they are relevant, while also informing Management about the effectiveness of those initiatives. Monitoring IsDB's transformation will focus on accountability for operational performance and delivery of the expected P5P outputs. IsDB's independent evaluation will then analyze the performance towards achieving the 10YS and the P5P commitments.

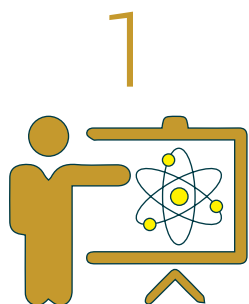
OED will play an important role in institutionalizing MfDR within the IsDBG by annual assessments of the performance of IsDBG operations and the MCPSSs, as indicated in the IsDBG 10-Year corporate scorecard, and the results of completed IsDBG interventions. OED is looking to cover both accountability for, and learning from the implementation of the P5P, with an emphasis on those achievements that can be replicated.

3. Learning Lessons

Lessons distilled from evaluations have been disseminated to concerned departments and entities to inform their future design and implementation of interventions. This practice (a “feedback loop”) has yielded improved efficiency and

effectiveness in implementing projects. In the past year, OED referred 75 follow-up actions and recommendations, arising from lessons learned and supported by fact-based evidence, to IsDB for necessary action.

Two principles have emerged from the analysis of lessons learned during OED's 2017 evaluations:



1 **The importance of beneficiaries' concerns and needs**

Taking into consideration the beneficiaries' concerns and needs in the project design and implementation determines to a great extent the success or the failure of a project.



2 **Better coordination among the stakeholders**

The successful implementation of a project requires the intervention of many stakeholders and coordination is essential for the success of the project.



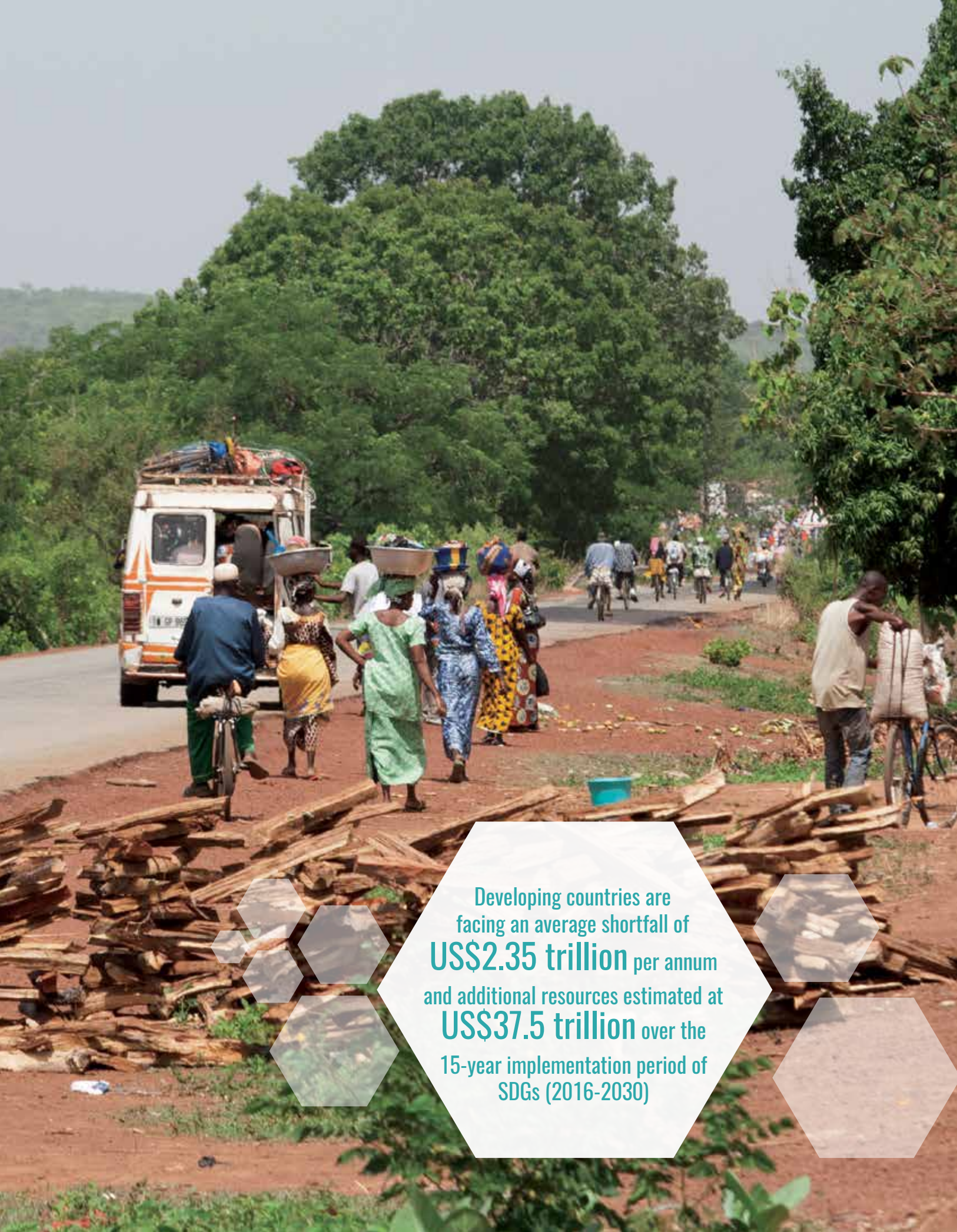
4. Enhancing Feedback from Independent Evaluation to Operations

OED will scale-up its outreach through dissemination of its evaluation findings and mainstreaming these into IsDB operations.

OED will provide feedback through evaluations on the experience of the early stages of implementation of the IsDBG 10YS and the P5P to enable mid-course corrections and recalibration, as necessary. To enhance learning and promote development effectiveness, OED will also embark on joint activities with counterparts in other MDBs and participate in the Evaluation Cooperation Group.

OED will also engage IsDB operations staff via internal knowledge-sharing and dissemination of evaluation findings. OED will also upgrade its online database on Lessons Learned; promote the use of IT to support its dissemination agenda; and organize an IsDBG evaluation symposium and a workshop on "Management Action Records Systems" ■





Developing countries are
facing an average shortfall of
US\$2.35 trillion per annum
and additional resources estimated at
US\$37.5 trillion over the
15-year implementation period of
SDGs (2016-2030)

Chapter 7

THE WAY FORWARD

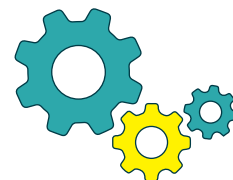
IsDB has been contributing to socio-economic development of its MCs and Muslim communities in non-Member Countries for nearly 43 years. IsDB's contributions are visible and recognized by beneficiaries; however, the relatively small financing volume, diversity and varied levels of economic development and a wide geographical coverage across 57 MCs, making it difficult to address critical developmental challenges and to leave a positive lasting impression.

The developmental challenges facing MCs are compounded by global economic and political challenges, current uncertainties in global financial markets and increasing protectionism in trade, ongoing fragility and conflicts and increasing climate-related threats. Such circumstances add to the risks that hinders inclusive and sustainable development across MCs. IsDB help MCs to address some of these systemic and emerging challenges, however responsibility to make meaningful progress will remain with MCs.

Supporting the SDGs ambitions is another major test for MCs and their partner development financing institutions, including IsDB. Developing countries are facing an average shortfall of \$2.35 trillion per annum and additional resources estimated at \$37.5 trillion over the 15- year implementation period of SDGs (2016-2030). Clearly, current volumes of official and multilateral financial flows are simply inadequate to meaningfully realize SDGs.

On funding, IsDB will explore non-traditional sources of resource mobilization and work with MCs to support implementation of SDGs and assist reforms aimed at making markets to work for development.

The future of development financing requires optimal use of available resources, scaling-up funding for SDGs and the urgent creation of innovative financing mechanisms that can tap into all sources of potential financing.



Considering the above challenges, MDBs have been working on modalities to leverage private capital markets to support implementation of SDGs as well as assisting authorities to mobilize higher volumes of public revenues, along with innovative mechanisms to catalyze private finance and investment.

MDBs are playing an increasingly catalytic role in promoting blended finance by acting as intermediaries between governments and private funders to "crowd-in" additional finance for development. Within the IsDB, the newly established Partnership Development Complex is mandated to leverage partnerships and develop innovative approaches aimed at mobilizing of additional resources for financing development in MCs.



As a leader in Islamic finance, IsDB can play a specific and instrumental role in scaling-up Islamic finance and introducing innovative instruments, including green Sukuk, ethical investment funds and FinTech-based financing.

IsDB will support MCs to develop appropriate policy and legal frameworks, which will help to crowd-in private sector through risk mitigation measures and development of a conducive business environment. The Bank will work with the authorities to utilize private sector expertise in efficient implementation solutions for development projects.



Besides fostering conventional public-private partnerships, IsDB is in the process of developing new instruments and delivering advisory services, which will enable MCs to crowd-in private sector in financing and implementation commercially viable large infrastructure projects.

To further enhance its development effectiveness, IsDB will take into account the diversity in demographics and socio-economic status of MCs in order to deliver differentiated development assistance and knowledge services. IsDB is responding to evolving and emerging development challenges by focusing on its comparative strengths and readying itself to deliver redesigned value-added products and services.

In 2017, IsDB embarked on the implementation of the P5P, a new roadmap and operational model that will lead the Bank to be proactive, at the frontier of development, and be fast and adaptive. The P5P is specifically designed to boost IsDB's development effectiveness through adoption of integrated strategic programming approach and efficient delivery mechanisms.



IsDB's new business model, guided by the **P5P**, is expected to be a major catalyst towards a transformation agenda for MCs, while **providing solutions** to address some of the **challenges** facing MCs.

Furthermore, Decentralization of Bank's operations and services delivery through establishment of Regional Hubs. Enhanced field presence will help to materialize partnerships with the private sector and other relevant stakeholders in order to realize efficiency gains during the projects' design and implementation phases.

Developmental theme-based global practices (GPs) have been established at Headquarters that will work directly with the Regional Hubs to generate country, sector and thematic knowledge and instill global best practices during projects' design and implementation stages.

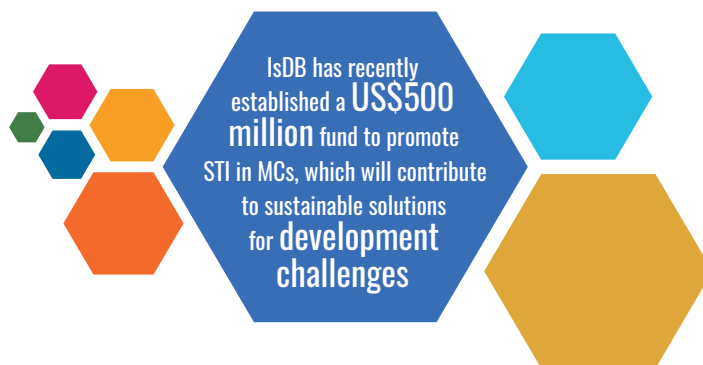
Under the IsDB's new business model, the Bank will transform itself into 'Bank of Developers' through engagement with non-traditional and emerging donors, the private sector and civil society.

IsDB has recently established a \$500 million STI Fund to promote innovative and sustainable solutions for development challenges in MCs. By harnessing strategic and innovative partnerships at the global level, the Bank will ensure efficient delivery of development assistance at the local level in MCs.

With a transformation P5P agenda, the new Bank model will further enhance synergy at the IsDB Group level. In this regard, the second-generation of MCPSPs will continue to be the main instrument for IsDB Group's medium-term engagement in MCs. Country engagement through the MCPSPs will be based on following 4 operating principles: pro-activeness, inclusiveness, selectivity/prioritization, and focus on delivery of development results.

Under the 10YS, the Bank is committed to expanding and enhancing collaborations with other non-traditional partners in development and to introduce operational modalities from being "reactive" to "proactive", from an "ordinary financier" to a "frontline partner", and from "adding value" to "enhancing value".

From the standpoint of enhancing 'development effectiveness', the Bank has internalized the lessons of traditional approaches and to improve both design and delivery development assistance. Going forward, IsDB's new business model is to reach out to MCs in order to ensure that the delivery of development assistance is both efficient and sustainable. ■

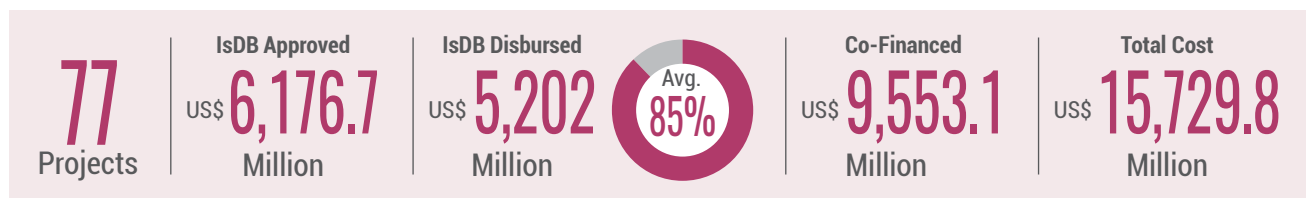




APPENDICES

Appendix I

FINANCING FOR COMPLETED PROJECTS BY SECTORS IN 2017



Agriculture



Education



Energy



Finance



Health



Information & Communications



Transportation

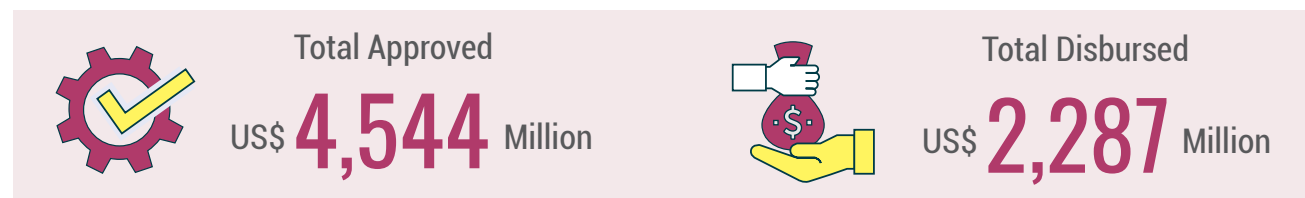


Water, Sanitation & Urban Services

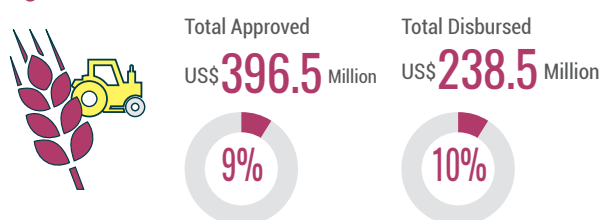


Appendix II

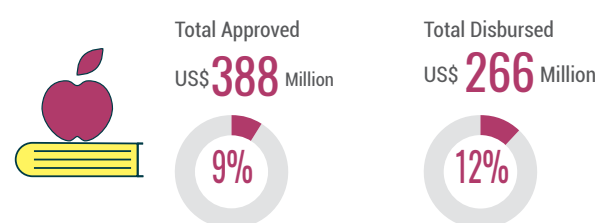
APPROVALS AND DISBURSEMENTS IN 2017



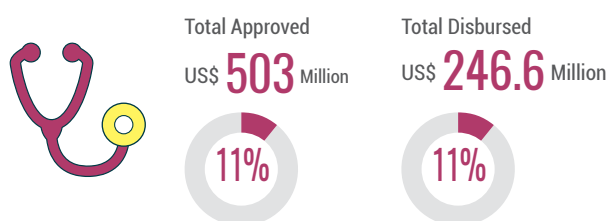
Agriculture



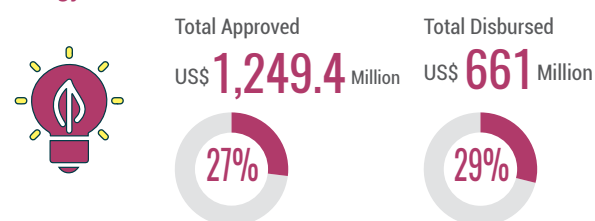
Education



Health



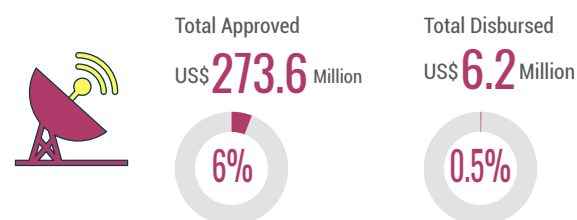
Energy



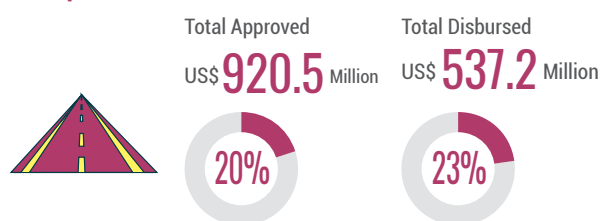
Industry & Mining



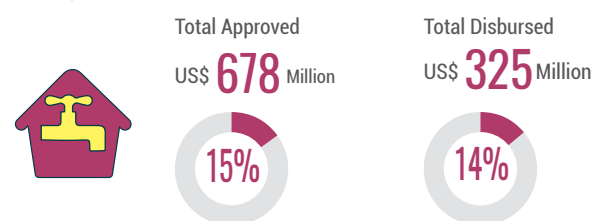
Information & Communications



Transportation



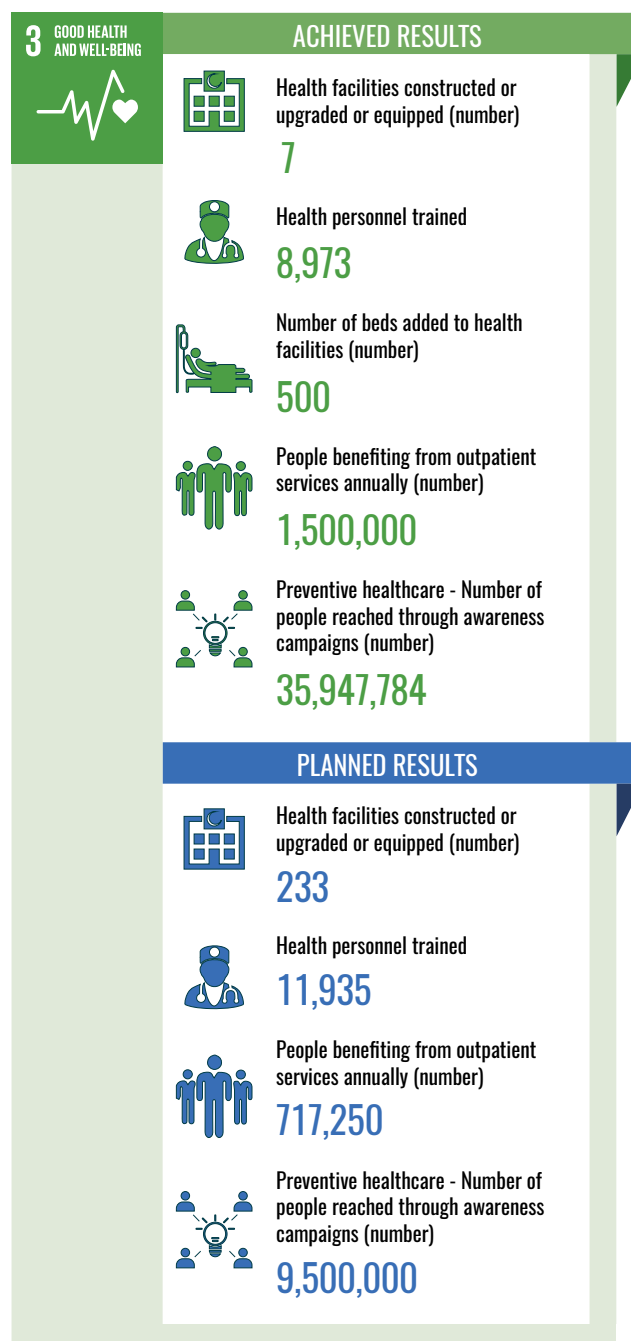
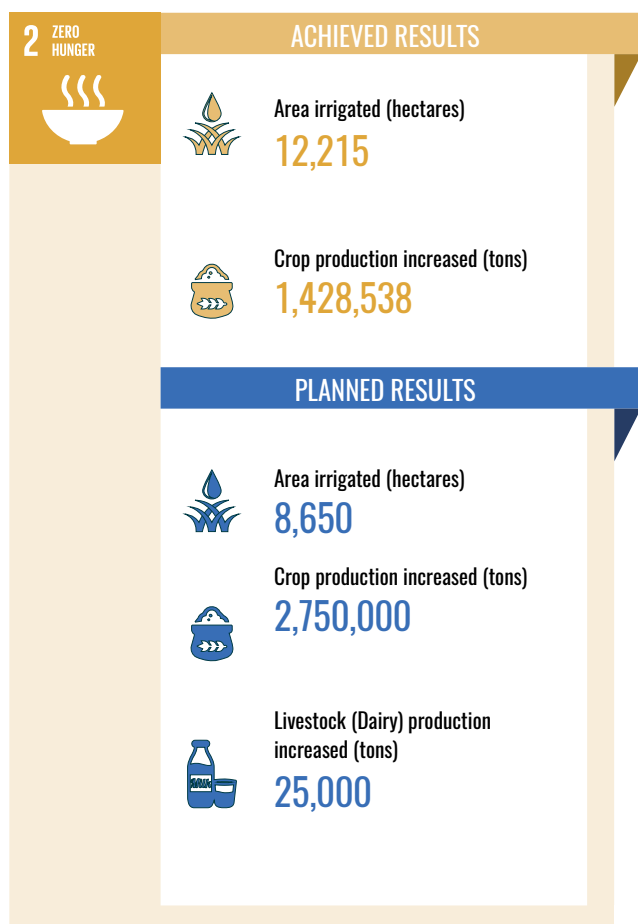
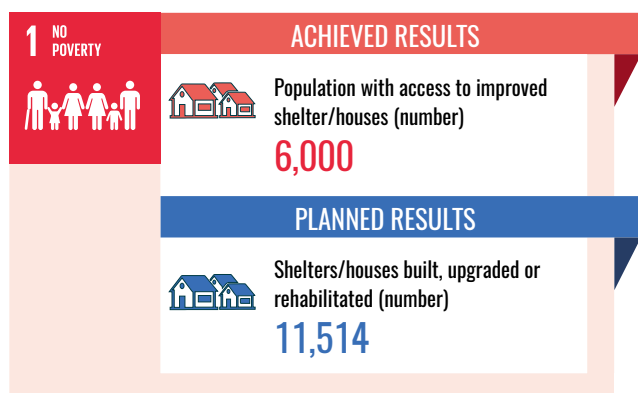
Water, Sanitation & Urban Services



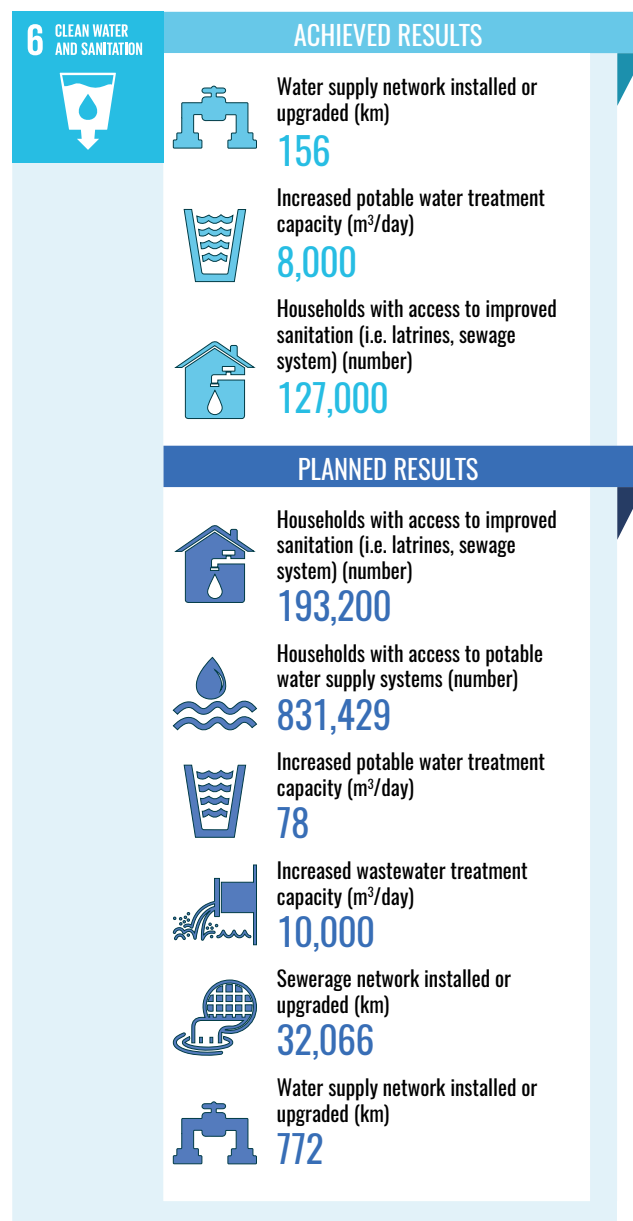
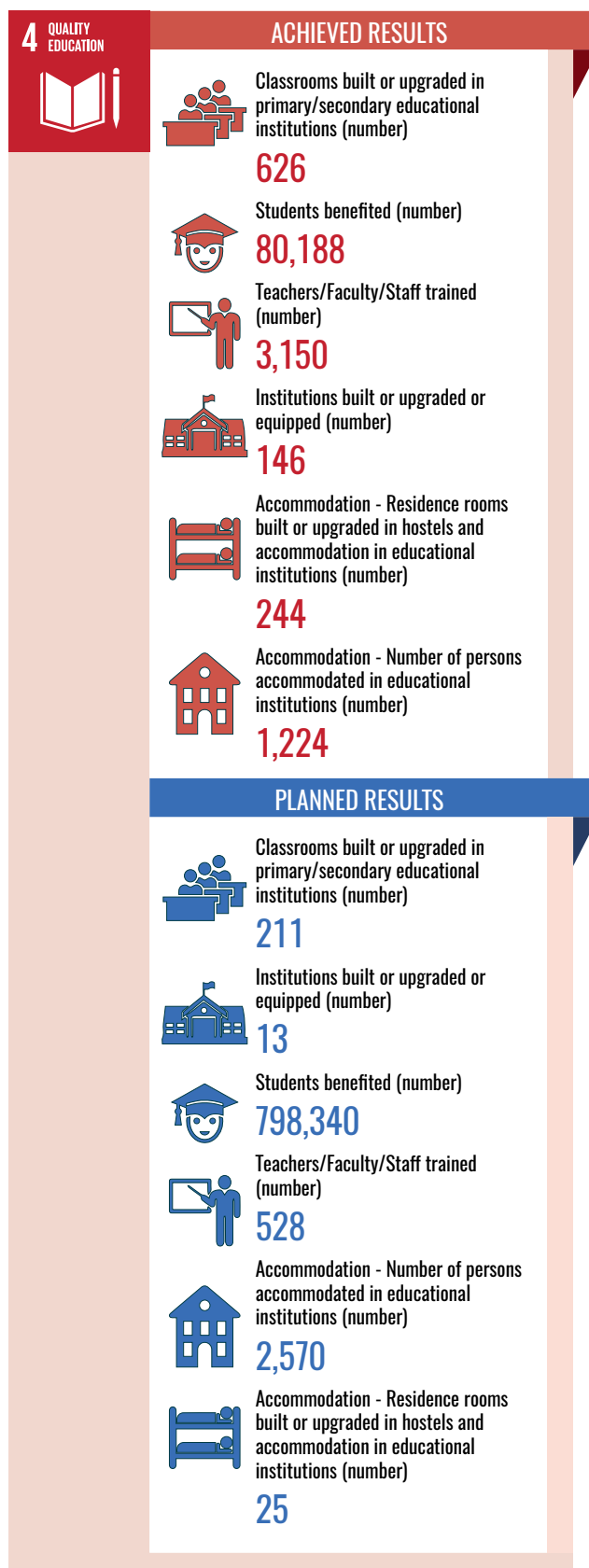
Appendix III

CONTRIBUTION TO SDGs*

Achieved Results of projects completed in 2016/2017 and Planned Results of Projects approved in 2017



* SDGs 5 and 10 are cross cutting goals that all of the Bank interventions contribute to.



7 AFFORDABLE AND CLEAN ENERGY



ACHIEVED RESULTS



Installed energy generation capacity using non-renewable sources (MW equivalent)

1,863



Installed energy generation capacity using renewable sources (MW equivalent)

580



Transmission/Distribution lines installed, upgraded or rehabilitated (km)

6,703



New households connected to electricity (number)

177,410



Sub-stations installed, upgraded or rehabilitated to manage electricity (MVA)

1,485

PLANNED RESULTS



Installed energy generation capacity using non-renewable sources (MW equivalent)

320



Installed energy generation capacity using renewable sources (MW equivalent)

161



New households connected to electricity (number)

19,700



Sub-stations installed, upgraded or rehabilitated to manage electricity (MVA)

210



Transmission/Distribution lines installed, upgraded or rehabilitated (km)

764



8 DECENT WORK AND ECONOMIC GROWTH



ACHIEVED RESULTS



Market centers established, upgraded or rehabilitated (numbers)

9



Associations established or actively promoted (numbers)

578



Population accessing microfinance (number)

138,700



People trained (number)

249,607



People employed (number)

8,129

PLANNED RESULTS



Market centers established, upgraded or rehabilitated (numbers)

84



Population accessing microfinance (number)

118,000



Rural (farm, non-farm or cottage industry) enterprises established or promoted (number)

1,000



People employed (number)

73,500



People trained (number)

100,536



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

ACHIEVED RESULTS



Expressways and National or Regional highways built, upgraded or rehabilitated (km)

200



Local/Rural roads built, upgraded or rehabilitated (km)

211



Railway tracks constructed, upgraded or rehabilitated (km)

325



Annual capacity increased at maritime ports (TEU, tons, m3, vehicles or passengers)

22,430,000



Annual capacity increased at airports (number of passengers or tons of cargo)

6,200,000

PLANNED RESULTS



Annual capacity increased at maritime ports (TEU, tons, m3, vehicles or passengers)

250,000



Expressways and National or Regional highways built, upgraded or rehabilitated (km)

711



Local/Rural roads built, upgraded or rehabilitated (km)

1,230



Railway tracks constructed, upgraded or rehabilitated (km)

2



Appendix IV

2017 KEY RESULTS BY MEMBER COUNTRY

Results of only Member Countries with completed projects in 2016/2017 are listed below



AFGHANISTAN



TRANSPORTATION



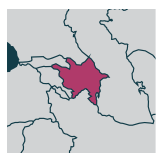
Expressways and National or Regional highways built, upgraded or rehabilitated (km)

Achieved

52



AZERBAIJAN



AGRICULTURE



Area irrigated (hectares)

Achieved

10,465



Crop production increased (tons)

28,538



BAHRAIN



ENERGY



Sub-stations installed, upgraded or rehabilitated to manage electricity (MVA)

Achieved

1,440



BANGLADESH



AGRICULTURE



Crop yield increased (tons/hectare)














Achieved






1,400,000



Market centers established, upgraded or rehabilitated (numbers)

9

BANGLADESH			Achieved
	CAPACITY DEVELOPMENT	 People trained (number)	241,700
	EMPLOYMENT GENERATED	 People employed (number)	4,346
	ENERGY	 Installed energy generation capacity using non-renewable sources (MW equivalent)	589
 Installed energy generation capacity using renewable sources (MW equivalent)		380	
 New households connected to electricity (number)		143,289	
 Sub-stations installed, upgraded or rehabilitated to manage electricity (MVA)		45	
 Transmission/Distribution lines installed, upgraded or rehabilitated (km)		2,537	
HEALTH	 Health personnel trained	8,150	
TELECOMM & ICT	 Increase in subscribers of Internet / Mobile/ Land Line Phone) (number of users)	44,230,000	
TRANSPORTATION	 Local/Rural roads built, upgraded or rehabilitated (km)	69	
WATER, SANITATION & HOUSING	 Households with access to improved sanitation (i.e. latrines, sewage system) (number)	7,000	
	 Increased potable water treatment capacity (m ³ /day)	8,000	

 BENIN				
	CAPACITY DEVELOPMENT		People trained (number)	Achieved 342
	EMPLOYMENT GENERATED		People employed (number)	1,100
	RURAL DEVELOPMENT		Population accessing microfinance (number)	138,000



BURKINA FASO



EDUCATION



Accommodation - Number of persons accommodated in educational institutions (number)

Achieved

552



Accommodation - Residence rooms built or upgraded in hostels and accommodation in educational institutions (number)

31



Classrooms built or upgraded in primary/secondary educational institutions (number)

90



Students benefited (number)

45,000

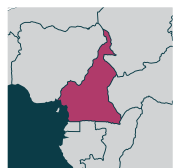


Teachers/Faculty/Staff trained (number)

787



CAMEROON



HEALTH



Health personnel trained

Achieved

681

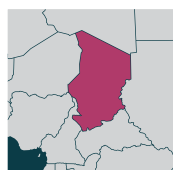


Preventive healthcare - Number of people reached through awareness campaigns (number)

1,947,784



CHAD



EDUCATION



Accommodation - Residence rooms built or upgraded in hostels and accommodation in educational institutions (number)

Achieved

210



Institutions built or upgraded or equipped (number)

2



Students benefited (number)

5,000



Teachers/Faculty/Staff trained (number)














67

TRANSPORTATION



Local/Rural roads built, upgraded or rehabilitated (km)

57

COTE D'IVOIRE				
	CAPACITY DEVELOPMENT		People trained (number)	Achieved 50
	TRANSPORTATION		Expressways and National or Regional highways built, upgraded or rehabilitated (km)	57
DJIBOUTI				
	HEALTH		Health facilities constructed or upgraded or equipped (number)	Achieved 1
			Health personnel trained	26
			Number of beds added to health facility(ies) (number)	100
	TELECOMM & ICT		Increase in subscribers of Internet /Mobile/ Land Line Phone) (number of users)	48,000
			Length of Fiber Optic Network built (km)	80
EGYPT				
	ENERGY		Installed energy generation capacity using non-renewable sources (MW equivalent)	Achieved 750
GAMBIA				
	TELECOMM & ICT		Length of Fiber Optic Network built (km)	Achieved 947



INDONESIA



EDUCATION



Institutions built or upgraded or equipped (number)

Achieved

29



Teachers/Faculty/Staff trained (number)

136

HEALTH



Health facilities constructed or upgraded or equipped (number)

3

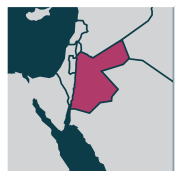


Health personnel trained

116



JORDAN



CAPACITY DEVELOPMENT



People trained (number)

Achieved

36

EDUCATION



Institutions built or upgraded or equipped (number)

1

EMPLOYMENT GENERATED



People employed (number)

433

HEALTH



Health facilities constructed or upgraded or equipped (number)

1



Number of beds added to health facility(ies) (number)

400



People benefiting from outpatient services annually (number)

1,500,000

TRANSPORTATION



Annual capacity increased at airports (number of passengers)

5,000,000



KAZAKHSTAN



EMPLOYMENT GENERATED



People employed (number)

Achieved









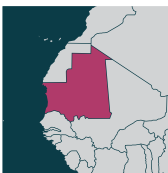






2,250

RURAL DEVELOPMENT



Population accessing microfinance (number)

700

LEBANON				
	EDUCATION		Classrooms built or upgraded in primary/secondary educational institutions (number)	Achieved 38
			Students benefited (number)	900
	TRANSPORTATION		Local/Rural roads built, upgraded or rehabilitated (km)	21
	WATER, SANITATION & HOUSING		Households with access to improved sanitation (i.e. latrines, sewage system) (number)	120,000
			Water supply network installed or upgraded (km)	37
MALI				
	CAPACITY DEVELOPMENT		People trained (number)	Achieved 60
MAURITANIA				
	ENERGY		Installed energy generation capacity using non-renewable sources (MW equivalent)	Achieved 120
MOROCCO				
	CAPACITY DEVELOPMENT		People trained (number)	Achieved 30
	ENERGY		New households connected to electricity (number)	25,321
			Transmission/Distribution lines installed, upgraded or rehabilitated (km)	3,693
	TRANSPORTATION		Annual capacity increased at maritime ports (tons)	22,430,000



MOZAMBIQUE



EDUCATION



Institutions built or upgraded or equipped (number)

Achieved

5



Teachers/Faculty/Staff trained (number)

430

ENERGY



New households connected to electricity (number)

8,800



Transmission/Distribution lines installed, upgraded or rehabilitated (km)

306



PAKISTAN



ENERGY



Installed energy generation capacity using non-renewable sources (MW equivalent)

Achieved

404

HEALTH



Preventive healthcare - Number of people reached through awareness campaigns (number)

34,000,000

TRANSPORTATION

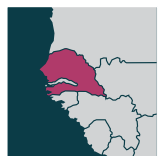


Expressways and National or Regional highways built, upgraded or rehabilitated (km)

57



SENEGAL



AGRICULTURE



Associations established or actively promoted (numbers)

Achieved

578

CAPACITY DEVELOPMENT



People trained (number)

7,350

EDUCATION



Classrooms built or upgraded in primary/secondary educational institutions (number)

190



Students benefited (number)





8,000





TRANSPORTATION


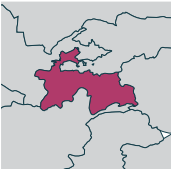












Annual capacity increased at airports (number of passengers)

120,000

 SIERRA LEONE			
	EDUCATION	 Institutions built or upgraded or equipped (number)	Achieved 4
	TELECOMM & ICT	 Length of Fiber Optic Network built (km)	613

 SUDAN			
	EDUCATION	 Institutions built or upgraded or equipped (number)	Achieved 1
		 Teachers/Faculty/Staff trained (number)	495

 TAJIKISTAN			
	AGRICULTURE	 Area irrigated (hectares)	Achieved 1,750
	ENERGY	 Transmission/Distribution lines installed, upgraded or rehabilitated	8
	TRANSPORTATION	 Expressways and National or Regional highways built, upgraded or rehabilitated (km)	34
		 Local/Rural roads built, upgraded or rehabilitated (km)	30
	WATER, SANITATION & HOUSING	 Water supply network installed or upgraded (km)	78

 TOGO			
	EDUCATION	 Institutions built or upgraded or equipped (number)	Achieved 100
		 Students benefited (number)	17,500
		 Teachers/Faculty/Staff trained (number)	500



TUNISIA



ENERGY



Transmission/Distribution lines installed, upgraded or rehabilitated (km)

Achieved

82



TURKEY



ENERGY



Installed energy generation capacity using renewable sources (MW equivalent)

Achieved

200



TURKMENISTAN



TRANSPORTATION



Railway tracks constructed, upgraded or rehabilitated (km)

Achieved

325



UGANDA



EDUCATION



Accommodation - Number of persons accommodated in educational institutions (number)

Achieved

672



Accommodation - Residence rooms built or upgraded in hostels and accommodation in educational institutions (number)

3












Institutions built or upgraded or equipped (number)




4



Teachers/Faculty/Staff trained (number)

160

 UZBEKISTAN			
	EDUCATION		Classrooms built or upgraded in primary/secondary educational institutions (number)
		208	Achieved
			Students benefited (number)
	ENERGY	3,788	
			Teachers/Faculty/Staff trained (number)
	TRANSPORTATION	575	
WATER, SANITATION & HOUSING	ENERGY		Transmission/Distribution lines installed, upgraded or rehabilitated (km)
		77	
	TRANSPORTATION		Local/Rural roads built, upgraded or rehabilitated (km)
WATER, SANITATION & HOUSING	WATER, SANITATION & HOUSING	34	
			Population with access to improved shelter/houses (number)
WATER, SANITATION & HOUSING	WATER, SANITATION & HOUSING	6,000	
			Water supply network installed or upgraded (km)
WATER, SANITATION & HOUSING	WATER, SANITATION & HOUSING	41	

 YEMEN			
	HEALTH		Health facilities constructed or upgraded or equipped (number)
		2	Achieved

Appendix V

LLF PROJECTS APPROVED IN 2017

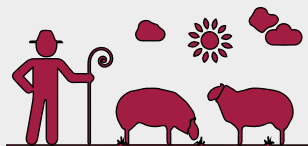
MALI



Approved Amount
32.7
(US\$ Million)

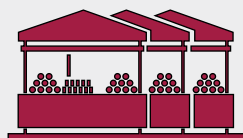
PROJECT

Sahel Sustainable
Pastoralism
Development
Program for Mali



Key Anticipated Results

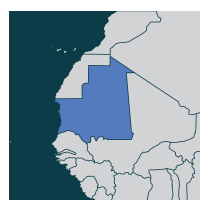
5 Market centers
established



Contributing SDGs



MAURITANIA



Approved Amount
2.6
(US\$ Million)

PROJECT

Support for the National Program
for Reproductive Health



Key Anticipated Results

- 342 health personnel trained
- 500,000 community members provided awareness campaign
- 91 health centers provided MNCH equipment
- 20% more pregnant women provided access to MNCH

Contributing SDGs



MOROCCO



Approved Amount

93.6
(US\$ Million)

PROJECT

Inclusive Rural Growth



Key Anticipated Results



- 140,000 tons of crop production increased



- 35,000 tons / hectare crop yield increased



- 27 health facilities constructed



- 97,000 households provided access to potable water

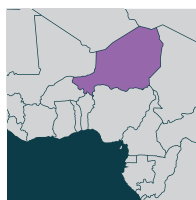


- 10,000 people provided access to microfinance

Contributing SDGs



NIGER



Approved Amount

41.2
(US\$ Million)

PROJECT

Health System Strengthening



Key Anticipated Results



- 6,400 health personnel trained



- 95% of pregnant women enabled access to MNCH

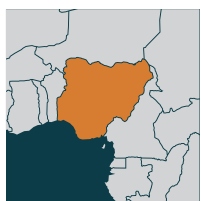


- 65 districts covered with primary healthcare

Contributing SDGs



NIGERIA



Approved Amount
90
(US\$ Million)

PROJECT

Kano State
Agro-pastoral
Development



Key Anticipated Results



- 1,000 tons crop production increased



- 25,000 tons livestock production increased



- 7,500 people trained

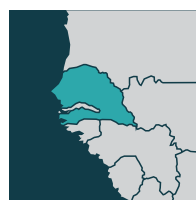


- 16,000 people provided access to microfinance

Contributing SDGs



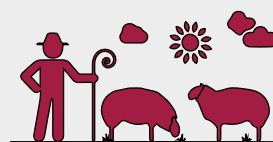
SENEGAL



Approved Amount
30.8
(US\$ Million)

PROJECT

Sahel Sustainable
Pastoralism
Development Program
for Senegal



Key Anticipated Results



- 5 market centers established



- 16,000 people trained



- 35,000 people employed

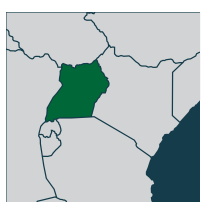


- 9,000 people provided access to microfinance

Contributing SDGs



UGANDA



Approved Amount

20
(US\$ Million)

PROJECT

Elimination of Neglected Tropical Disease (NTD)



Key Anticipated Results



- 2 health facilities constructed



- 143,000 community workers and 13,000 healthcare providers trained



- 4.5 million people provided access to NTD care

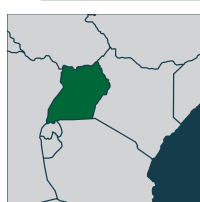
3

GOOD HEALTH
AND WELL-BEING

Contributing SDGs



UGANDA



Approved Amount

43.5
(US\$ Million)

PROJECT

Support for Local Economic Growth



Key Anticipated Results



- 120 households provided access to potable water



- 1,800 people trained



- 15,000 people provided access to microfinance

6

CLEAN WATER
AND SANITATION

8

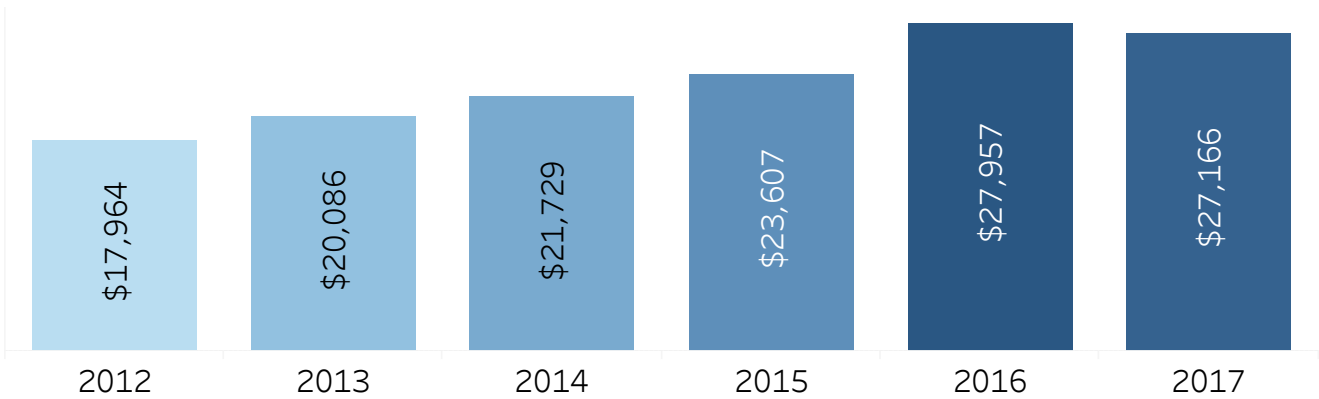
DECENT WORK AND
ECONOMIC GROWTH

Contributing SDGs

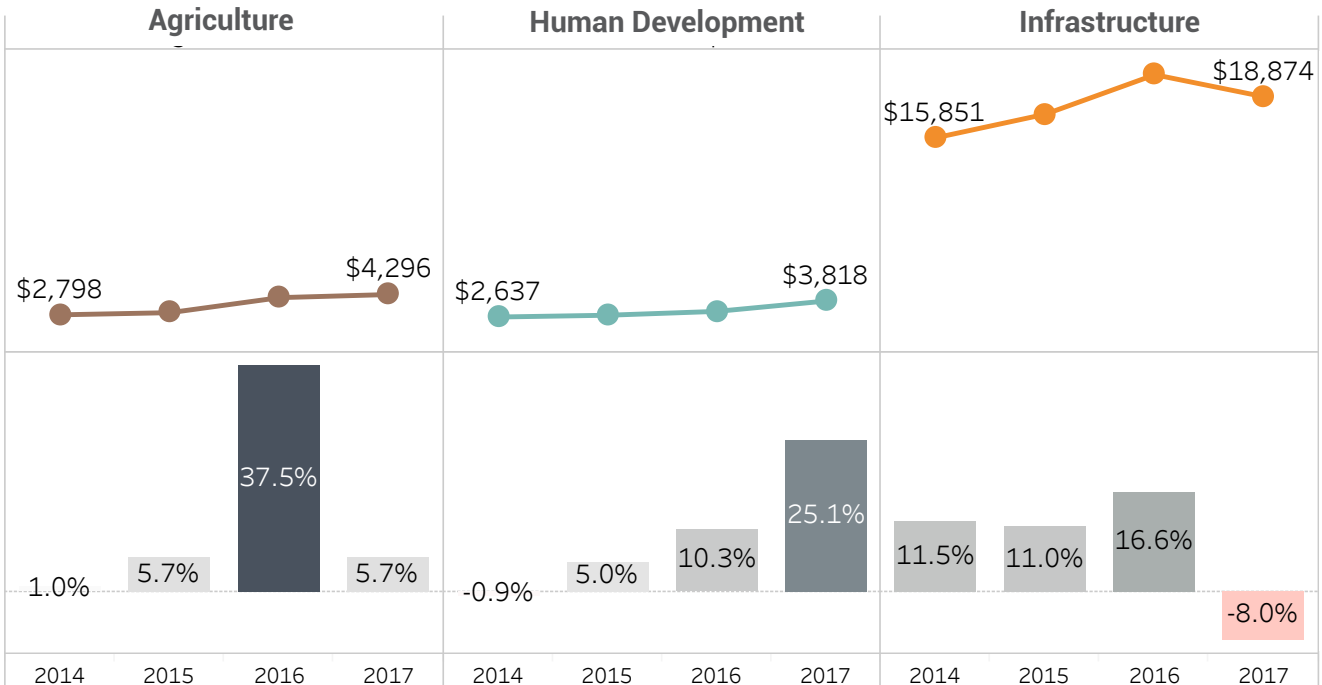
Appendix VI

PORTFOLIO HIGHLIGHTS 2017

Active Portfolio Growth (\$ Million)



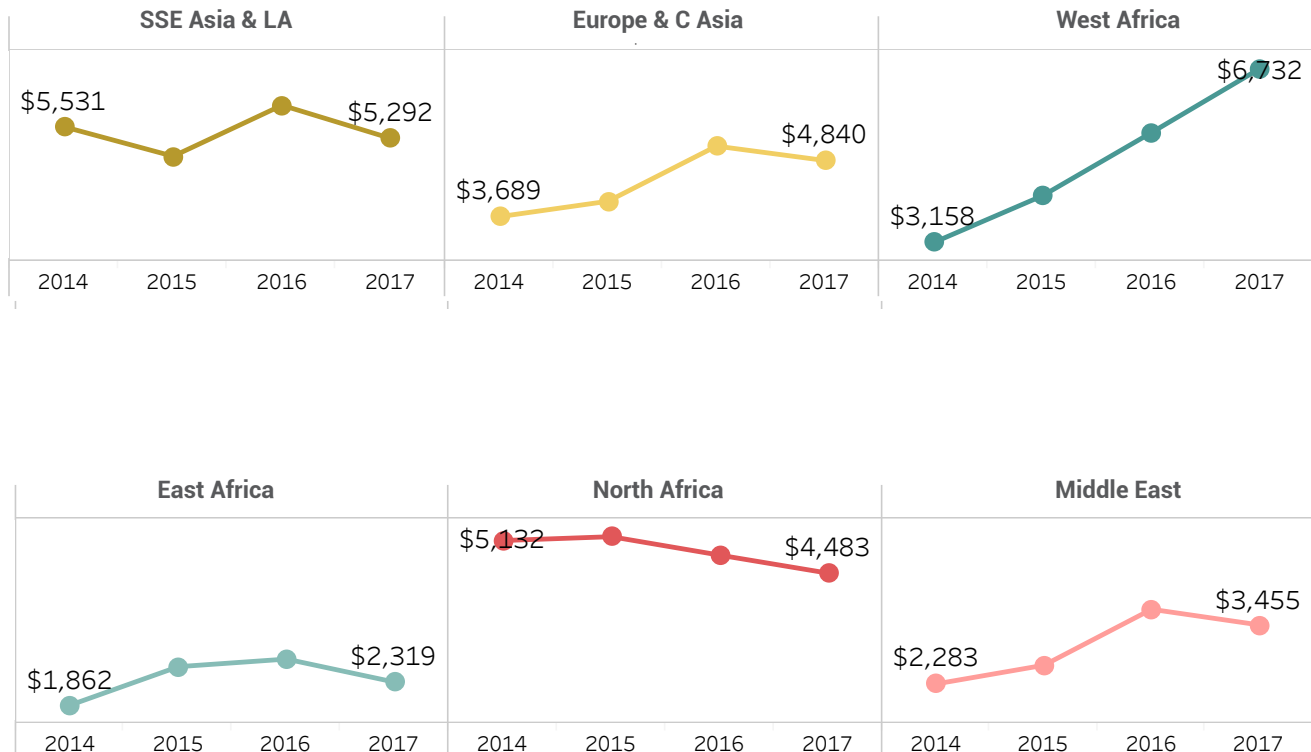
Trend in Portfolio by Key Sectors



Appendix VI

PORTFOLIO HIGHLIGHTS 2017

Trend in Portfolio by Key Regions





Providing **Resources**
Fighting **Poverty**
Restoring **Dignity**





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