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DEVELOPMENT EFFECTIVENESS REPORT

Achieving Results during COVID-19 Pandemic

2020



Disclaimer

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Abbreviations

10 YS	10-Year Strategy
ACG	Arab Coordination Group
ADB	Asian Development Bank
ADER	Annual Development Effectiveness Report
AfDB	African Development Bank
ALA	Africa and Latin America
APIF	Awqaf Property Investment Fund
ASEAN	Association of Southeast Asian Nations
BADEA	Arab Bank for Economic Development in Africa
BED	Board of Executive Directors
BMGF	Bill and Melinda Gates Foundation
BoG	Board of Governors
BRAVE	Business Resilience for Value Adding Enterprises
CAEP	Climate Action Enhancement Package
CPC	Country Programs Complex
CUC	Cumulative Undisbursed Commitments
DoA	Delegation of Authority
EA	Executing Agency
EBRD	European Bank for Reconstruction and Development
ESS	Environmental and Social Safeguards
FAO	Food and Agriculture Organization
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GVC	Global Value Chain
ICD	Islamic Cooperation for the Development of the Private Sector
ICT	Information and Communication Technology
IFRC	International Federation of Red Cross
IFSB	Islamic Financial Services Board
IQAF	Integrated Quality Assurance Framework

IsDBG	Islamic Development Bank Group
ISFD	Islamic Solidarity Fund for Development
ISPF	Integrated Strategic Programming Framework
ITFC	International Islamic Trade Finance Corporation
LLF	Lives and Livelihoods Fund
MC	Member Country
MCPS	Member Country Partnership Strategy
NGOs	Non-Government Organizations
NSS	National Statistical System
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OED	Operations Evaluation Department
OFID	OPEC Fund for International Development
OIC	Organisation of Islamic Cooperation
OIC-StatCom	Organization of Islamic Cooperation Statistical Commission
P5P	President's 5-Year Program
PCR	Project Completion Review
PIASR	Project Implementation Assessment and Support Review
PPP	Public Private Partnership
QnP Tool	Qualification and Prioritization Tool
RCI	Regional Cooperation and Integration
RHs	Regional Hubs
SDGs	Sustainable Development Goals
SFD	Saudi Fund for Development
SSTrC	South-South and Triangular Cooperation
STI	Science Technology and Innovation
TA	Technical Assistance
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization

Message from the President



The Development Effectiveness Report showcases how IsDB is fostering sustainable development in the MCs and around the globe.

”

The year 2020 was to be the start of the Decade of Action on the Sustainable Development Goals (SDGs). However, the world was shaken by the COVID-19 pandemic and ensuing crisis. There is no doubt that we are facing the worst economic recession since the Great Depression of the 1930s. COVID-19 has acted as a wakeup call for all of us to come together, to respond to the immediate challenges and to prepare for a more resilient post-COVID-19 world by promoting bilateral, regional, and international multi-sectoral cooperation.

I would like to sincerely thank all the governments of the Member Countries, our esteemed Board of Governors and Executive Directors, international partners, donors, civil society organizations, executing agencies, all other Multilateral Development Banks, Muslim communities in non-member countries, staff of the IsDB and the other internal and external stakeholders for their continuous support during these challenging times. It gives me immense pleasure to share with you that despite all of these challenges during 2020, the IsDB rose to the occasion and played an active role by reaching out to the MCs in a pro-active manner by launching a Strategic Preparedness Response Program (SPRP).

The pandemic has demonstrated the importance of development effectiveness and having an efficient and agile operational model in place to respond to the urgent needs of the IsDB Member Countries (MCs). The IsDB Group responded to the COVID-19 by kickstarting the SPRP, which was based on the 'Respond, Restore and Restart' (3R approach), amounting to US\$ 3.5 billion.

The digitization, innovation and transparency lie at the heart of the new business model. Hence, I am pleased to share with you that the IsDB embarked on the journey of introducing a blockchain technology-based solution for the SPRP. The Bank established the Global Coordination Platform (GCP), which is based on the blockchain technology, to fast-track and strengthen the interventions under the SPRP. The Platform is an online marketplace that aims to coordinate aid delivery and mobilize financial and technical resources to support MCs' efforts in each of the three (3R) tracks. In line with the Paris Declaration for Aid Effectiveness, the Platform emphasizes transparency, traceability and builds country capacities, systems, and accordingly full ownership of the development agenda.

The COVID-19 has prompted Multilateral Development Banks (MDBs) and donor organizations to join forces, reorient results frameworks, reprioritize needs, and explore innovative approaches to address the pressing challenges of shared focus regions. It has also highlighted

the fragility of the progress countries have made towards the SDGs and the need for a more resilient post COVID-19 world.

I was honored to chair the 2020 meetings of the heads of the MDBs and to launch, with their coordination along with the head of the International Monetary Fund (IMF), the first joint report on Financing the SDGs. The report highlighted the support the MDBs have provided in achieving the SDGs by providing knowledge, finance, technical assistance and policy support.

While the IsDB has steered its efforts in 2020 to this pandemic, the Bank did not lose sight of making progress towards its new business model and has continued to pursue the plans laid out in the President's 5-year program (P5P). The members of the Board of Governors of the Islamic Development Bank approved a sixth general increase in the Bank's capital of ID5.5 billion (US\$ 8 billion), which indicates the confidence of the MCs in the IsDB's ability to deliver on its mandate of development effectiveness. The IsDB has a forward-looking vision and is identifying inclusive solutions to respond to the pressing needs of the MCs by fast-tracking its core delivery model.

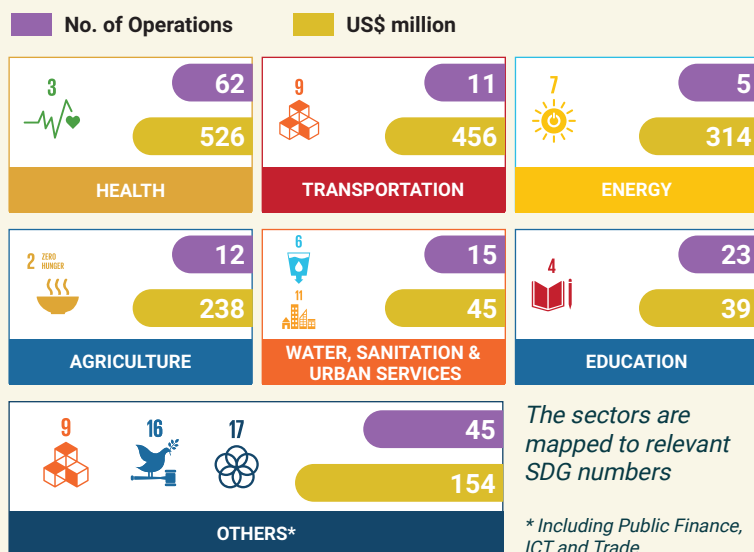
Despite the Covid-19 pandemic, the IsDB continued to work on its core activities with the MCs to unleash their potential and competitive advantage in core industries such as the agri-food, textiles, mining and construction, petrochemicals, and Islamic Finance. Through interventions in these carefully selected industries, the Bank aims to widen value chains domestically, explore synergies between the MCs, facilitate connectivity to global markets, invest in science, technology and innovation, and leverage global partnerships for knowledge and off-balance sheet financing.

The Development Effectiveness Report 2020 is an important flagship publication that takes stock of the IsDB's completed interventions in the last year and highlights key interventions towards achieving development outcomes and results. It is a good opportunity to celebrate the Bank's success stories and be fully cognizant of the opportunities and challenges of better development effectiveness, particularly at a time when the world is fast-changing, and unprecedented crises loom on the horizon.

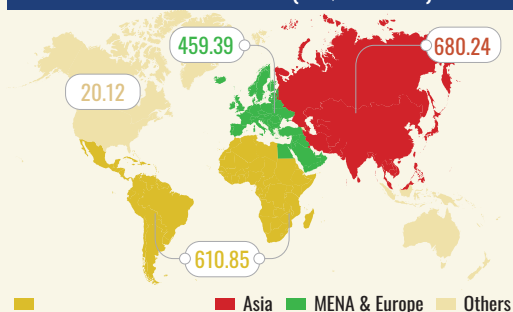
Dr. Bandar M. H. Hajjar
President, Islamic Development Bank

Operations Performance Snapshot in 2020

SECTORAL DISTRIBUTION OF 2020 APPROVED PROJECTS



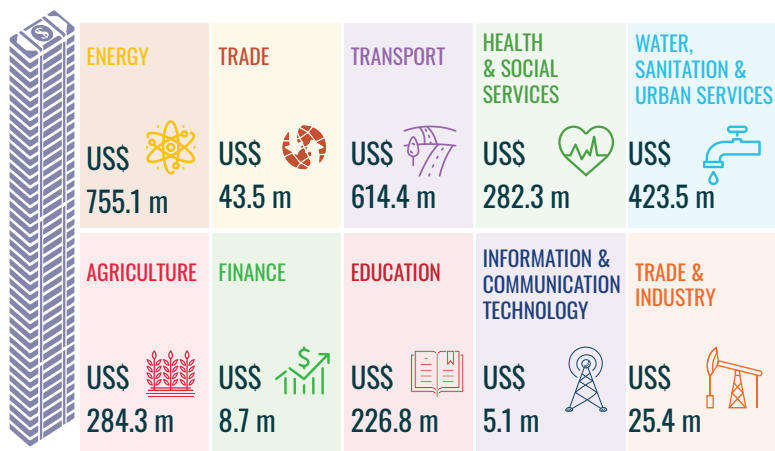
NET APPROVALS BY REGION (US\$ MILLION)



PROJECT COMPLETION REPORTS AND RATINGS



2020 DISBURSEMENTS AT A GLANCE



Trends of Cumulative Undisbursed Commitments (US\$ billion)

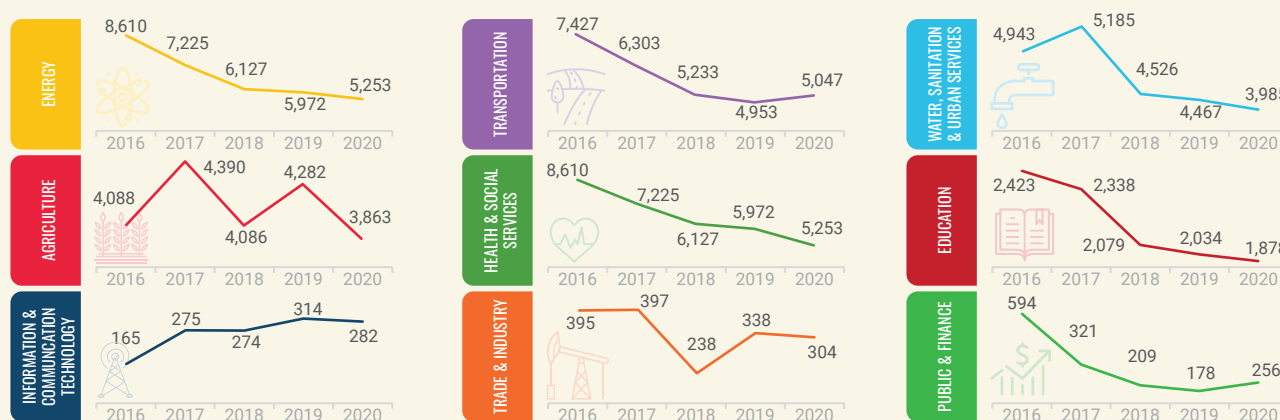


Project Age Trends

Project Stage	2016	2017	2018	2019	2020	Sign
Approval to Signature (months)	8.0	6.2	12.7 ¹	3.9	3.9	↓
Signature to Effectiveness (months)	9.3	9.1	10.3	9.7	8.7	↓
Effectiveness to First Disbursement (months)	14.2	13.5	13.5	12.5	5.1 ²	↓
Active Portfolio Age since Approval (years)	8.2	7.7	7.5	6.9	6.5	↓
Completed Portfolio Age from Approval (years)	8.0	7.5	10.9 ³	8.2	8.4	↑

NOTE: Please refer page no. 67 for footnote

SECTORAL DISTRIBUTION OF ACTIVE PORTFOLIO (US\$ MILLION)



KEY ACHIEVEMENTS ON THE SIX RESULTS PILLARS



CAPACITY DEVELOPMENT AND IMPROVING ACCESS TO MARKET INFORMATION

- ▶ **Technical Assistance Programs (TAP)** interventions will benefit 600 direct beneficiaries with 7,200 training days and support the development of eight knowledge products.
- ▶ **Regional Cooperation and Integration (RCI)** interventions will benefit 240 direct beneficiaries with 5,560 training days and support the development of ten knowledge products.
- ▶ **Investment Promotion Technical Assistance Program (ITAP)** interventions benefited over 1000 direct beneficiaries with 400 training days and supported the development of seven knowledge products (two research papers and five videos).



COOPERATION AMONG MCs AND OPENING UP THE NATIONAL PLANNING PROCESS

- ▶ In 2020, a total of 19 operations amounting to US\$ 729,500 were approved under the **Technical Cooperation Program (TCP)**.
- ▶ In 2020, a US\$ 2.3 million grant was allocated for **Reverse Linkage** interventions benefitting countries: Burkina Faso, Chad, Comoros, Jordan, Morocco, Nigeria, Senegal, Somalia, Sudan, Uzbekistan and Yemen in the agriculture, health, and water sectors.
- ▶ The Bank in cooperation with the UN Office for South-South Cooperation contributed US\$ 3 million towards capacity development program for enhancing National Ecosystems for SSTRC.



DOING BUSINESS, THE INDUSTRY 4.0 WAY

- ▶ A Reverse Linkage project between Indonesia and Singapore in Artificial Intelligence and Advanced Analytics is being developed, where a private AI solution provider in Singapore will develop a customized platform that will integrate into the existing data center infrastructure of Indonesia's Ministry of Health's (MOH).
- ▶ In collaboration with the Aga Khan University the Bank developed a global capacity building program for health care professionals through e-Learning.
- ▶ The Scholarship Program continued to provide support to 1,221 students in 2020 as over 18,000 students from 123 countries comprising of 57 MCs and 67 Muslim communities in non-member countries have benefited since inception.



BUILDING GREEN VALUE CHAIN ENABLING INFRASTRUCTURE

- 1 NO POVERTY** The Bank **built over 5,000 shelters to accommodate the poor**, thus contributing to Sustainable Development Goals, SDG 1, End Poverty.
- 2 ZERO HUNGER** **Over 332 hectares of arable land was irrigated by the Bank's projects in the agriculture sector** contributing to SDG 2, End Hunger.
- 3 GOOD HEALTH AND WELL-BEING** In addressing SDG 3 Promoting Well-being, the Bank **assisted over 10 million patients and added over 700 new hospital beds**.
- 4 QUALITY EDUCATION** In the education sector, the Bank **built over 2,000 new classrooms benefitting nearly 90,000 students**, thus contributing to SDG 4, Quality Education.
- 6 CLEAN WATER AND SANITATION** The Bank's completed projects in the water and sanitation sector (SDG 6) **provided potable water access to 700,000 households and improved sanitation for another 112,000 households**; together benefitting a population of 3.2 million.
- 7 AFFORDABLE AND CLEAN ENERGY** In the energy sector (SDG 7), the Bank **financed power plant projects, which installed electricity generation capacity equivalent to 2,300 megawatts** from both renewable and non-renewable sources and laid out a transmission line extending to over 4,300 kilometers.
- 8 DECENT WORK AND ECONOMIC GROWTH** In the Islamic finance and economic sectors, the Bank **established five market centers, employed nearly 600 people and provided vocational and non-vocational training to nearly 154,000 people**, thus contributing to SDG 8.
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** In the transportation sector, the Bank **built a total of 300 kilometers of paved roads**, including 152 kilometers of express highways.



REPOSITIONING ISLAMIC FINANCE FOR DEVELOPMENT

- ▶ The Equity portfolio of the Islamic Finance Institutes comprised of 34 institutions, spread across 23 countries, with a total disbursed amount of US\$ 343 million.
- ▶ The Bank launched nine new approved Islamic finance technical assistance projects; completed 13 projects; and delivered 14 capacity building projects benefitting countries including: Afghanistan, Algeria, Azerbaijan, Bahrain, Indonesia, Kyrgyz Republic, Morocco, Tunisia, Uganda.
- ▶ The Bank oversaw the issuance of 23 technical documents of best practices for the global Islamic finance industry through IsDB's six Islamic Finance Infrastructure Institutions and other international organization partners.



BUILDING RESILIENT MARKET SYSTEMS

- ▶ The Bank responded to COVID19 pandemic with a package of \$3.55 billion that would benefit an estimated 55 million people.
- ▶ The Bank supported capacity building and strengthening of NGOs in Yemen, Uganda, Nigeria benefitting more than 3,700 people.
- ▶ The Bank responded to emergency situations in Sierra Leone, Mali, and Yemen benefitting more than 15,000 population

Executive Summary

This edition of the Annual Development Effectiveness Report (ADER) describes key achievements of the IsDB during the year 2020 from a development effectiveness perspective and the Bank's contribution towards development results in the Member Countries. As a result of the IsDB's interventions in the MCs, the Bank's contribution towards the 2030 Agenda for Sustainable Development is included in the report. The report focuses on the projects that were completed in 2020, the new approvals made in the year, improvements in the key economic indicators of the Member Countries and major corporate level programs. The year 2020 was undoubtedly marked by COVID-19 and the Bank has steered much of its efforts in response to the global pandemic.

The emerging global development agenda, represented by agreement on the Sustainable Development Goals (SDGs) along with subsequent agreements (i.e., COP21 on climate change, Addis Ababa Action Agenda (AAAA), the Sendai Framework for disaster risk management, etc.) represent a trajectory shift in the global development dialogue. Operationalizing this agenda requires a different business model to tackle these emerging global development challenges that emphasizes market-led growth, science, technology and innovation, and global partnership for development.

Despite the impressive progress made worldwide in reducing poverty over the course of the last 25 years, the IsDB Member Countries fall far behind on many dimensions of the universal SDGs. This challenge is further compounded by the need to cater for working youth population, which is set to increase by 100 million between 2015 and 2030. With the global inequality crisis worsening, 82 percent of the wealth created in the last few years, went to the richest one percent of the global population, leaving behind 3.7 billion people who make up the poorest half of humanity. In addition, to that cross-border environmental and social shocks are affecting security of vulnerable populations. Moreover, the world is entering the fourth industrial revolution era marked by disruptive change in production processes due to advances in technology. Furthermore, the financing gap for Member Countries to meet the SDGs (amounts to US\$ 1 trillion funding gap per year) is far greater than available Official Development Assistance

(ODA) funding of US\$ 135 billion global disbursement per year. This means that for every US\$ 1 of ODA, the development community needs to mobilize US\$ 23 from yet untapped sources.

The IsDB New Business Model shifts the global development narrative from scattered band-aid interventions addressing narrow and immediate pain points to tackling root causes hindering sustainable growth. As a result, the President's 5-Year Program (P5P) was launched to address these challenges in a holistic manner and transforming the IsDB into a Bank of developers, by leveraging on building partnerships, mobilizing off-balance sheet resources, transforming the MCs by capitalizing their comparative advantages in the selected industries and moving towards a program-based approach instead of standalone projects in the form of Global Value Chain based Member Country Partnership Strategy (MCPS 2.0).



The Islamic Development Bank (IsDB) launched the President's 5-Year Program (P5P) as a way to address the exogenous and endogenous key challenges faced by the Bank which were highlighted in the 40-Year Assessment. The P5P, which was launched in 2018, was geared towards building institutional capacity by focusing on improving visibility of the Bank, establishing stronger linkages with the developers' network, building organizational capabilities, decentralizing, improving financial sustainability, and reinforcing the governance aspects of the Bank. The P5P is the 5-year plan of the 10-Year Strategy of the Bank. The P5P has three levels, i.e., the Goals level, the Results level, and the Corporate level, whereby in the first year, the focus was on improving the 6 tracks of

the Corporate level, i.e., Awareness, Linkages, Competence, Delivery, Funding, and Reinforcement. However, subsequently, in the second and third years of P5P, the focus has shifted externally towards the Results and Goals levels.

“The Islamic Development Bank (IsDB) launched the President's 5-Year Program (P5P) as a way to address the exogenous and endogenous key challenges faced by the Bank which were highlighted in the 40-Year Assessment



GOALS (IMPACT)

According to the latest available data, the overall IsDB MCs SDG Index score stands at 61 percent, slightly above the global average of 60 percent, suggesting that the IsDB as a group is just over sixty percent towards achieving the 17 SDGs. This indicates that the IsDB MCs as a group need to accelerate their development efforts if they are to attain the 2030 SDG targets.

This acceleration of the development efforts in the MCs is the main objective of the GVC based MCPS and the fast-track process adopted to initiate 11 MCPS in a year. Two MCPS documents that have been completed year to date are for Gabon and Maldives. For Gabon MCPS, 278,000 jobs will be created, whereas approximately US\$ 2.2 billion worth of additional value add will be created and approximately US\$ 2.3 billion worth of domestic and foreign investment will be catalyzed. Whereas for Maldives, 12,819 jobs will be created, approximately US\$ 229 million worth of additional value add created, and approximately US\$ 143 million worth of domestic and foreign investment will be catalyzed.



The Gabon MCPS will create 278,000 jobs and US\$ 2.3 billion worth of domestic and foreign investment will be catalyzed.



Poverty and Under Nourishment



From 2006 to 2018, the IsDB MCs have recorded a leap in poverty reduction by lifting more than 220 million people from extreme poverty.

- ▶ The concentration of poor people has declined slightly, with the share of the world's poor living in the MCs reducing from 40 percent in 2006 to 26.9 percent in 2018.



Health, Water and Sanitation

- ▶ Health sectors in the IsDB MCs have witnessed marked improvements during the period of 2006–2019. The under-five mortality rate decreased to 47 per 1,000 live births and maternal mortality rate decreased to 268.3 per 100,000 live births.



Education

- ▶ Several MCs have made considerable progress towards education in recent years. The mean years of school enrolment rose from 5 to 6.4 following high female school enrollments.
- ▶ The average gross enrollment ratio in primary schools has reached 100 percent for MCs compared to the global average of 104 percent.



Women Empowerment

- ▶ More women joined national decision-making bodies and contributed to the socio-economic development efforts of their respective countries.



Infrastructure

- ▶ IsDB MCs witnessed considerable improvements in terms of infrastructure and industrialization. While there was an increase in employment and job creation, there was a reduction in employment indicators between 2017 and 2018.



RESULTS

The Bank has made significant progress on each of the six strategic pillars in the 10-Year Strategy Framework for the Results level. A summary of key activities and achievements is given below.

1. CAPACITY DEVELOPMENT AND IMPROVING ACCESS TO MARKET INFORMATION

- ▶ In 2020, the Bank allocated a Grant of US\$ 0.32 million to promote Regional Cooperation and Integration (RCI). The entire amount was approved to support two key initiatives namely: "Enhancing Regional Connectivity through Geographical Information System (GIS)" and "Supporting the Operationalization of the African Continental Free Trade Area (AfCFTA)".
- ▶ These initiatives were co-financed with an amount of US\$ 0.76 million and will be implemented with key partners such as Economic Cooperation Organizations, the United Nations Economic Commission for Africa and the United Nations Economic Commission for Europe.

2. COOPERATION AMONG MCS AND OPENING UP THE NATIONAL PLANNING PROCESS

- ▶ The Reverse Linkage Program was used as a modality to support the Strategic Preparedness and Response Program (SPRP). The SPRP was launched in 2020 to support the MCs as a result of the Covid-19 pandemic. The Africa E-Learning and Knowledge Sharing Platform was launched, to facilitate peer learning and knowledge sharing on preparing and responding to the COVID-19 pandemic among medical and paramedical staff.
- ▶ The decision-makers in the Bank's African MCs benefitted from this Platform, to provide a suitable response to the pandemic. In total, more than 17,500 persons viewed the technical webinars, organized under the Platform including more than 6,000 medical and paramedical attendees from 25 IsDB African MCs.
- ▶ Furthermore in 2020, the Bank continued its engagement with the private sector and received pledges of up to US\$ 88.6 million for Reverse Linkage interventions.

3. DOING BUSINESS, THE INDUSTRY 4.0 WAY:

- ▶ Over the past 37 years, the IsDB has supported the development of human resources in the MCs and Muslim communities in non-member countries through different programmes at four levels, namely: Undergraduate, Masters', PhD and Post-doctoral research.



The Scholarship Program has, so far, awarded scholarships to over 18,000 students from 123 countries comprising of 57 MCs and 67 Muslim communities in non-member countries.

- ▶ Over 12,000 well-trained development professionals and researchers have completed their studies and research since the Programme was launched. These professionals are currently contributing in transforming their communities and countries and positively impacting for the betterment of future generations.
- ▶ Tremendous increase in female scholars in 2020 to 54 percent in Undergraduate, 49 percent in Masters' and 50 percent in PhD/Post-doctoral Research was reported.

4. BUILDING GREEN VALUE CHAIN ENABLING INFRASTRUCTURE



Agriculture

The Bank financed the rehabilitation and upgrade of primary irrigation canals and intake networks in the plains of Pashtun Zarqun District of Herat Province in Afghanistan. This improved the rural livelihood of farmers in the area and resulted in an irrigation of 23,000 hectares and provided access to potable water to an estimated 11,000 households.





Health



In addressing SDG 3 Promoting Well-being, Bank's completed projects in 2020 assisted over 10 million patients and added over 700 new hospital beds.



Education

- ▶ The Bank built over 2,000 new classrooms benefitting nearly 90,000 students, thus contributing to SDG 4, Quality Education.



Water, Sanitation and Housing

- ▶ The Bank's completed projects in the water and sanitation sector (SDG 6) provided potable water access to 700,000 households and improved sanitation for another 112,000 households; together benefitting a population of 3.2 million.
- ▶ In 2020, the Bank built over 5,000 shelters to accommodate the poor, thus contributing to Sustainable Development Goals, SDG 1, End Poverty.



Energy

- ▶ In the energy sector (SDG 7), the Bank financed power plant projects, which installed electricity generation capacity equivalent to 2,300 megawatts from both renewable and non-renewable sources and laid out a transmission line extending to over 4,300 kilometers.



Transportation

- ▶ In the transportation sector, the Bank built a total of 300 kilometers of paved roads, including 152 kilometers of express highways.



Economic Empowerment and Capacity Building

- ▶ In the Islamic finance and economic sectors, the Bank established five market centers, employed nearly 600 people and provided vocational and non-vocational training to nearly 154,000 people, thus contributing to SDG 8.



The Bank established five market centers, employed nearly 600 people and provided vocational and non-vocational training to nearly 154,000 people.

5. REPOSITIONING ISLAMIC FINANCE FOR DEVELOPMENT

- ▶ The Equity portfolio of the Islamic Finance Institutes consisted of 34 institutions, spread across 23 countries, with a total disbursed amount of US\$ 343 million.
- ▶ The Bank launched nine new approved Islamic finance technical assistance projects; completed 13 projects; and delivered 14 capacity building projects benefitting countries including: Afghanistan, Algeria, Azerbaijan, Bahrain, Indonesia, Kyrgyz Republic, Morocco, Tunisia, Uganda.
- ▶ The Bank oversaw the issuance of 23 technical documents of best practices for the global Islamic finance industry through IsDB's six Islamic Finance Infrastructure Institutions and other international organization partners.

6. BUILDING RESILIENT MARKET SYSTEMS

- ▶ The IsDB Group responded to COVID19 pandemic with a package of US\$ 3.55 billion that would benefit an estimated 55 million people.
- ▶ The Bank supported capacity building and strengthening of NGOs in Yemen, Uganda, Nigeria benefitting more than 3,700 people.
- ▶ The Bank responded to emergency situations in Sierra Leone, Mali, and Yemen benefitting more than 15,000 population

CORPORATE PERFORMANCE

PORTFOLIO PERFORMANCE

- ▶ In 2020, The Bank approved an amount of US\$ 1.77 billion for new projects and disbursed US\$ 2.67 billion. Over the last three years, the Bank has consolidated its portfolio to about US\$ 25 billion by reducing the amount of Cumulative Undisbursed Commitment (CUC).



In 2020, The Bank approved an amount of US\$ 1.77 billion and disbursed US\$ 2.67 billion.

- ▶ In 2020, the amount of active portfolio surged to US\$ 25.95 billion due to the approval of new projects under the IsDB Strategic Preparedness and Response Program (SPRP).
- ▶ As a result of decentralization and focused efforts to improve the efficiency of OCR portfolio, the time taken at different stages has reduced over the last three years. Average lag from the date of approval to signature has been reduced from more than six months to 3.9 months, and average lag from the date of effectiveness to first disbursement from more than 12 months to 5.1 months in 2020.
- ▶ Similarly, average age of the active portfolio has improved to 6.5 years, Compared to 7 or more years in the prior years.

1. AWARENESS: IMPROVING THE VISIBILITY OF THE BANK

- ▶ From the onset of COVID-19, the Bank was one of the first institutions to embrace digital platforms and technologies to improve the Bank's reach and visibility among key stakeholders, MCs and the general public.
- ▶ As Chair of the MDBs forum in 2020, the President of the IsDB actively engaged with his counterparts on critical initiatives to support the MCs post COVID-19. Debt Service Suspension Initiative for developing countries and the development of a unified MDBs Report on the SDGs 2030 Agenda were the two major areas.
- ▶ IsDB and UNCTAD organised a webinar on the Impact of COVID-19 Pandemic on the Global Investment Outlook
- ▶ The Islamic Development Bank Group, in cooperation with the United Nations Conference on Trade and Development, organized a webinar on the Impact of COVID-19 Pandemic on the Global Investment Outlook.
- ▶ Dr. Bandar Hajjar Signatory of the Finance in Common Summit Declaration co-organised by IsDB to create a coalition of 450 Public Development Banks.
- ▶ The IsDB, in partnership with UNESCO, launched the publication: Mapping Research and Innovation in the Republic of Uzbekistan, as part of the UNESCO GO-SPIN country profiles series.
- ▶ The Islamic Development Bank (IsDB) has approved a new capacity development programme to strengthen the national institutional arrangements collectively referred to as the National Ecosystem for South-South and Triangular Cooperation in the Member Countries.
- ▶ The Islamic Development Bank (IsDB) and WHO joined forces with the Government of Yemen to respond to the COVID-19 pandemic in the country.
- ▶ IAEA and Islamic Development Bank Harness the Power of Innovation to Address Women's Cancers.
- ▶ IsDB Event was held at UNGA: Harnessing the Power of Science, Technology and Innovation to Achieve the SDGs.
- ▶ The Islamic Development Bank (IsDB) and Islamic Financial Services Board (IFSB) signed a Technical Assistance (TA) Grant agreement for the Final Review of the Ten-Year Framework and Strategy Project for the Islamic Financial Services Industry.
- ▶ Malaysia External Trade Development Corporation (MATRADE) in collaboration with the Islamic



Development Bank (IsDB) under the Reverse Linkage (RL) programme, has released a comprehensive directory that lists Malaysian expertise willing to provide capacity development solutions to all countries including IsDB Member Countries.

2. COMPETENCY: BUILDING ORGANIZATIONAL CAPABILITIES

- ▶ The Bank Launched a Leadership Development Program (LDP) aimed at developing the management and leadership skills of middle and senior management and harnessing the talent and future leadership of the Bank.
- ▶ Fifteen new policies were approved in 2020 and Successful operationalization of Business Continuity Management (BCM), resulted in a smooth transition to Work from Home with no adverse impact on business operations for more than a year.

3. FUNDING: ENSURING FINANCIAL SUSTAINABILITY

- ▶ Net income for the year 2020 was ID 116 million compared to ID 140.3 million in 2019 and ID 83.9 million in 2018. Due to the pandemic's impact on financial markets, the

global reference rates plunged to record lows, negatively affecting the treasury and project income.

- ▶ An updated Financial Sustainability Model was developed to help track and ensure that the Bank's financial health remains resilient, with a view to maintain its AAA rating. Financial sustainability became critical for decision making as the mismatch between approvals and disbursements were managed in a more effective and coordinated manner.
- ▶ The Islamic Development Bank (IsDB) has adopted Refinitiv money market data solutions as well as Money Market Auctions and Foreign Exchange (FX) electronic trading platforms to power its electronic transaction and manage currency exposure across the Bank's operations in 57 countries.
- ▶ In 2020, the Bank issued nine Sukuk, out of which seven were Private Placement Sukuks and two were Public transactions, including the largest Sukuk issued by IsDB (US\$ 2 billion in February) and the Bank's debut Sustainability Sukuk in June, raising US\$ 1.5 billion exclusively for COVID-19 projects. The Sukuk issuances raised a total of US\$ 5.5 billion thereby fulfilling the

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approved Funding Plan for the year and mobilizing resources from the capital markets to supplement the Bank's capital base for financing MCs priority projects.

4. DELIVERY: DECENTRALIZING FUNCTIONALLY AND GEOGRAPHICALLY

- ▶ The Bank launched a Global Coordination Platform (GCP), which is a blockchain-based online marketplace that aims to coordinate aid delivery and mobilize financial and technical resources to support the MCs efforts across the three tracks of SPRP: Respond, Restore and Restart. In line with the Paris Declaration for Aid Effectiveness, the platform emphasizes transparency and building country capacities, systems, and hence full ownership of the development agenda.
- ▶ Over the last three years, the Bank has progressively expanded its field presence in the form of 11 RHs, which are now fully functional and well-staffed with managerial, technical and support capacities.



5. LINKAGES: CROWDING-IN RESOURCES FROM THE MARKET

- ▶ The Islamic Development Bank (IsDB) was one of the recipients of the Women Entrepreneurs Finance Initiative (We-Fi)'s third funding allocation comprising US\$ 49.3 million. The total investment from We-Fi is expected to benefit over 15,000 women-led businesses and mobilize about US\$ 350 million of additional public and private sector resources.

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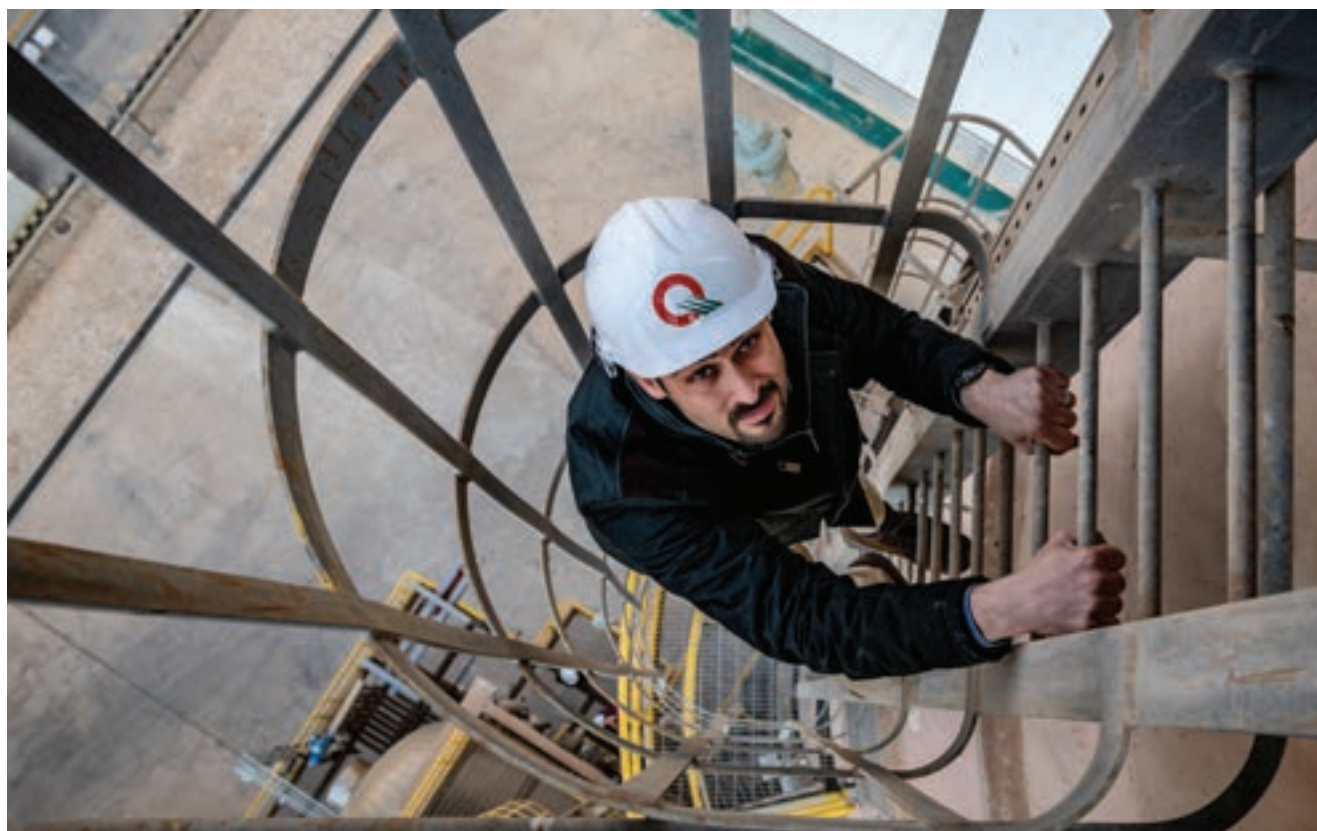
The total investment from We-Fi is expected to benefit over 15,000 women-led businesses and mobilize about US\$ 350 million of additional public and private sector resources.

- ▶ The Islamic Development Bank (IsDB) in partnership with the Saudi-Spanish Center for Islamic Economic and Finance have launched an Islamic Finance Changemakers Competition to support social entrepreneurs, innovators and business leaders seeking to create a better society.
- ▶ The Presidents of IsDB and Japan International Cooperation Agency (JICA) agreed to develop a new partnership framework to guide future joint work. Several working level sessions were held to chalk out the new IsDB-JICA partnership framework.
- ▶ The IsDB coordinated three new cooperation agreements with the UN's Food and Agriculture Organization (FAO), Germany's GIZ and the UAE's Abdulla Al Ghurair Foundation for Education (AGFE), which signed a Donor Contribution Agreement (DCA) with the Bank for a grant amount of US\$ 10 million as a contribution to the IsDB administered Global Muslim Philanthropy Fund for Children (GMPFC).

6. REINFORCEMENT: MANAGING FOR DEVELOPMENT RESULTS

- ▶ Five new MCPS were launched successfully with the validation from almost all MCs on the proposed GVCs, and actively all MoU are either being signed or finalized currently. This includes Nigeria, Indonesia, Senegal, Guinea and Niger.

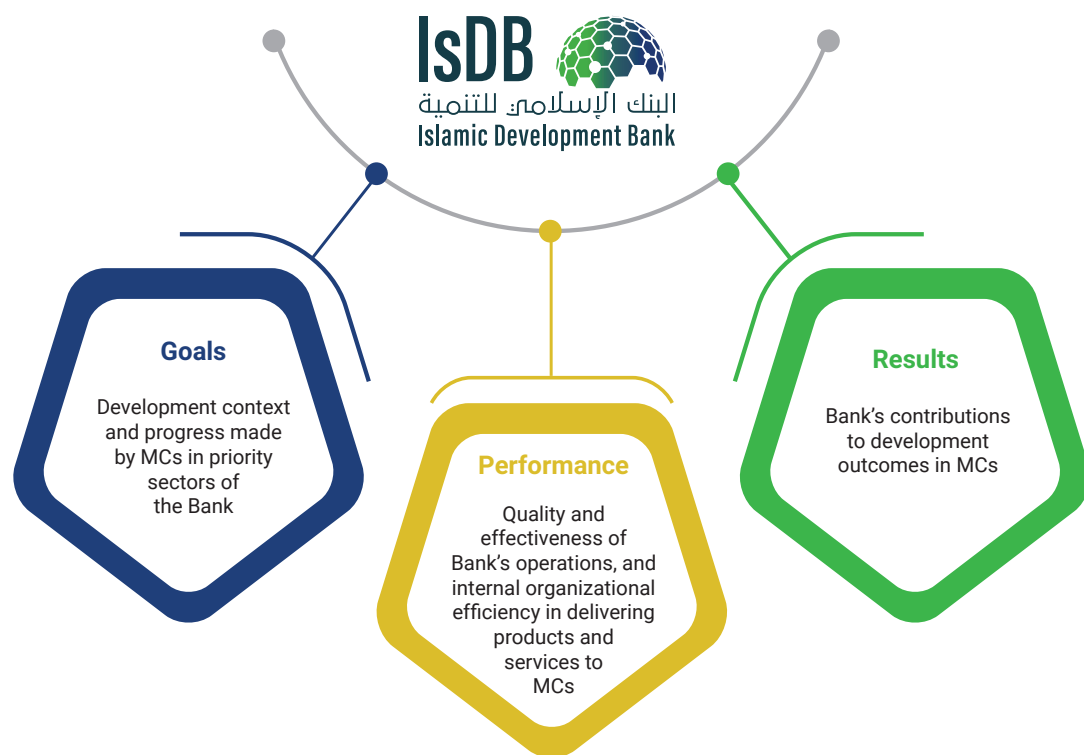
- ▶ Integrated Strategic Programming Framework was launched to ensure that strategy is embedded in operations and administrative work programming by having a cohesive approach across the four key areas of strategy, operations, finance and budgeting. Three cycles have been completed based on this methodology.
- ▶ The Islamic Development Bank (IsDB), with a business model poised to catalyze private and public investment for the economic and social development of its 57 Member Countries, has identified a set of core industries in which our Member Countries offer distinct competitive advantages. By leveraging the unique position of Member Countries' global value chains (GVCs), not only will Member Countries be able to tackle their short and medium-term issues, but also have the potential to increase their market share in the global economy in the long run. Four industry reports have been published for the four industries; Petrochemicals, Mining and Construction, Textiles and Apparel and Agriculture.
- ▶ The BED has approved the first ESS policy in the Bank. BPRD based on the policy developed the Bank Procedure and the ESS Standards. The standard covered two areas, i.e., Environmental and Social Standard and the Involuntary Resettlement Standard.
- ▶ Many of the IsDB Member Countries (MCs) are fragile and vulnerable to disasters that adversely affect their economic and social development. To support these MCs, IsDB requires immediate and significant amount of financing resources to response to the MCs needs for emergency response. Though, the Bank's policies, procedures and processes are built to provide long term development financing, the Bank has introduced Contingency Emergency Response Component (CERC) in each project, an innovative way of repurposing the Bank's funds to the emergency response in these situations.
- ▶ The Operations Work Programing exercise has been automated. This IT tool has helped in better utilizing the OMS system for better management, control, monitoring and reporting on the development as well as on the implementation of the MCs work program. The workflow involved with the IWP process is complex and involves coordinated interaction among various stakeholders in a decentralized mode.



Introduction

THE ANNUAL DEVELOPMENT EFFECTIVENESS REPORT (ADER) PROVIDES AN OVERVIEW OF THE BANK'S CONTRIBUTION TOWARDS THE ASPIRATION OF THE MCs AND MUSLIM COMMUNITIES IN NON-MEMBER COUNTRIES TO ATTAIN SUSTAINABLE DEVELOPMENT.

The ADER reviews development progress in the IsDB MCs and the Bank's performance at three levels: (i) the socio-economic Goals that the Bank aspires to realize in MCs, (ii) the Results which the Bank contributes to achieve in MCs, and (iii) the Corporate Performance of the Bank in terms of operational and organizational efficiency.



Chapter 1 outlines IsDB's strategic directions, as well as the socio-economic landscape globally, and particularly that of our MCs in the aftermath of the COVID-19 pandemic.

Chapter 2 details the progress made during 2020 on the six results pillars and highlights various operations financed by the Bank that contributed to achieving results in these pillars and how these relate to the SDGs. It also includes the key findings and recommendations by the independent evaluation of the Bank's operations.

Chapter 3 discusses the evaluation assessment of Bank's operations and the key lessons learned. It covers the review of project completion reports and the findings of Operation Evaluation Department.

Chapter 4 discusses the Bank's efforts towards enhancing its operational and organizational efficiencies and reports on the status of its key performance indicators on the six corporate performance pillars.

Chapter 5 concludes with a discussion of key challenges and the way forward.



Chapter 1

Goals

A. IsDB STRATEGIC DIRECTION

IsDB's 57 MCs include many of the fastest growing economies worldwide. Jointly, they represent the purchasing power of almost one quarter of the world's population. IsDB has identified a set of core industries in which its MCs offer distinctive competitive advantages. These selected industries include agri-food, textile, mining and construction, petrochemicals, and Islamic Finance.

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The P5P puts an emphasis on strengthening the competitiveness of MCs in strategic industries through public investments and private resource mobilization.

The P5P puts an emphasis on strengthening the competitiveness of MCs in strategic industries through public investments and private resource mobilization. To sustainably drive modernization and growth, the IsDB places strong partnerships between the private and public sectors at the core of its strategy. IsDB aims to mobilize various partners to collaborate on a strategic basis to promote the competitiveness of the five selected industries. Multilateral development institutions can participate in the co-financing of mega projects, while private investors can provide targeted Foreign Direct Investments (FDI) through win-win partnerships with MCs. In both cases, IsDB can be a catalyst and central focal point for fruitful collaboration.

B. GLOBAL ECONOMIC OUTLOOK

COVID-19 has accelerated one of the worst recessions to afflict the global economy in recent decades. While the eventual outcome of the recession is still unknown, the

pandemic will cause contractions across the global economy and will create long-lasting damage to labor productivity and potential output.

In its October 2020 World Economic Outlook (WEO), the IMF projected the global economy to contract more moderately than it previously expected in its June 2020 update. Global economy is now projected to contract at -4.4 percent, 0.8 percentage points higher than the June 2020 forecast. Meanwhile, the global economy is projected to grow at 5.2 percent in 2021, slightly lower than in the June 2020 WEO update (Figure 1).

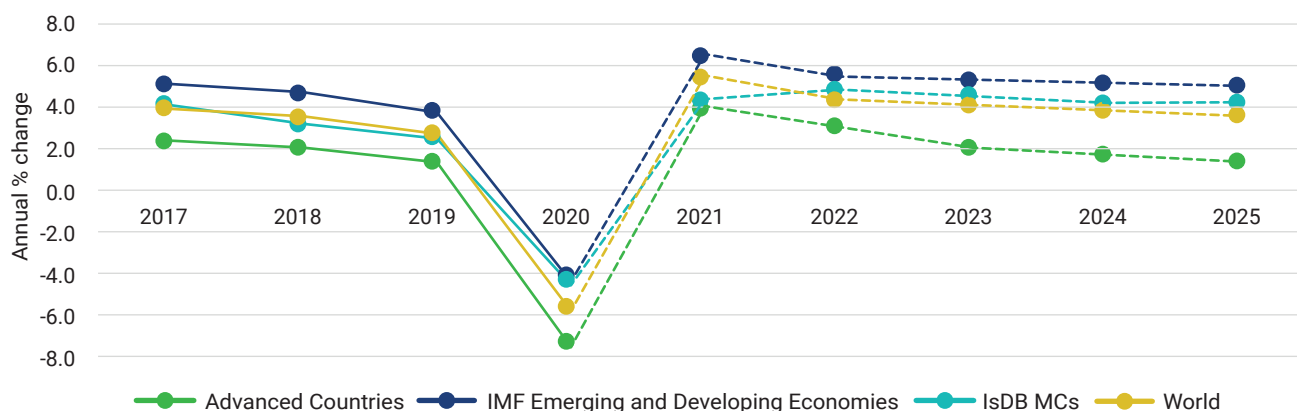
The revised outlook reflects the stronger and sooner than expected recovery in economic activities as countries begin to scale back lockdowns and ease containment measures that were earlier implemented to suppress the COVID-19 pandemic. Nevertheless, the global economy is still in deep recession and there is a sizable downside risk to the outlook.

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The global economy is still in deep recession and there is a sizable downside risk to the outlook.



Figure 1: Real GDP Growth in MCs (% change)



Source: IMF-WEO October 2020

EXTERNAL SECTOR

Global trade forecast for 2020 has also been revised upward by the World Trade Organization (WTO) to a 9.2 percent decline from a 12.9 percent contraction projected in the WTO's April forecast. This is due to the performance of trade in June and July, which exceeded expectations with the easing of lockdowns and the increase in economic activities. In particular, trade growth in COVID-19 related products were found to be stronger during these months. However, the forecast for next year is revised downwards, resulting in merchandise trade falling below its pre-pandemic trend in 2021.

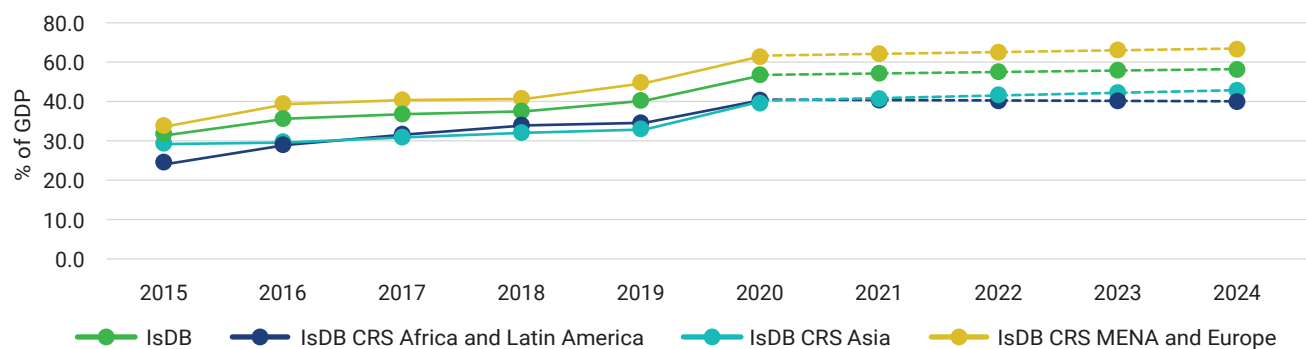
It is noteworthy that the decline in global trade is equivalent to the one observed during the 2008-09 financial crisis, despite the contraction in Gross Domestic Product (GDP) being much more pronounced this year. According to the WTO, the volume of world merchandise trade is only expected to decline around twice as much as world GDP at market exchange rates, rather than six times as much during the 2009 collapse. This

reflects the unique nature of the current recession, whereby less trade-intensive service sectors have been more severely affected than manufacturing.

GROSS GOVERNMENT DEBT - OUTLOOK AND RECENT PAST

Unprecedented policy measures coupled with sharp declines in tax revenues given the economic recession are expected to lead to significant increases in the stock of sovereign debt. According to the IMF's October 2020 Fiscal Monitor, sovereign debt to GDP in advanced economies is projected to rise by 20 percentage points to about 125 percent of GDP by the end of 2021, while sovereign debt to GDP in emerging markets and developing economies is projected to rise by more than 10 percentage points to about 65 percent of GDP. Furthermore, despite the low-interest environment, the ratio of sovereign debt service to tax revenue is anticipated to increase for several emerging markets and low-income countries, leaving them with less revenue to allocate for more critical areas.

Figure 2: Government Gross Debt in MCs (% of GDP)



Key Economic Indicators in MCs

INFLATION

After peaking at 9.1 percent in 2018 (the highest since 2009), inflation decreased to 7.8 percent in 2019. However, despite the general decline in aggregate demand and strong drop in commodity prices, notably oil, average inflation across IsDB MCs is projected to edge slightly upward to 8.3 percent in 2020 before declining to 8.0 percent in 2021. Among the regional groups, inflation is expected to decrease in CRS Asia from 3.6 percent in 2019 to 3.0 percent in 2020. The situation nevertheless remains fluid, and the direction of inflation will be determined by both supply and demand factors that are driven by the COVID-19 pandemic and the measures taken to contain its spread.

C. ECONOMIC GROWTH IN MEMBER COUNTRIES

COVID-19 has tempered expected growth recovery in IsDB MCs in 2020. After a 2.2 percent growth in 2019 (the lowest since the 2008-2009 financial crisis), previous forecasts pointed to an increase in growth across IsDB on the back of the improving commodity prices and reforms. Average growth in 2020 for IsDB MCs is forecasted at -3.3 percent instead, before rebounding to 4.2 percent in 2021.



Average growth in 2020 for IsDB MCs is forecasted at -3.3 percent.

Economic contraction is projected to be deeper among fuel exporter MCs at -5.7 percent compared to -1.7 percent in the non-fuel exporter MCs. Growth outlook also differs across regional groups. The economies in CRS Middle East North Africa and Europe are forecasted to register the biggest contraction at -4.5 percent. In contrast, economies in CRS Africa and Latin America are forecasted to contract by 2.5 percent, while in CRS Asia, growth is projected at -1.4 percent.

MCs WITH FORECASTED GDP REDUCTIONS

Based on the IMF WEO 2020, a recession was experienced in 44 IsDB MCs in 2020. Furthermore, several MCs registered double-digit contractions in 2020. The decline in real GDP was projected to be largest in Libya at 66.7 percent, followed by Lebanon (25.0 percent), Maldives (18.6 percent) and Suriname (12.1 percent).

In the case of Libya, the country faces multiple challenges that are heavily weighing down on its economic prospects. These challenges include i) a protracted civil war that is disrupting economic activities, notably oil production, ii) lower oil prices and iii) the COVID-19 pandemic, which is further exacerbating overall economic activity.

In Lebanon, COVID-19 imposes an additional burden on the already challenging economic environment in the country. In particular, growth is projected to decline by 25 percent with key sectors such as retail, restaurants, construction, real estate and banking projected to be heavily impacted.

For Maldives, travel restrictions and global lockdowns have significantly affected the country's tourism sector, which constitutes around 70 percent of its GDP. Although the country's border has reopened since mid-July, the number of tourist arrivals remain low given the uncertainty of the pandemic, which is still far from over in large parts of the world.



Table 1: IsDB MCs with Highest Real GDP Growth Declines Forecast in 2020 (percent)

Member Country	Actual		Projections	
	2018	2019	2020	2021
Libya	17.9	9.9	-66.7	76.0
Lebanon	-1.9	-6.9	-25.0	..
Maldives	6.9	5.7	-18.6	12.7
Suriname	2.6	0.3	-13.1	1.5
Iraq	-0.1	4.4	-12.1	2.5
Palestine	3.5	4.5	-12.0	9.8
Kyrgyz Republic	1.2	0.9	-12.0	8.2
Oman	0.9	-0.8	-10.0	-0.5

Source: IMF-WEO October 2020

COUNTRIES WITH POSITIVE GROWTH

On the other hand, 11 MCs (Guyana, Bangladesh, Egypt, Benin, Côte d'Ivoire, Turkmenistan, Guinea, Tajikistan, Uzbekistan, Niger, and Brunei) were forecasted to register positive growth rates in 2020 driven largely by country-specific factors. Guyana was projected to grow by 26.2 percent driven by the discovery and exploration of large offshore fields. It should nonetheless be noted that due to COVID-19, the growth outlook for Guyana has been significantly reduced from the October 2019 WEO forecast of 85.6 percent. Other countries with notable positive

growth projected for 2020 are Bangladesh at 3.8 percent, Egypt (3.5 percent) and Benin (2.0 percent) (Table 2).

FAST GROWING ECONOMIES IN 2020-2021

Three MCs, Guyana, Bangladesh and Egypt, were forecasted to be among the top 10 fastest growing economies in 2020, while Libya, Maldives and Kyrgyz Republic are forecasted to be the top-10 countries in 2021. Guyana's economy is expected to grow at 26.2 percent, which is remarkable even under normal conditions, and is driven by massive offshore discoveries of oil, which is expected to continue into 2021.

Table 2: IsDB MCs with Highest Real GDP Growth Forecast for 2020

Member Country	Actual		Projections	
	2018	2019	2020	2021
Guyana	4.4	5.4	26.2	8.1
Bangladesh	7.9	8.2	3.8	4.4
Egypt	5.3	5.6	3.5	2.8
Benin	6.7	6.9	2.0	5.0
Côte d'Ivoire	6.8	6.5	1.8	6.2
Turkmenistan	6.2	6.3	1.8	4.6
Guinea	6.2	5.6	1.4	6.6
Tajikistan	7.3	7.5	1.0	6.0
Uzbekistan	5.4	5.6	0.7	5.0
Niger	7.2	5.9	0.5	6.9
Brunei	0.1	3.9	0.1	3.2

Source: IMF-WEO October 2020

In Bangladesh, high economic growth has been driven by trade and public sector investments, with ready-made garments accounting for 80 percent of the country's exports. In Egypt, economic growth is expected to remain positive despite the impact of COVID-19 due to economic reforms being implemented by the government and the swift response to counter the impact of the pandemic.

Libya, which was expected to record the largest drop in GDP in 2020 globally, is forecasted to reverse it to the largest growth in 2021 as oil production increases, prices improve and COVID-19 comes under control.

Maldives is expected to have its GDP growth rebound under the assumption of reopening tourism as the pandemic fades and global travel resumes. In Kyrgyz Republic, growth is expected to rebound under the assumption that the pandemic is brought under control and external demand improves.

REGIONAL ECONOMIC PROSPECTS

At the regional level, growth outlook differs across regional groups with CRS MENA and Europe expected to have the deepest drop in GDP in 2020 (Figure 2). Both the IsDB fuel and non-fuel exporting economies are expected to record a drop in GDP. IsDB fuel exporting countries as a group are expected to witness a GDP contraction from 0.6 percent in 2019 to -5.7 percent in 2020, while non-fuel exporting countries will contract from 3.8 percent in 2009 to -1.9 percent in 2020. However, under the assumption that the COVID-19 pandemic will be under control, and as economies already start to reopen, growth is expected to rebound to 3.1 percent and 4.8 percent for fuel and non-fuel exporting countries respectively in 2021.

ASIA

Although considered the growth powerhouse of IsDB MCs, Asian MCs are also adversely impacted by the recession caused by the COVID19 pandemic. Growth in CRS Asia region is projected to record the least contraction in contrast to other IsDB CRS. GDP is expected to contract to -1.4 percent in 2020, which is higher than the IsDB average (-3.3 percent) and expected to strongly rebound to 5.8 in 2021.

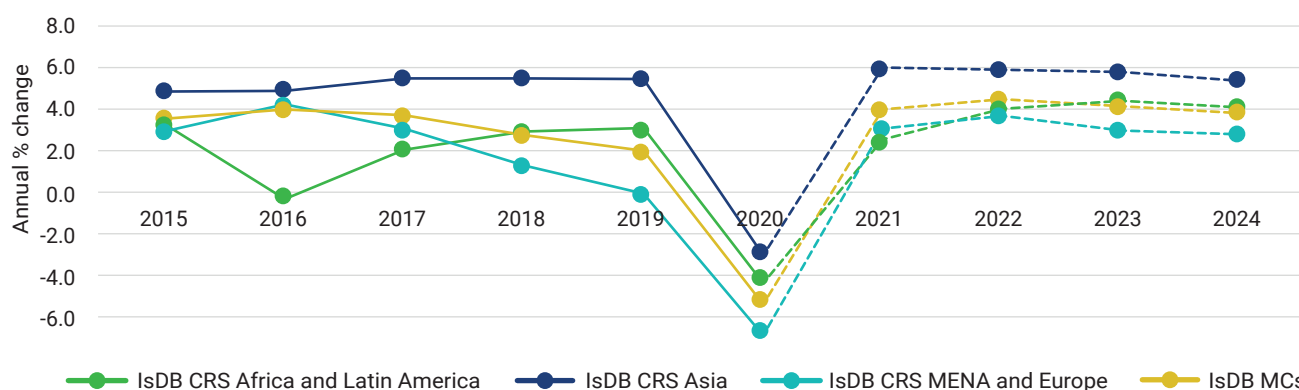
AFRICA AND LATIN AMERICA

Although African and Latin American IsDB MCs are less affected by COVID-19, its economic impact on the economies is huge. The economies in CRS Africa and Latin America are forecasted to contract by -2.5 percent, driven partly by the impact of lockdown in many countries and drop in commodity prices, especially oil. It is however, expected to rebound to 3.5 percent in 2021 as the global economy recovers.

MENA AND EUROPE

In contrast to other IsDB regions, the economies in CRS Middle East North Africa and Europe are forecasted to register the biggest contraction at -4.5 percent in 2020 and rebound to 3.5 percent in 2021. This region suffered two blows from the impact of COVID-19 and the drop in oil prices. The majority of the countries in the region implemented the strictest containment measures to suppress the spread of the disease, while oil prices were nose diving to their lowest levels in many decades. The surpluses generated by the fuel importing countries due to the drop in prices were upset by increased spending on welfare relief to reduce the suffering of the low-income earners.

Figure 3: Real GDP Growth in IsDB MCs (% change)



Source: IMF-WEO October 2020

LEBANON

COVID-19 has imposed an additional burden on the already challenging economic environment in the country. Growth is projected to decline by 25 percent with key sectors such as retail, restaurants, construction, real estate and banking projected to be heavily impacted.

LIBYA

Real GDP projected to decline by 66.7 percent due to multiple challenges that are heavily weighing down on its economic prospects. These include i) a protracted civil war that is disrupting economic activities, notably oil production, ii) lower oil prices and iii) the exacerbation of economic activities due to the COVID-19 pandemic.

MENA AND EUROPE

The MCs in Middle East North Africa and Europe are forecasted to register the biggest contraction at -4.5 percent in 2020 and rebound to 3.5 percent in 2021. This region suffered two blows from the impact of COVID-19 and the drop in oil prices to their lowest levels in many decades. The surpluses generated by the fuel importing countries due to the drop in prices were offset by increased spending on welfare relief to reduce the suffering of the low-income earners.

AFRICA AND LATIN AMERICA

The MCs in Africa and Latin America are forecasted to contract by -2.5 percent, driven partly by the impact of lockdown in many countries and drop in commodity prices, especially oil. It is however, expected to rebound to 3.5 percent in 2021 as the global economy recovers.

MENA & Europe

Africa & Latin America

Côte d'Ivoire

The economy of Côte d'Ivoire is expected to grow at a modest rate of 1.8 percent, projected to grow at 6.2 percent in 2021.

BENIN

Economy is expected to grow at 2 percent, projected to improve to 5 percent in 2021.

EGYPT

Economic growth is expected to remain positive (3.5 percent in 2020 and 2.8 percent in 2021) despite the impact of COVID-19 due to economic reforms being implemented by the government and the swift response to counter the impact of the pandemic.

GUYANA

Economy is expected to grow at 26.2 percent, which is remarkable even under normal conditions, and is driven by massive offshore discoveries of oil, which is expected to continue into 2021.

TURKMENISTAN

Economy expected to grow at 1.8 percent, considerably higher than other countries in the region, projected to increase to 4.6 percent in 2021.

BANGLADESH

Bangladesh's economy is expected to grow at 3.8 percent. High economic growth has been driven by trade and public sector investments, with ready-made garments accounting for 80 percent of the country's exports.

Asia

ASIA

Growth in Asia region is projected to record the least contraction in contrast to other IsDB Member Countries. GDP is expected to contract to -1.4 percent in 2020, which is higher than the IsDB average (-3.3 percent) and expected to strongly rebound to 5.8 in 2021.

MALDIVES

Real GDP projected to decline by 18.6 percent; Travel restrictions and global lockdowns have significantly affected the country's tourism sector, which constitutes around 70 percent of its GDP. GDP growth is expected to rebound in 2021 under the assumption of reopening tourism as the pandemic fades and global travel resumes.

KYRGYZ REPUBLIC

GDP contracted by -12 percent, but is expected to rebound in 2021 with a growth rate of 8.2 percent in 2021, under the assumption that the pandemic is brought under control and external demand improves.

AFRICA & LATIN AMERICA

Benin, Burkina Faso, Cameroon, Chad, Comoros, Côte d'Ivoire, Djibouti, Gabon, Gambia, Guinea, Guinea Bissau, Guyana, Mali, Mozambique, Niger, Nigeria, Senegal, Sierra Leone, Somalia, Suriname, Togo and Uganda.

ASIA

Bangladesh, Brunei, Indonesia, Kazakhstan, Kyrgyz Republic, Malaysia, Maldives, Tajikistan, Turkmenistan and Uzbekistan.

MENA & EUROPE

Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Turkey, U.A.E and Yemen.

D. PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT GOALS

The majority of IsDB MCs have already aligned their national development strategies with the global development agenda and many are making progress towards achieving the goals. However, as they accelerate efforts to achieve the SDGs, the COVID-19 pandemic struck and reversed the progress made on many fronts, particularly poverty reduction. COVID-19 has disrupted the entire economy from daily lives to international trade, with the poor impacted the most.

According to the latest available data, the overall IsDB MCs SDG Index score stands at 61 percent, slightly above the global average of 60 percent, suggesting that IsDB as a group is just over sixty percent towards achieving the 17 SDGs. This indicates that IsDB MCs as a group need to accelerate their development efforts if they are to attain the 2030 SDG targets.

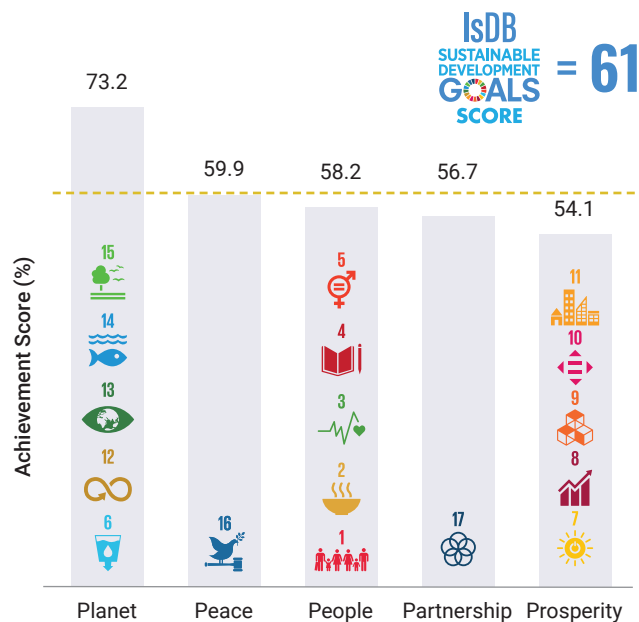
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Going by the five dimensions, People, Planet, Prosperity, Peace, and Partnership (5Ps), IsDB MCs as a group performed better in Planet (73.2 percent) which is the only dimension that is above the global average of 60 percent followed by Peace (59.9 percent) Partnership (58.2 percent) People (56.7 percent) and Prosperity (54.1 percent).

Figure 3 shows that IsDB MCs as a group have the highest achievement of 93.5 percent on Goal 13 Climate Action, followed by Goal 12 Responsible Consumption and Production (89.0 percent), and Goal 4 Quality Education (67.7 percent). Meanwhile, the highest challenges faced by MCs are Goal 9 Industry, Innovation and Infrastructure (32.5 percent), Goal 5 Gender Equality (45.8 percent) and Goal 10 Reduced Inequalities (49.5 percent).

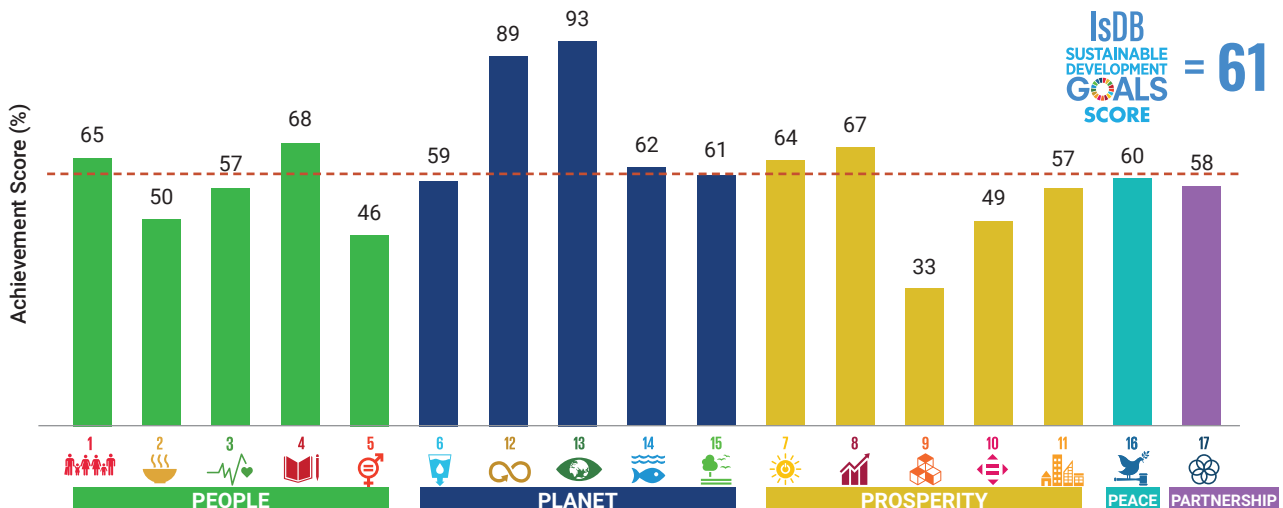
Figure 4: Overall SDG Achievements in MCs



Source: Authors' own calculation.

This year, data showing progress towards the SDG targets is available for 54 IsDB MCs (except Guinea-Bissau, Libya, and Palestine). There is a wide variations in achievements of SDGs

Figure 5: IsDB MCs Progress in SDGs, 2020





among IsDB MCs varying from 43.8 percent and 46.2 percent for Chad and Somalia to 72.6 percent and 73.0 percent for Azerbaijan and Kyrgyz Republic respectively.

This reflects the need for IsDB to adopt a country-focused approach when assisting its MCs to accelerate their development activities towards achieving the SDG goals. All MCs are above 40 percent (unsatisfactory) level of achievement. However, there are still 25 MCs with lower than satisfactory achievement (below 60 percent) and out of them, only four countries (Chad, Somalia, Nigeria, and Sudan, respectively), have achievement below 50 percent.

Regarding human development, IsDB MCs have made significant improvement on various dimensions as follows:

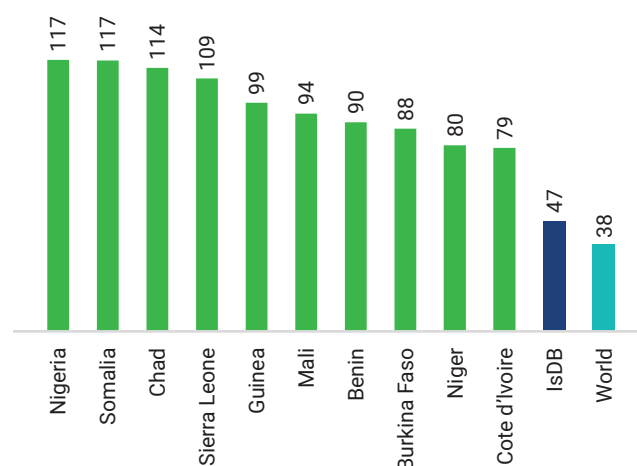
1. POVERTY AND UNDER NOURISHMENT

From 2006 to 2018, IsDB MCs have recorded a leap in poverty reduction by lifting more than 220 million people from extreme poverty. The poverty head count ratio decreased to 16.2 percent in 2018. The concentration of poor people has declined slightly, with the share of the world's poor living in MCs reducing from 40 percent in 2006 to 26.9 percent in 2018.

2. HEALTH, WATER AND SANITATION

Health sectors in IsDB MCs have witnessed marked improvements during the period of 2006–2019. The under-five mortality rate decreased to 47 per 1,000 live births and maternal mortality rate decreased to 268.3 per 100,000 live births. Additionally, more people than before are now accessing safe drinking water and using safe sanitation facilities.

Figure 6: Under 5-Mortality Rate (per 1,000 live births), 2019



Source: World Bank World Development Indicators

Figure 7: Maternal Mortality Rate (per 100,000 live birth) (last available)

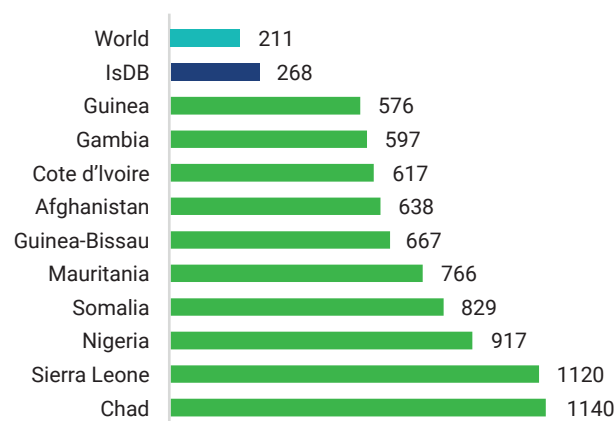
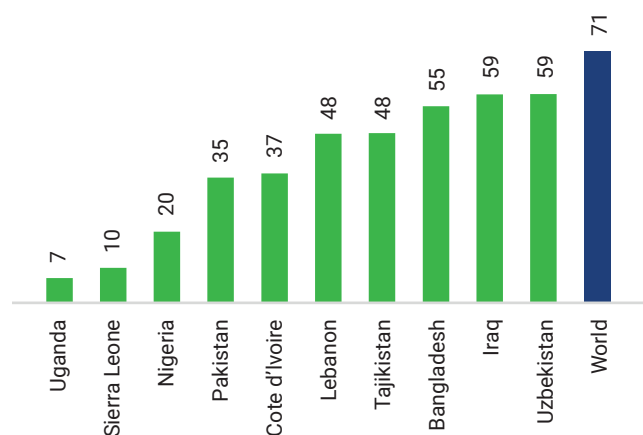


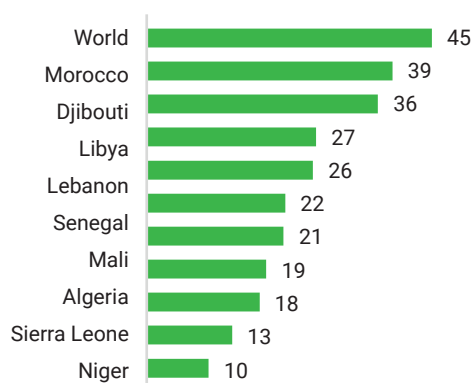
Figure 8: IsDB MCs Population with Access to Safe Drinking Water (%)* (last available)



* Countries with available data

Source: World Bank World Development Indicators

Figure 9: Population with Access to Safe Sanitation (%)* (last available)

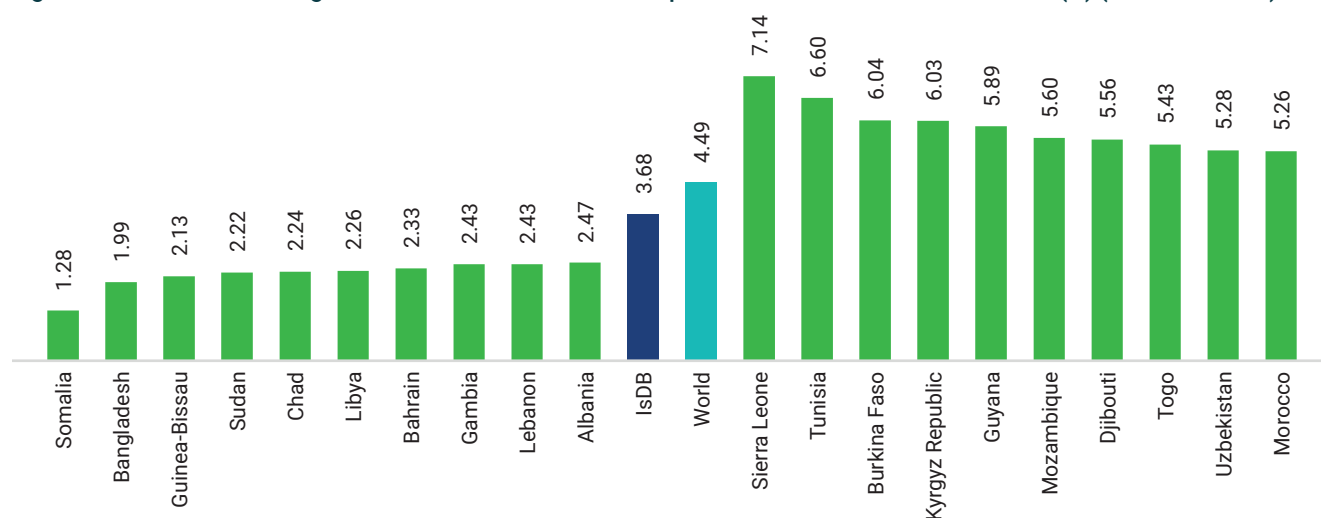


3. EDUCATION

Several MCs have made considerable progress towards education in recent years. The mean years of school enrolment rose from 5 to 6.4 following high female school enrollments. The average gross enrollment ratio in primary schools has reached 100 percent for MCs compared to the global average of 104 percent. Countries with least enrollments among the MCs are Niger and Djibouti (75 percent each), and Mali (76 percent) and Sudan (77 percent). Primary enrollment data for Somalia shows that only 23 percent of the children are enrolled but this should not be considered due to unreliability of the data.

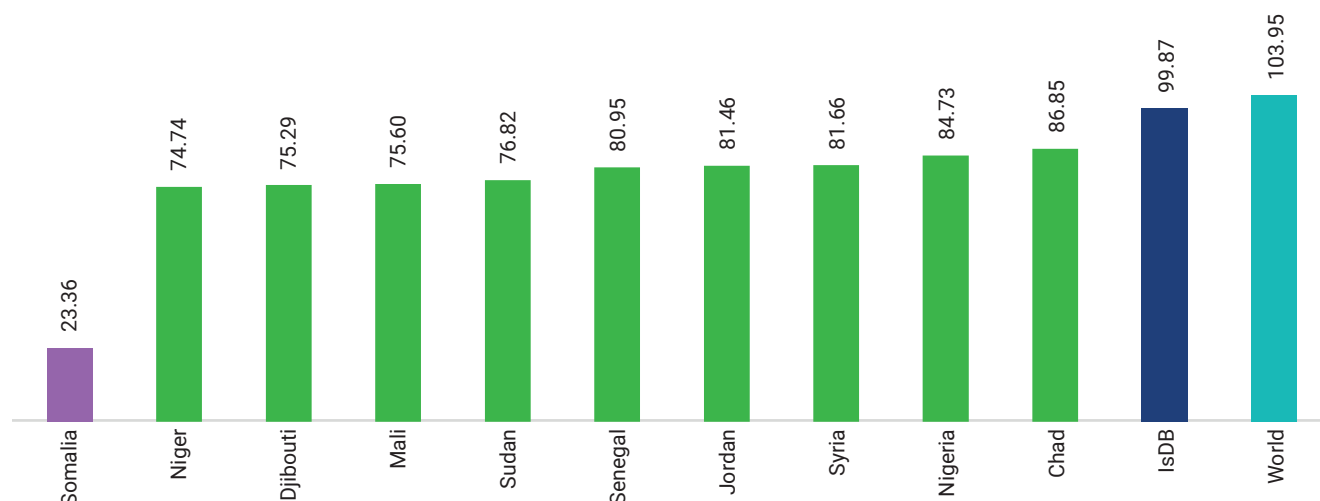
Despite the improvement, MCs are still lagging in education given the low government spending in the sector. The average government expenditure on education as percent of GDP in the MCs (3.7 percent) is still lower than the global average (4.5 percent). Many MCs spend much lower than the average. For instance, latest available data shows that countries such as Somalia, Bangladesh, Guinea Bissau, Sudan, Chad, and Libya spend less than 2.5 percent of their GDP on education. Low government spending on education in many MCs is the cause of the poor performance of the sector in terms of quantity and quality and by extension the quality of the labor force in the countries.

Figure 10: IsDB MCs with Highest and Lowest Government Expenditure on Education as % of GDP (%) (latest available)



Source: World Bank World Development Indicators

Figure 11: IsDB MCs with Least Gross Enrollment Ratio, Primary, Total (%) (latest available)



Source: World Bank World Development Indicators

4. WOMEN EMPOWERMENT

Several IsDB MCs have made considerable progress towards women's empowerment in recent years. The mean years of school enrollment rose from 5 to 6.4 following high female school enrollments. This was matched by increased labor participation from 35.3 percent in 2006 to 38.9 percent in 2018. More women joined national decision-making bodies and contributed to the socio-economic development efforts of their respective countries. On Gender Equality (SDG 5), only eight MCs have performance below 35 percent: Yemen, Chad, Pakistan, Somalia, Mauritania, Afghanistan, Mali, and Syria.

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The mean years of school enrollment rose from 5 to 6.4 following high female school enrollments.







5. INFRASTRUCTURE

IsDB MCs witnessed considerable improvements in terms of infrastructure and industrialization. While there was an increase in employment and job creation, there was a reduction in employment indicators between 2017 and 2018. Industry, especially manufacturing, has generally declined in output value addition and consequently resulted in low industry employment. The agricultural sector, which remains



the largest employer for many MCs, has lost its share in many countries due to low productivity. This low agricultural productivity can be attributed to many factors such as a subsistence-fragmented system, declining soil fertility, climate change and lack of market access.


Table 3: Access to Market Opportunities in MCs

Indicator	Baseline (2006)	latest value	Change
 Access to electricity (percent of population)	68.3	79.7 (2018)	●
 Individuals using internet (percent of population)	17.48	34.8 (2017)	●
 Job creation (million)	12.8	12.26 (2019)	●
 Persons employed (million)	476.3	616.05 (2019)	●
 Manufacturing, value added (percent of GDP)	16.58	14.8 (last available)	●
 Industry including construction (percent of GDP)	41.79	36.56 (2019)	●

Source: Latest data from the World Development Indicators. Aggregations done by IsDB

● Increase ● Decrease

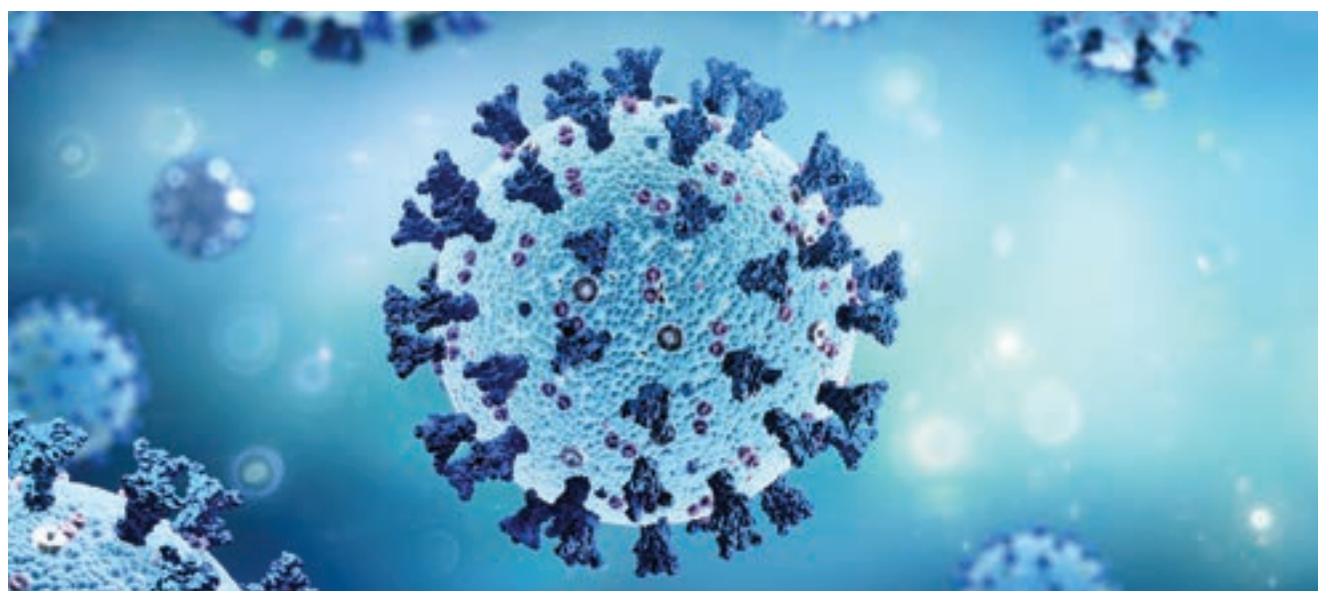
E. IMPACT OF COVID-19 ON IsDB MEMBER COUNTRIES

 COVID-19 has caused unprecedented global supply and demand disruptions as the world's manufacturing powerhouses in China and elsewhere adhere to growing lockdown and travel restrictions to contain and flatten the curve of the virus. At the peak of the pandemic, most of the world population was under lockdown and the majority of airline capacity was grounded, bringing travel and tourism to a halt in most countries. The humanitarian crisis being inflicted by the pandemic is fast rising with millions of infections and hundred thousands of deaths, including an increasing number of health personnel, who are on the frontlines of the crisis.

Such economic and humanitarian disruptions have severely impacted the economies of IsDB MCs, which hit their lowest economic growth of 2 percent in 2019 since the 2008-2009 financial crisis. There was high hope that 2020 would mark a turnaround towards high and improved growth but the economic impact of COVID-19 has brought this to a halt.

ECONOMIC IMPACT

The analysis of transmission of economic fallout from the COVID-19 pandemic has shown IsDB MCs will be affected through multiple channels ranging from trade to oil prices as global supply and demand are severely disrupted. The most important channels based on data availability are found to be trade, capital and finance, remittance and tourism. Trade



includes both goods and services, including tourism services. This is generic tourism services on the trade side but the contribution of tourism is specific to the sector's contribution to GDP and employment beyond service trade. Moreover, the impact depends on the severity of the disease in a specific country and/or its dependence on the identified channels. For example, countries that depend heavily on tourism like the Maldives are the worst affected by the impact of COVID-19.

IMPACT ON POVERTY

According to recent estimates by the World Bank, COVID-19 is expected to push an additional 88 million to 115 million people into extreme poverty in 2020. This will increase the total to as many as 150 million by 2021 depending on the severity of the economic contraction. Extreme poverty¹, is likely to affect between 9.1 percent and 9.4 percent of the world's population in 2020 (Figure 12a and 12b)². Extreme poverty had been steadily declining for the last 25 years before it suffered its worst setback this year largely due to COVID-19, conflict and climate change. Although all countries globally are facing these challenges, those with larger poorer populations are the worst affected.



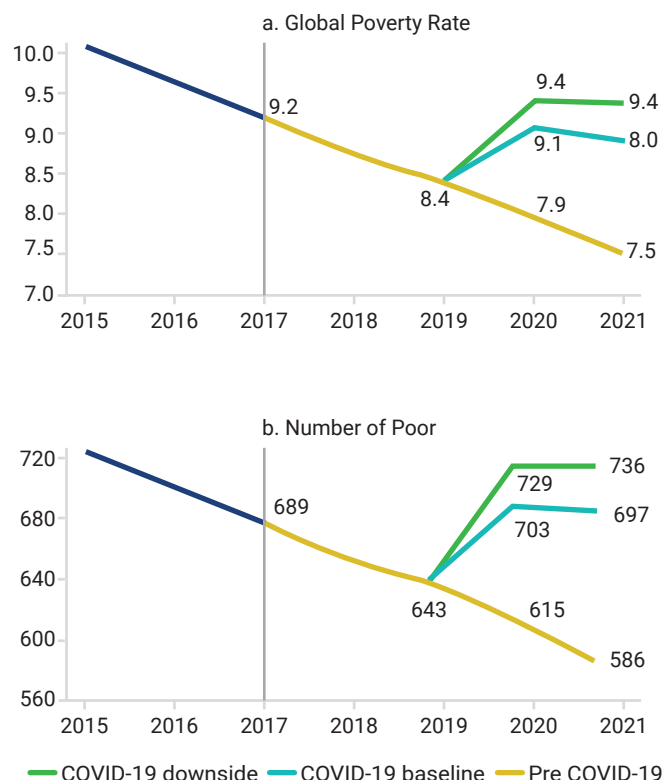
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Extreme poverty had been steadily declining for the last 25 years before it suffered its worst setback this year largely due to COVID-19

¹ Defined as living on less than \$ 1.90 a day

² <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

Figure 12: Nowcasts of the Global Poverty Rate and Number of Poor at the US\$ 1.90-a-Day Poverty Line, 2015–21



Source: World Bank, *Poverty and Shared Prosperity 2020*

IMPACT ON HEALTH

As governments and communities worldwide struggle to contain the grip of the COVID-19 pandemic, its devastation on health has been most overwhelming. While strong economies can mobilize emergency resources domestically to respond to COVID-19, low-income countries and those with inadequate health infrastructure will find it extremely challenging to address the pandemic. Therefore, the capacity to respond to such a disease outbreak depends on a country's level of economic development and health sector preparedness.

In IsDB MCs, health spending is relatively low and universal health coverage dramatically varies, with high levels of out-of-pocket spending (more than 20 percent). To attain universal health coverage, it is recommended that governments spend at least 5 percent of GDP on health. The Abuja Declaration (WHO, 2011) set a target of allocating 15 percent of GDP to improve the health sector in African Union Countries. Unfortunately, most IsDB MCs have not achieved these

spending targets with IsDB health spending averaging 4.5 percent of GDP in 2016, which is below the world average of 10 percent of GDP, and lower than the average health spending in low-and middle-income countries at 5.4 percent.

Low health spending has not helped IsDB MCs achieve good progress on quality and inclusive health (SDG 3). On average, the MCs achieved only 56.9 percent towards SDG 3, which is below the good benchmark of 60 percent. Also, based on Global Health Security Index (GHSI) that assesses country's preparedness for an outbreak of epidemic or pandemic, IsDB MCs are found to be generally unprepared. Under GHSI's three classifications of Mostly Prepared, Moderately Prepared and Least Prepared, none of IsDB MCs are found to be mostly prepared; 31 MCs are moderately prepared and 26 MCs are least prepared.

In light of COVID-19, public health measures to prevent, detect, and respond to Public Health Emergency of International Concern (PHEIC) is essential to control public health risks as highlighted in the International Health Regulations (IHR, 2005). Since the IHR entered into force in 2007, countries have made efforts to strengthen their capacities to mitigate the effect of PHEIC, including the emergence of a new pathogen (WHO, 2018) of 57 MCs, 21 (37 percent) had response and prevent capacities at levels 1 or 2. These countries did not have an effective enabling function for public health risks and events. Meanwhile 11 countries (19 percent) only had "prevent and response capacities" at levels 4 and 5, indicating that these countries were operationally ready. The remaining 25 MCs at level 3 did not have enough effective enabling function, although some could take stock of Ebola Virus Disease Management i.e. Guinea, Liberia, Mali, Nigeria, Senegal and Sierra Leone.

IMPACT ON EMPLOYMENT

The adverse impact of the pandemic on the global economy is also reflected in the labor market. The International Labor Organization (ILO) estimated that due to the global reduction in work hours in the second quarter of 2020, an equivalent of 400 million full-time jobs had been lost. This is far higher than the equivalent 155 million full-time jobs lost in the first quarter.

The employment impacts of COVID-19 are deep, far-reaching and unprecedented. Employment adjustments typically follow economic contraction with some delay (see, for example, the increase in the unemployment rate following the global financial crisis in 2009). In the current crisis, employment has been impacted directly as a result of lockdown and other measures, and on a greater magnitude than initially predicted at the start of the pandemic.

The global estimates from the ILO's nowcasting model show that the crisis is causing an unprecedented reduction in economic activity and working time. As of 1 April 2020, estimates indicate that working hours will decline by around 6.7 percent, which is equivalent to 195 million full-time workers (assuming a 48-hour working week). This implies that many of these workers will face a loss of income and deeper poverty even if substitute activities can be found (e.g. returning to agriculture in rural areas). The largest decline is expected in upper-middle-income countries but the impact is comparable across all income groups.

The latest ILO projections for working-hour losses in the fourth quarter are greater than the previous estimates. Under the baseline scenario, global working-hour losses are expected to amount to 8.6 per cent in the fourth quarter of 2020, equivalent to 245 million full-time jobs³. This suggests that full job recovery continues to be hampered by the persisting public health and economic challenges posed by the COVID-19 crisis. Estimates of losses in work hours and the corresponding losses in employment and income are highly unreliable due to how the pandemic situation is still unfolding.

IMPACT ON DEBT

The economic and financial implications of COVID-19 have serious implications for debt sustainability in MCs, where revenue collection is relatively low, external debt has been rising and worse still, the capacity to carry additional debt has reached critical points in most Least Developed Member Countries (LDMCs). Among the MCs, Bahrain, Sudan, Suriname, Lebanon, Jordan, Tunisia, Mozambique, Oman, Kyrgyzstan and Djibouti present a weaker debt sustainability profile. The majority of IsDB MCs face high fiscal space constraints to make budgetary provisions for a public emergency, such as a fiscal response to the COVID-19 pandemic.

³ https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_755910.pdf

IMPACT ON AGRICULTURE AND FOOD SECURITY

COVID-19 has disrupted food production and supply chains in many countries. It has created massive negative shocks to food production and its affordability, creating tensions and food security risks worldwide. To contain the spread of the pandemic, many countries adopted various containment measures, including lockdown, social distancing and restrictions of people's movements.

This has impacted food producers, processors and transport logistics, which are critical in the supply chain. In addition, many people have lost their jobs, pushing an estimated 265 million people in low and middle-income countries into a severe food crisis compared to 135 million before the pandemic. Countries that are dependent on food imports, oil exports, tourism and remittances are expected to experience food insecurity due to the pandemic.

IsDB MCs such as Syria, Yemen, Chad, Sierra Leone and Sudan are experiencing an acute food crisis and were depending on both in-kind and cash food aid even before the pandemic.

Meanwhile countries such as Mali and Mozambique have available food but these are not affordable to poor people. These countries urgently require financial aid to bring food within the means of the poor.

There are several MCs that largely depend on cereal imports, and they tend to have a large negative food balance (food exports minus food imports) as a percentage of GDP. Some can afford the imports as is the case in GCC countries where food production is very minimal. For these countries, food insecurity can only happen if global food supply dries up or if supply chains are severely disrupted. For example, COVID-19 disruption of supply chains can slow food supply and increase its prices. On the other hand, the supply chain risk will add to affordability risks for MCs with a large negative food balance and low reserve import coverage. In this case, COVID-19 food supply disruption and subsequent food price increases will price out MCs with low reserve import cover from the market; and only food aid and increased borrowing will alleviate their food crisis.

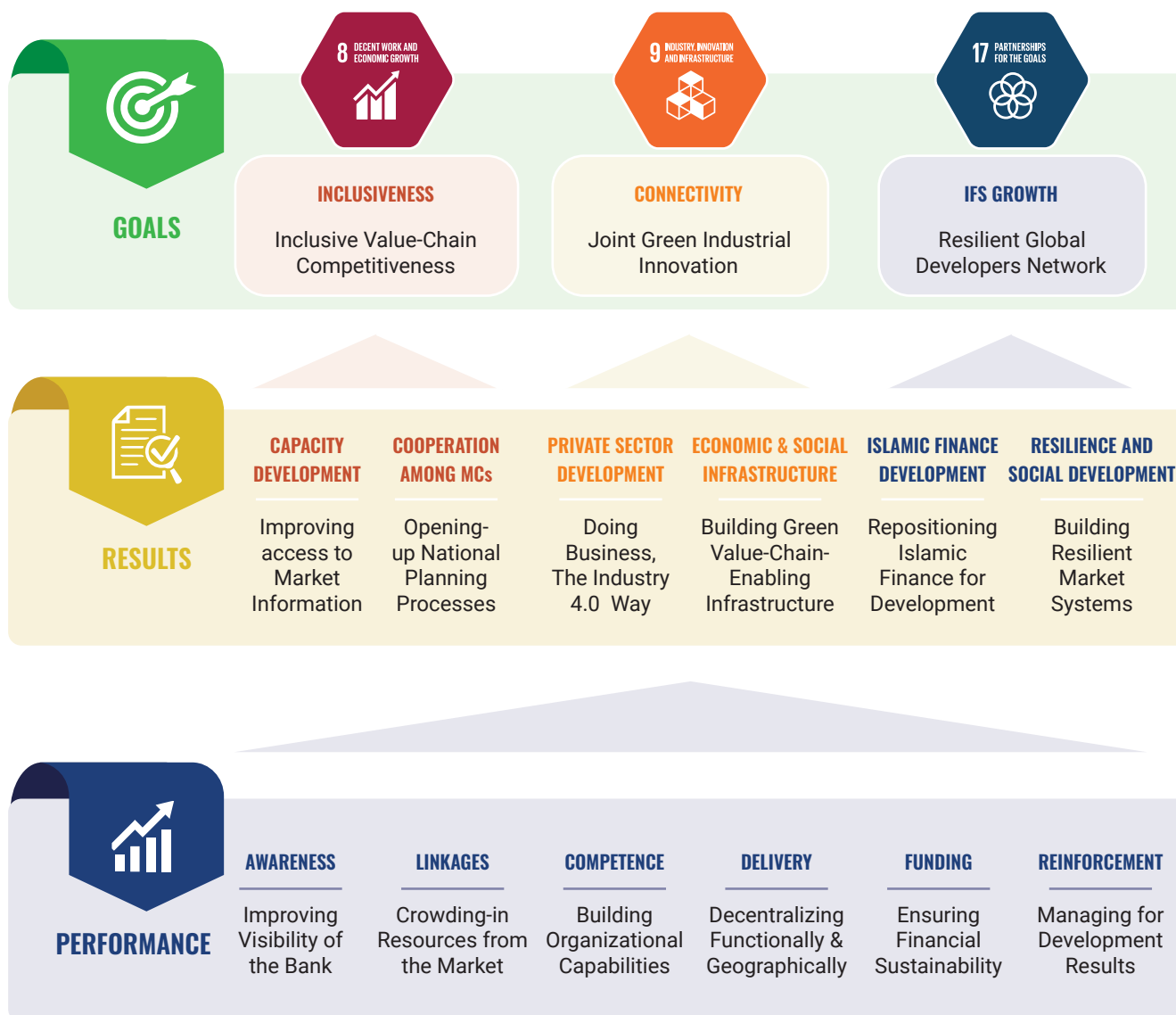




Chapter 2

Results - IsDB Contribution to Development Results

This chapter provides an overview of the key developmental results achieved during 2020 through completed projects in MCs and in Muslim communities around the world. The discussion is organized around the six strategic results pillars of the Bank. These represent the six results pillars from the 10-Year-Strategy of the Bank, which is depicted in the diagram below.



A. CAPACITY DEVELOPMENT: IMPROVING ACCESS TO MARKET INFORMATION

INVESTMENT PROMOTION TECHNICAL ASSISTANCE PROGRAM (ITAP)



The ITAP program implemented eight interventions in 2020, benefiting all IsDB MCs, in addition to a significant number of non-member countries.

It is worth mentioning that this year witnessed higher participation from the IsDB MCs because most of the interventions were delivered digitally.



The ITAP grant program organized several virtual events to discuss issues related to the pandemic's impact on the attraction of FDI.

ITAP interventions were geared towards supporting IsDB MCs in their response to COVID-19 and its negative impact on FDI. ITAP 2020 interventions benefited over 1000 direct beneficiaries with 400 training days and supported the development of seven knowledge products (two research papers and five videos). The interventions were delivered in partnership with several international and regional institutions such as United Nations Conference on Trade and Development (UNCTAD), D-8, World Bank Group, World Association of Investment Promotion Agencies (WAIPA), Annual Investment Meeting (AIM Dubai), the League of Arab States (LAS) and World Free Zones Organization.

The ITAP grant program organized several virtual events to discuss issues related to the pandemic's impact on the attraction of FDI and IPAs and potential mitigation approaches. For example, convening a High-Level Expert Group Meeting for Arab investment agreements negotiators and officials in partnership with the UNCTAD and LAS.

In addition, several other investment promotion activities under the pillars of the Regional Cooperation and Integration (RCI) strategy were conducted by various grant programs such as (i) technical assistance for Niger's newly-established IPA, ANPIPS, in partnership with the World Bank Group; and (ii) institutional capacity development project for the Gambia IPA, GIEPA, in collaboration with WAIPA.

THE REGIONAL COOPERATION AND INTEGRATION (RCI) GRANT PROGRAM

In 2020, the RCI grant program implemented two key interventions, benefiting all IsDB MCs. The RCI interventions focused mainly on improving the effectiveness of the available regional cooperation mechanisms to be able to address the emerging challenges from the COVID-19 crisis. RCI 2020 interventions seeks to benefit 240 direct beneficiaries with 5,560 training days and support the development of ten knowledge products. The interventions were delivered in partnership with several international and regional institutions such as UNECE, UNECA, UNESCWA, GIZ and the African Continental Free Trade Area (AfCFTA) Secretariat.



RCI 2020 interventions seeks to benefit 240 direct beneficiaries with 5,560 training days and support the development of ten knowledge products.

The RCI program continued the implementation of multi-year flagship interventions, such as the commercialization studies on the Trans-Saharan Road (TSR) Corridor connecting Maghreb (Algeria and Tunisia) with Sub-Saharan Africa (Chad, Mali, Niger and Nigeria); the railway corridor between the IsDB MCs in the Economic Cooperation Organisation (ECO) region (Kazakhstan, Turkmenistan and Iran); Enhancing Regional Connectivity through Geographical Information System (GIS) for MCs in the ECO and MENA regions; and establishing a Digitalization of Transport Observatory for the Maghreb MCs of IsDB (Algeria, Libya, Mauritania, Morocco, and Tunisia).





In addition to the above, the RCI agenda of the Bank is further strengthened by several flagship studies that are being undertaken against the backdrop of the COVID-19 crisis, for instance an “Impact of COVID-19 on Regional Cooperation and Integration (RCI) Thematic Areas” Report is under finalization, which aims to assess the impacts of COVID-19 on the thematic areas of RCI policy, strategy and its various dimensions. A similar study is also underway on “The Impact of COVID-19 on FDI and IPAs in IsDB MCs”, which focuses on the impact of COVID-19 on the domestic and FDI landscape.

One of the marquee initiatives of 2020 is the IsDB’s support (alongside The International Islamic Trade Finance Corporation (ITFC)) of the establishment and operationalization of the largest Regional Economic Community, the AfCFTA. This intervention aims to boost Intra-African Trade with the objective of creating a single continental market for goods and services with free movement of business, human capital and investments. This will pave the way for the accelerated establishment of the Customs Union and expand the intra-African trade by harmonizing trade liberalization mechanisms across different Regional Economic Communities within the continent.



AfCFTA aims to boost Intra-African Trade with the objective of creating a single continental market for goods and services with free movement of business, human capital and investments.

The intervention will form a longstanding engagement between IsDB Group and AfCFTA beyond 2020, comprising of three components;

- ▶ Supporting the creation of the AfCFTA Secretariat, the outputs and outcomes of which will focus on training RCOs, establishing the AfCFTA secretariat, and putting in place the baseline studies and capacities requisite for the operationalization of the AfCFTA;
- ▶ Supporting the operational instruments of the AfCFTA, the outputs and outcomes of which will focus on studying the regional trade landscape, identifying opportunities for trade creation and trade framework reforms to enable trade liberalization; and;

- ▶ Supporting the formulation of National Strategies and their implementation, the outputs and outcomes of which will focus on evidence based multilateral stakeholder consensus building on new trade relationships and collectively ratifying action plans for their implementation.

THE TECHNICAL ASSISTANCE PROGRAM (TAP) FOR REGIONAL AND GLOBAL INTEGRATION



The TAP program implemented six interventions in 2020, which benefited all IsDB’s MCs. This year’s interventions responded swiftly to IsDB MCs’ rising needs amid the COVID-19 crisis, including trade digitization, aligning trade negotiation positions within the new global order and access to health markets.

TAP interventions will benefit 600 direct beneficiaries with 7,200 training days and support the development of eight knowledge products. The interventions were delivered in partnership with several international and regional institutions such as D-8, ICDT, WTO, UNCTAD, ITC, BADEA and AMF.



TAP interventions will benefit 600 direct beneficiaries with 7,200 training days and support the development of eight knowledge products.

Under the TAP program, the Bank organized a number of important meetings in a virtual format due to the COVID-19 pandemic. This year the following events were held:

- ▶ Training Workshop on WTO agricultural negotiations and their impact on trade of agricultural products among the OIC MCs (attended by over 100 high level officials from various organizations);
- ▶ Webinar on the Impact of COVID 19 on Intra-OIC Trade and Investment Regional Integration (attended by over 250 officials and members of the public; 70 percent of whom were from IPAs);
- ▶ High-Level Regional Dialogue on WTO Accessions for the Arab Region (attended by over 60 high level officials from various organizations);
- ▶ International Conference on OIC Regional Trade Integration Approaches Action Plan;

- ▶ initiative to Revitalize Health Markets for Universal Access to Primary Health Care in D8 MCs and;
- ▶ Strengthening Value Chains and Market Access in the Economic Community of West African States (ECOWAS) Region.

B. COOPERATION AMONG MCs: MAXIMIZING INTRA OIC VALUE ADD IN GVCs

TECHNICAL COOPERATION PROGRAM

In 2020, a total of 19 operations amounting to US\$ 729,500 were approved under the Technical Cooperation Program (TCP). Through these operations, the Bank provided financing to its MCs for short term technical cooperation interventions. These included:

- ▶ 8 on-the-job training sessions amounting to US\$ 308,500;
- ▶ 4 knowledge sharing events amounting to US\$ 179,000 and;
- ▶ 7 recruitment of experts amounting to US\$ 242,000.

While 10 countries directly benefited from these operations, 44 countries were indirectly benefited through regional activities.

Priority was given to the LDMCs. These interventions addressed the capacity development needs of MCs that were required rapidly, especially to withstand the negative impacts of the COVID-19 pandemic.


The Reverse Linkage activities of the Bank continued to connect Member Countries to facilitate the exchange of expertise, technology, and resources. In 2020, a US\$ 2.3 million grant was allocated for Reverse Linkage interventions. Four of the Reverse Linkage interventions were mainstreamed in ordinary operations of the Bank and seven standalone operations were designed. These interventions benefited Burkina Faso, Chad, Comoros, Jordan, Morocco, Nigeria, Senegal, Somalia, Sudan, Uzbekistan and Yemen in the agriculture, health, and water sectors.



In 2020, a US\$ 2.3 million grant was allocated for Reverse Linkage interventions.

During 2020, for the first time, the Bank tapped into the knowledge and expertise available in the diaspora of MCs in

the Reverse Linkage project between Sudan and Palestine on developing the capacities of the National Public Health Laboratory (NPHL), Sudan. Under this project, Palestinian experts from the diaspora will work together with Sudanese experts in the diaspora to build the capacities of NPHL staff through training and coaching in partnership with the Palestinian International Cooperation Agency (PICA).

In its efforts to expand the network of developers outside MCs, through Reverse Linkage, the Bank partnered with Singapore for the first time in 2020. This partnership, through a Reverse Linkage project, allowed the transfer of expertise and technology from Singapore to Jordan in order to develop the capacity of King Abdallah II Design and Development Bureau in producing  N95 masks. This transfer of solution will enable Jordan to be self-sufficient in producing such Personal Protective Equipment (PPE) and also export them to other MCs thus strengthening the country's pharmaceutical industry.


The Bank continued to promote and strengthen the exchange of knowledge, expertise, and resources among its MCs in 2020 with the overall objective of being a key player and partner in South-South and Triangular Cooperation (SSTrC) to its MCs and beyond. The efforts of the Bank in this direction were heavily influenced by the unprecedented circumstances created by the global COVID-19 pandemic.

In this regard, the Bank partnered with the South Centre and in cooperation with the UN Office for South-South Cooperation (UNOSSC) to develop the capacity of MCs for Enhancing National Ecosystems for SSTrC. The capacity development program is set to provide US\$ 20 million in grants with a contribution of US\$ 3 million from the IsDB to MCs.



The Bank partnered with the South Centre and in cooperation with the UN Office for South-South Cooperation (UNOSSC) to develop the capacity of MCs for Enhancing National Ecosystems.

One of the capacity development initiatives carried out through the Reverse Linkage mechanism was the “Africa E-Learning and Knowledge Sharing Platform”. The platform was introduced by the IsDB and its partners, particularly

la Société Marocaine d'Anesthésie, d'Analgesie et de Réanimation to facilitate peer learning and knowledge sharing on preparing and responding to the  COVID-19 pandemic among medical and paramedical staff, as well as decision-makers in the Bank's African MCs.

Since launch in April 2020, the platform has offered awareness sessions and targeted training webinars in French and English to African countries, in addition to facilitating the sharing of medical protocols and guidelines. In total, 17,500 people viewed the webinars, including over 6,000 medical and paramedical attendees from 25 IsDB African countries.



Around 120 speakers from 35 countries (MCs and non-member countries) had the opportunity to share knowledge, best practices, and expertise.

As one of the many achievements of this platform were the bilateral partnerships that were initiated, such as an online certified training program on COVID-19 patient management between Morocco and Chad and Comoros and Mauritania.

The Bank also formulated a Reverse Linkage program on "Building the Capacities of National Laboratories in IsDB MCs" to strengthen the human and institutional capacities of national medical laboratories in MCs.

Under this program, the Bank initiated a Reverse Linkage Regional project between the Pasteur Institute Dakar and the network of 10 laboratories in sub-Saharan countries for capacity building in response to COVID-19. The recipient countries were Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Chad, Guinea, Mali, Mauritania, Niger, and Togo.



The Bank initiated a Reverse Linkage Regional project between the Pasteur Institute Dakar and the network of 10 laboratories in sub-Saharan countries for capacity building in response to COVID-19.

This regional project aimed to build the institutional, organizational, and human capacities of the national labs in African MCs in order to enhance their response to COVID-19 and other communicable diseases. This Reverse Linkage Regional project was selected among 100 projects identified to be presented virtually during the Paris Peace Forum in November 2020.

The 2020 edition of the Forum brought together heads of state, governments and CEOs of major multinationals, as well as several civil society actors in Paris from November 11 to 13 to advance concrete solutions to the challenges posed by COVID-19 and to rebuild a better and more sustainable world.

Additionally, the Bank approved a Reverse Linkage project for Uzbekistan to support the capacity development of its national laboratories in responding to COVID-19. Through this project, the Bank is facilitating the exchange of expertise from MCs that have already developed protocols in testing and treating patients with COVID-19. The Bank also approved two projects for the benefit of Sudan and Comoros to develop the organizational and human capacities of their respective NPHL using the expertise of Palestine and Tunisia respectively.



Through the Reverse Linkage mechanism, the Bank joined its efforts with the "International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR)", which is a public health research organization uniquely equipped with the capacity to conduct disease surveillance and humanitarian response activities and provide clinical services through its hospitals and treatment centers.

Between July and October 2020, the IsDB and ICDDR organized online training on "Biosafety and Biosecurity for Managing COVID-19 in Laboratories and Healthcare Facilities". The training successfully benefited more than 50 technicians of medical laboratories from Somalia, Sudan, and Yemen.

Engaging the private sector in South-South Cooperation is of paramount importance to achieving the SDGs. In this regard, the Bank signed a Memorandum of Understanding (MoU) with Serba Dinamik International Ltd (Serba) in Malaysia,

creating a US\$ 30 million fund to support IsDB's Reverse Linkage projects and activities. In the MoU, Serba agreed to participate as a provider of knowledge and expertise to MCs in multiple sectors.

As a gesture of goodwill and solidarity for the betterment of the Ummah, it has donated a pandemic response package worth US\$ 2.25 million in support of the Bank's Strategic Preparedness and Response Program. In September 2020, Serba in partnership with the Bank already deployed US\$ 550,000 of this donation to Guinea and Senegal. Serba sent a consignment of critical medical items from Malaysia to both countries via airfreight to be distributed locally.

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Serba (Malaysia) in partnership with the Bank has donated US\$ 550,000 to Guinea and Senegal for COVID-19 preparedness.

The Bank identified the Aga Khan University in Pakistan as a potential provider of knowledge and expertise to IsDB African MCs. Aga Khan University is a pioneering institution of higher education that works to improve the quality of life in the developing world and beyond. The University is at the forefront of the fight against COVID-19 in Pakistan, not only through providing high-quality care of infected patients but also through conducting research and implementing courses for health care professionals.

Through this collaboration, the Aga Khan University and the Bank developed the LANTERN project: global capacity building of health care professionals through e-learning. Under LANTERN, a certified on-line training course on infectious diseases management including COVID-19 diagnostic and patient treatment as well as non-communicable diseases



will be provided for the benefit of IsDB MCs. This training is supported financially by IsDB and by the Aga Khan University through the provision of knowledge and expertise. The Republic of Somalia was identified as the first country to benefit from this training, which will be followed by other MCs.

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The Bank in collaboration with Aga Khan University developed on-line training courses on COVID-19 diagnostics and treatment.

C. PRIVATE SECTOR DEVELOPMENT: DOING BUSINESS THE INDUSTRY 4.0 WAY

The Bank engaged with Enterprise Singapore, a government agency under the Ministry of Trade & Industry to look at opportunities for Singaporean companies from various sectors to participate as providers in sustainable and mutually beneficial Reverse Linkage activities. This collaboration between Enterprise Singapore and IsDB opens opportunities for both organizations, including accessing possible tangible benefits like market access, creating new revenue streams via Joint Ventures and projects, and access to reliable public and private sector network; in exchange for sharing of relevant knowledge, technology and expertise to the Bank's MCs.

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A Reverse Linkage project facilitated development of an AI solution for Ministry of Health (Indonesia) by a Singaporean private firm.

As a result of the facilitation of the Bank, a Reverse Linkage project between Indonesia and Singapore in Artificial Intelligence and Advanced Analytics is being developed, where ADDO AI - a private AI solution provider in Singapore will be responsible for developing a customized platform that will be incorporated into Indonesia's Ministry of Health's (MOH) existing data center infrastructure. This will improve the capacity of MOH to analyze huge volumes of data i.e. human and medical resources, as well as infections from hospitals, medical production facilities, regional coordination agencies and others; providing the right analysis for the Government to effectively combat the COVID-19 pandemic.

D. ECONOMIC AND SOCIAL INFRASTRUCTURE: BUILDING GREEN VALUE-CHAIN ENABLING INFRASTRUCTURE



AGRICULTURE



REHABILITATION AND UPGRADING OF IRRIGATION AND WATER RESOURCES MANAGEMENT PROJECT IN PASHTUN ZARQUN DISTRICT - Afghanistan

The Bank financed the rehabilitation and upgrade of primary irrigation canals and intake networks in the plains of Pashtun Zarqun District of Herat Province in Afghanistan. This improved the rural livelihood of farmers in the area and resulted in an irrigation of 23,000 hectares and provided access to potable water to an estimated 11,000 households.

In Cote d'Ivoire, the Bank completed the hydro-agriculture project in the Upper Sassandra area, which resulted in the construction of three small water retention earth dams and the development of 332 hectares of irrigable land.

In Bangladesh, the Bank financed a US\$ 16.9 million project to support small holder farmers in the region devastated by the powerful cyclone "Sidr". The project resulted in the capacity building of 123,000 farmers and established six market centers connecting them with 46 km of local roads.

In Sudan, the Bank financed the Cotton Ginning Project by improving ginning through the replacement of obsolete machines enabling employment for 150,000 persons.



HYDRO-AGRICULTURAL DEVELOPMENT PROJECT IN UPPER SAS- SANDRA AND FROMAGER REGIONS (PHASE II)

With an approved cost of US\$ 17.6 million, of which US\$ 15.4 million was financed by IsDB, this project was aimed at enhancing smallholder food security through (a) construction of three (3) earth dams for a water retention capacity of 8, 070 m³; (b) development of 332 hectares for rice and vegetables cultivation; (c) setting up and strengthening of farmers and rural producer organizations' capacities through training in improved agricultural practices, construction of storage warehouses, and supply of agricultural inputs and equipment to beneficiaries.

The project has led to increased yields of rice, wheat and vegetables (average increase in rice yield is 5.075 tons per hectare), enhanced smallholder food security and improved socio-economic conditions. Complementary investments in road infrastructure have helped improved market access, and the smallholder farmers are able to transport their surplus produce to the market, resulting in a reduction of post-harvest losses and improved quality and price of vegetables and other crops.





EDUCATION

In Bangladesh, the Bank financed a US\$ 18 million project to improve the quality of primary schools and classrooms in rural areas at risk of flooding and cyclone disasters. This project resulted in the construction of nearly 920 new classrooms benefitting 30,000 students.



PRIMARY EDUCATION DEVELOPMENT PROJECT Bangladesh

In Bangladesh, the Bank also financed a US\$ 10.5 million project to enhance the learning environment of madrassas in low land and flood prone areas. This resulted in the construction of 285 classrooms in 95 Madrassas with proper furniture and space; 95 arsenic free tube-wells, 95 operational multi-media facilities for Information, Communication and Technology applications in teaching, and the training of 600 teachers in computer literacy.



In Indonesia, the Bank completed a US\$ 32.5 million project to improve access to Vocational Training Centers. This resulted in the construction of 22 new buildings, training over 300 teachers and benefitting more than 43,000 students.

In Sierra Leone, the Bank completed technical and vocational training, which provided training to nearly 7,000 students and mitigated the general shortage of skilled manpower.

In Cote d'Ivoire, the Bank financed an US\$ 8 million project rebuilding 41 vocational training centers in areas affected by the civil war. This project also resulted in the paving of over 400km of rural roads and the construction of 11 health facilities.

In Burkina Faso, the Bank completed the construction of student accommodation at the University of Bobo Dioulasso providing lodging for over 10,000 students.

In addition to educational projects in MCs, a number of grants were provided for Muslim communities in non-member countries benefitting over 4,000 students in Ethiopia, Malawi, Kenya, Trinidad and Tobago, Canada, USA, South Africa, Bosnia and Herzegovina, Burundi, Nepal and the Netherlands.



HEALTH

In Mauritania, the Bank contributed US\$ 20.1 million to develop the National Cardiology Center. The project resulted in the construction of an 80 bed hospital, which has contributed to reducing mortality and morbidity from the main cardiovascular diseases through early detection and management.



RECONSTRUCTION AND UPGRADING OF OKMEYDANI TRAINING HOSPITAL - Turkey

In Turkey, the Bank finished the reconstruction and upgrading of Okmeydani Training Hospital under the Istanbul Seismic Risk Mitigation and Preparedness Project. This hospital benefits an estimated 2.5 million outpatient visitors and has a 876 bed capacity.



In Senegal, the Bank helped reduce morbidity associated with malaria through awareness and prevention programs, which distributed 1.3 million long lasting insecticidal nets and benefitted nearly 2 million people.

In non-member countries, the Bank contributed towards the construction of Al Shifa Primary Health Center in Zimbabwe which enabled affordable health services to over 1,000 patients.

In Bosnia and Herzegovina, the Bank participated in the construction of a health rehabilitation center with a total area of 2,500 square meters, which contributed towards improving the health and social conditions of people with disabilities.



ENERGY



DEWA 800MW PHOTOVOLTAIC SOLAR POWER PLANT – PHASE III - UAE

In the UAE, the Bank completed the 800 MW photovoltaic solar power plant project, which helped meet the increasing energy needs of Dubai. Similarly in Saudi Arabia, the Bank participated in the construction of the Fadhili Combined Heat and Power project, which generated a capacity of 1,509 MW equivalent using non-renewable sources.



In Tunisia, the Bank completed the Mornaguia Gas Turbine Power Plant Project, which generated a capacity of 600 MW equivalent of energy. In Egypt, the Bank completed the South Helawn Power Plant Project, which installed energy generation capacity of 1950 MW equivalent using non-renewable sources and connected a population of 8.5 million households with electricity grid. In Uganda, the Bank successfully completed a grid rural electrification project, which connected nearly 16,000 rural households to electricity grid with a total transmission line of nearly 2,000 kilometers.



WATER AND HOUSING

In Morocco, the Bank supported a water supply project that met the increasing demands of the city of Fes and constructed a supply line that extended for 262 kilometers.

In Bangladesh, the Bank constructed a housing project for a cyclone prone population, which sheltered 1,400 households and provided improved sanitation facilities for 7,000 people.



CONSTRUCTION OF MODERN RURAL HOUSING PROJECT (PHASE-2) - Uzbekistan

In Uzbekistan, the Bank constructed modern housing projects, which provided shelter to over 2,000 households and connected them with water supply that extended to 62 kilometers, as well as a rural road extending to 75 kilometers.



In Bahrain, the Bank completed a water supply project that provided water supply to over 700,000 consumers in the Central area, and new residential and commercial areas.

In Indonesia, the Bank contributed to improving the overall health condition of low-income communities through basic sanitation infrastructure facilities and helped prevent the spread of water borne diseases to a population of 70,000.



TRANSPORTATION

In Indonesia, the Bank completed the development of the Belawan Port, which increased its annual capacity by 35,000 tons. The Bank also financed the construction of 76 kilometers of express highway in Indonesia's Java Island. In the Maldives, the Bank reconstructed harbors in 10 islands and increased annual shipping capacity by 170 tons.



UPGRADING OF DAKAR EXPRESSWAY SECTION II PROJECT Senegal

In Senegal, the Bank completed the Dakar Regional Express Train project enabling a smoother commute for a population of 40.6 million annually. In Cote d'Ivoire, the Bank paved 175 kilometers of rural road, which contributed towards the economic and social development of the north-west region of the country and promoted regional integration with neighboring countries. In Gambia, the Bank paved 13.5 kilometers of double carriage highway connecting Sukuta with Jambanjelly. In Oman, the Bank contributed towards the dualization of the Ibra-Alkami Road extending it to 91 kilometers.



INDONESIA DEVELOPMENT OF BELAWAN PORT (PHASE I) PROJECT

The Port of Belawan is the third largest port in Indonesia after Jakarta and Surabaya. It is located on the Malacca strait, which is the main shipping channel between the Indian Ocean and the Pacific Ocean, linking major East Asian economies such as China, Japan, South Korea, and Taiwan with South Asian and Middle Eastern economies. The Project was financed by IsDB and the Government of Indonesia with a total cost of US\$ 139.31 million.

The project was completed in the late 2019 and resulted in the extension of the container terminal berth by 10,500 m2 and expansion of the container yard by 157,700 m2. Details of works included dredging, land reclamation, vertical drainage and soil compaction, revetment construction, and development of storm water drainage system, service roads and utilities.

Increased capacity has enabled the Belawan port to accommodate a larger number of container vessels with a higher loading capacity and ship turnaround time savings, contributing to the overall economic growth of North Sumatra province, Indonesia.

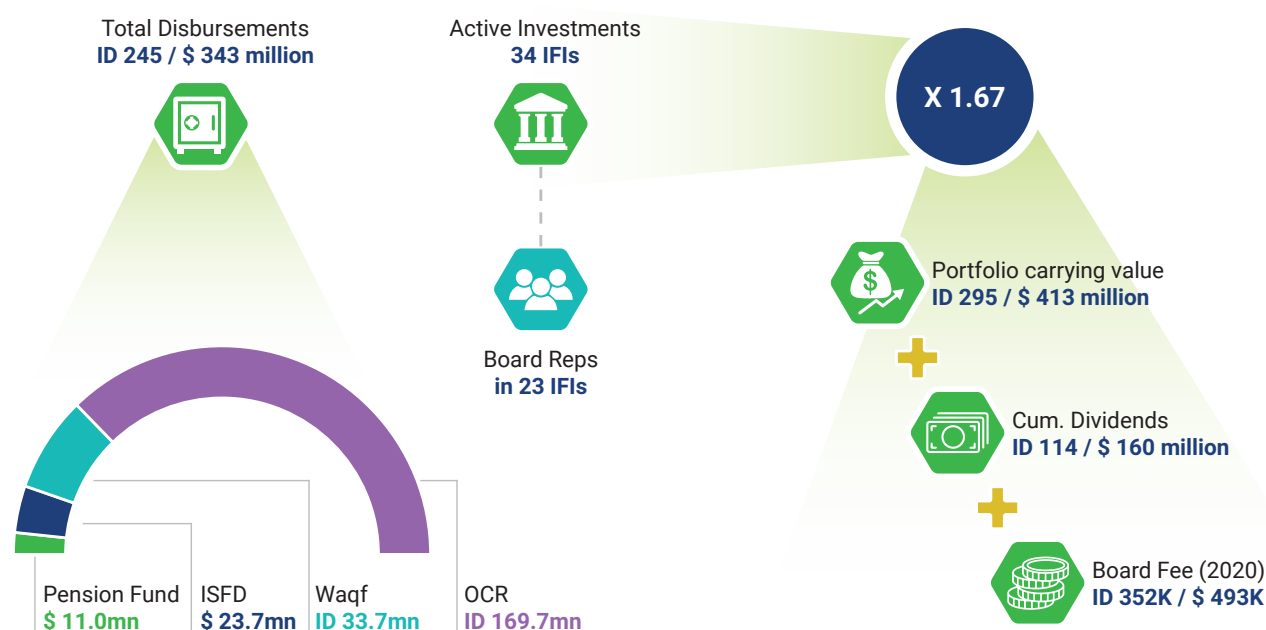


E. ISLAMIC FINANCE DEVELOPMENT: REPOSITIONING ISLAMIC FINANCE FOR DEVELOPMENT

IsDB has supported the establishment and strengthening of IFIs through equity participation, as well as active participation on the Board of Directors of investee IFIs. The IFIs include Islamic banks, investment companies, microfinance institutions and Takaful companies. The IFIs Equity Portfolio is managed and monitored to ensure compliance with IsDB policies and the continuous enhancement of shareholder value of IFIs.

By the end of 2020, the IFIs Equity Portfolio consisted of 34 Islamic financial institutions, spread across 23 countries, with a total disbursed amount of ID 245 million. During 2020, the market value of most listed equities fluctuated largely because of the uncertainty caused by COVID-19 pandemic. However, as the businesses gradually coped-up with the challenges of operating in a different environment, eventually most of the equities gained in value to reach and in some cases exceed pre-COVID-19 valuation.

Figure 13: IsDB MCs with Least Gross Enrollment Ratio, Primary, Total (%) (latest available)



The IFI portfolio is currently dominated by 18 Islamic banks, which constitute approximately 52.9 percent of the portfolio. Investment companies come second at 17.6 percent, followed by Takaful companies at 11.8 percent.

In terms of investment size, investments between ID 3-6 million and investments greater than ID 6 million hold the largest share of the portfolio with 29.4 percent in each category. This is expected to change due to the projected increase of investments in smaller size IFIs in areas where the sector is less developed.

The average holding period of 19.8 years exceeds the recommended limit of 7-10 years stipulated in the OCR

Figure 14: Sector (by number of IFIs)

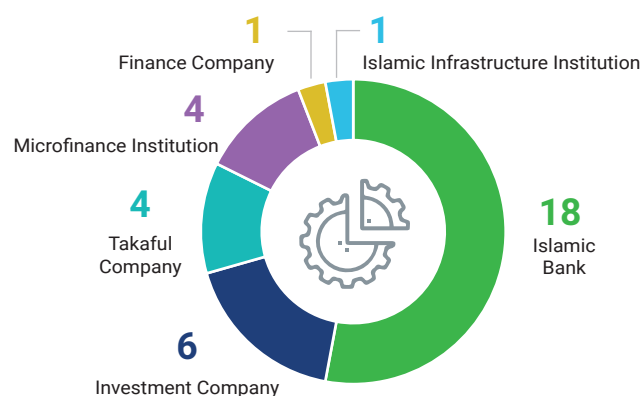
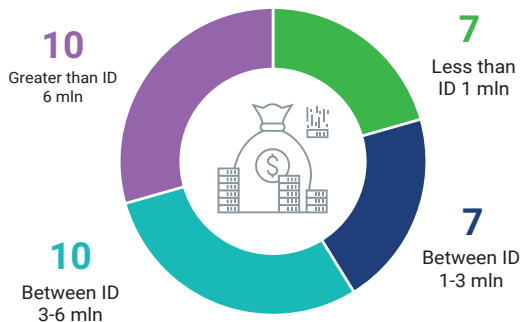


Figure 15: Investment Size (by number of IFIs)



guidelines. This is mainly because investments in earlier years did not give enough weight to exit strategies when assessing potential investments. IsDB has since updated its strategy and is in the process of assessing potential exit candidates to bring down the average holding period to more acceptable levels.

In general, IFIs usually pay less dividends than companies in other sectors due to capital adequacy regulatory requirements. However, this is usually compensated by the increase in the intrinsic value of IFIs and is usually expected

Figure 16: IFI Equity Portfolio: Select Development Impact



to reflect in the capital gains realized at the time of exit. Overall, the IFI Equities Portfolio has generated cumulative dividends of ID 114.4 million. During 2020, IsDB also received ID 352,000 from Board of Directors attendance fees from IFIs.

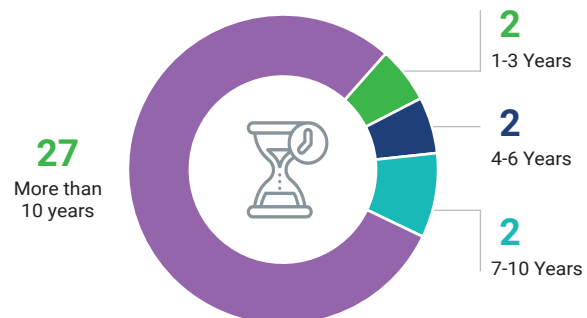
of matched investments subscribed by public and private sector investors. The combined asset value of all these IFIs suggests that for every ID 1 disbursed by IsDB, financial assets of ID 200 have been created in the economy thus promoting sustainable economic growth.

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Overall, the IFI Equities Portfolio has generated cumulative dividends of ID 114.4 million.

The income from equities (dividends and capital gains) has been a key contributor to the overall income of IsDB, enabling diversification and enhancing financial resilience. Through these equity investments, IsDB has helped to establish and strengthen the Islamic finance sector in many countries. IsDB's subscription in the equity suggests 7 times leverage

Figure 17: Holding Period Category (by number of IFIs)



TECHNICAL ASSISTANCE

In 2020, the Bank launched nine new approved Islamic finance technical assistance projects and completed 13 under implementation projects while delivering an additional 14 capacity building projects. These projects cover a diverse set of countries, including Afghanistan, Algeria, Azerbaijan, Bahrain, Indonesia, Kyrgyz Republic, Morocco, Tunisia, Uganda, and other regional and global impact projects.

These projects address a diverse spectrum of topics ranging from Islamic banking, Sukuk, Takaful and Islamic Social Finance, and seek to create an enabling Islamic finance environment through development of legal, regulatory and supervisory guidelines, product development, market infrastructure development, consideration of ethical and green finance perspectives, women's empowerment, achievement of SDGs and financial inclusion through Islamic finance. The Bank continues to monitor, supervise and implement a portfolio of over 50 Islamic finance technical assistance and capacity building projects.

CAPACITY BUILDING AND PROMOTION OF ISLAMIC FINANCE

In 2020, the Bank oversaw the issuance of 23 technical documents of best practices for the global Islamic finance industry through IsDB's six Islamic Finance Infrastructure Institutions and other international organization partners. The Bank also launched two new initiatives, the Islamic Finance Country Assessment Framework (IF-CAF) and the Islamic Finance Impact Publication campaign, and finalized the proposal for a third, the Islamic Finance Impact and Strategy Assessment Program (IFISAP).

IF-CAF is a key program that aims to connect IsDB's core strategic pillar of Islamic finance development with various Bank initiatives, such as GVC, MCPS and Operations Evaluation Department (OED) Key Recommendations, etc. The first stage of the project was to establish an effective assessment framework to enable the early identification of strengths and weaknesses of an Islamic finance ecosystem in a country e.g. legal, regulations, supervision, tax, governance, financial inclusion, etc. Using this framework, proposals for the most suitable IsDB intervention strategies will then be made to derive maximum impact and effectiveness for Islamic finance development. The second stage of the project will begin in 2021 and will be an actual field study

and assessment of IsDB MCs. This project is expected to continue on a long-term basis to cover all 57 IsDB MCs, as well as support MCPS and GVC initiatives.



The Islamic Finance Impact Publication aims to provide awareness to both Member and non-member countries on the potential of Islamic Finance Sector.

The second initiative, the Islamic Finance Impact Publication campaign, comprising a digest, animation and report, features under the "Awareness" track of the IsDB P5P, and is targeted to relevant organizations across various IsDB member and non-member countries, including ministries, central banks, capital market authorities, insurance agencies and so forth. The campaign will also update the IsDB Board of Executive Directors and Board of Governors to raise their awareness about IsDB's technical assistance and advisory impact on the Islamic financial sector's development. In-line with the Bank's Strategic Direction, the campaign and all related publications will be available in the Bank's three main working languages: Arabic, English and French.



The third initiative, the IFISAP will assess the impact of the Bank's Grant Projects in Islamic Finance and is being launched with the following aims and objectives:

- ▶ Assessment of the various Islamic finance technical assistance and advisory intervention programs
- ▶ Evaluation of the impact of those programs on Islamic finance development in MCs and non-member countries
- ▶ Improvement in programs to improve the effectiveness of the interventions
- ▶ Development of suitable strategies in future intervention programs based on earlier success factors identified and lessons learned.

Altogether, in 2020, the Bank utilised nearly US\$ 2.5 million of grant financing for supporting 9 technical assistance projects and 14 capacity building and awareness activities relating to Islamic Finance. These grant financed projects will have longer-term impact for the development, growth and promotion of the Islamic financial services industry across various sectors, including banking, takaful, sukuk, awqaf, zakat, and through diverse means such as the development of legal and regulatory frameworks, new product development, standardization of contracts and the harmonization of best-practice policies.

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Altogether, in 2020, the Bank utilised nearly US\$ 2.5 million of grant financing for supporting 9 technical assistance projects and 14 capacity building and awareness activities relating to Islamic Finance.

Overall, the Bank continues to monitor the Islamic finance-related technical assistance and advisory needs of IsDB member and non-member countries (in partnership with other multilaterals, such as the IMF, UNDP and World Bank) to address any gaps for the effective development of the Islamic finance industry.

F. RESILIENCE AND SOCIAL DEVELOPMENT: BUILDING RESILIENT MARKET SYSTEMS

NGO STRENGTHENING PROJECTS

In Yemen, the Bank supported the capacity building of over 340 staff from 20 NGOs to enable them to effectively and efficiently respond to the needs of a war-affected population. Moreover, US\$ 10,000 was distributed to 5 NGOs to enhance their institutional capacity and performance.



CAPACITY BUILDING OF LOCAL NGOS

Uganda

The Bank also supported the capacity building of local NGOs and committees for WASH projects in Uganda, where over 2,900 beneficiaries were trained in delivering proper standardized WASH services. This contributed to a 70 percent reduction of water borne diseases in the local area.



The Bank contributed towards building community resilience in the conflict affected Borno State of Nigeria by strengthening selected Agro-Food Value. Through this grant, over 200 youth-led businesses and farmers were empowered with agri-business skills that helped boost their productivity and allowed them to access and use information from digital platforms.

In Somalia, the Bank also contributed towards improving the employability of 250 internally displaced youth (of which 50 percent were women) through skills development training to help them acquire the skills needed to access employment

opportunities in the labor market. As a result, around 80 percent of the trained youth were employed and received income from small businesses.



EMERGENCY RELIEF PROJECT

Sierra Leone

EMERGENCY RESPONSE PROJECTS

In 2019, several flood incidents affected many communities in Sierra Leone. The Bank extended a grant of US\$ 100,000 to distribute food and necessities to shelter affected communities. A total of 4,946 people were served, of which 2,538 were women. With the spread of COVID-19, volunteers in districts affected by flooding undertook house to house visits and sensitized 1,639 people representing 273 households on the prevention and containment of COVID-19.



In May 2019, Bamako (Mali) received torrential rain of 138 mm in height within a few hours, causing severe flooding in 4 of the 6 municipalities of the District. These floods affected 368 households, corresponding to 2,576 people affected, including 16 dead, 2 missing and 2 injured. Over 368 households were displaced or affected by the flash floods. The Bank responded to the emergency with a grant of US\$ 300,000 and distributed food and non-food necessities to the affected population.

The start of rain season in Yemen exacerbated the vulnerabilities of thousands of people already in a dire condition due to ongoing conflict. Torrential rainfall and deadly floods during April 2020 disrupted lives, causing large-scale damage to both public and private property, multiple casualties and new waves of displacement. To support those affected, the Bank extended a grant of US\$ 200,000 to a total of 1,861 households in the region of Ma'reb and Aden.



DARUL ULOOM BOYS SCHOOL

Trinidad and Tobago

OUTREACH PROGRAM FOR MUSLIM COMMUNITIES IN NON-MEMBER COUNTRIES

The Bank participated in building modern science facilities for Darul Uloom Boys School in Trinidad and Tobago to enhance the quality of education in sciences and to enable the school to meet the Ministry of Education's standards. The total cost of the IsDB assisted new school laboratory is US\$ 646,000, with

contributions from the local community. The science lab building consists of three floors, containing a multi-purpose auditorium, assembly hall, examination hall, lecture hall and convention hall, which hosts audio and visual events. In addition, the building accommodates five large classrooms, as well as computer and science labs for 60 students.



Safa and Marwa Islamic School in Mississauga, Canada is one of the only three high schools in the area serving around 500,000 Muslims. It provides an environment to stimulate the innovation and creativity of its students. The Bank contributed towards the expansion of the school by constructing Innovation Labs to run innovation programs and competitions. The new expansion accommodates the enrollment of 120 students at the school, making the total number of students 850.

The Bank also participated in the improvement of the learning environment of Austin Peace Academy in Texas, USA through the expansion of the school building in order to provide a better learning space for the 266 students enrolled in the school.



SCHOLARSHIP PROGRAM

The Bank has been funding its renowned Scholarship Program since 1983. Under the program, scholarships are offered to students and scholars for undergraduate, post-graduate and PhD studies, as well as post-doctoral research to build the right competencies, with a special focus on 'Sustainability Sciences' to empower communities and assist them in achieving the SDGs.

The Bank awarded scholarships to 1,221 students distributed across the following:

- ▶ 746 students from 109 countries for the Undergraduate Programme
- ▶ 196 students from 92 countries for the Masters' Programme
- ▶ 160 students from 58 countries for PhD & Post-Doctoral Programme
- ▶ 119 students from 20 IsDB Least Developed Member Countries (LDMCs) for the IsDB Islamic Solidarity Fund for Development (ISFD) Programme.



The Bank awarded scholarships to 1,221 students

It is worth noting that for the first time, the Program reached out to sponsor students from eight new Muslim Communities i.e. Angola, Botswana, British Indian Ocean Territory, Dominica, Haiti, Peru, South Sudan and Swaziland. Furthermore, female scholars have historically been outnumbered by male scholars, but efforts to promote the Program among women has led to an increase in the proportion of female scholars



in 2020 to: 54 percent for Undergraduate, 49 percent for Masters' and 50 percent for PhD. This improvement was the result of targeted efforts by the Bank to look for qualified female candidates for awarding scholarships to contribute towards achieving SDG No.5 (Gender Equality).

WOMEN EMPOWERMENT

In Bangladesh, the Bank supported a female empowerment program for rural women between the ages of 19-35 to acquire livelihood skills in the garment industry. Through this program, over 300 women were successfully trained, and an additional 180 women gained employment.



Similarly, in Niger, the Bank supported a capacity development program for women to learn technical, entrepreneurial and commercial skills, which resulted in the training of 300 women and secured employment for another 250 women.

TRUST FUNDS

In October 2000, an emergency Arab Summit was held in Cairo to establish vital funding support and financial mechanisms to support the socio-economic development and reconstruction of Palestine. The Arab League created the Al-Aqsa Fund to provide support to the Palestinian economy, entrusting the IsDB to manage the funds.

As part of the Al Aqsa Fund, the IsDB is managing trust funds contributed by the Arab Fund for Economic and Social Development, Arab Monetary Fund, Arab Bank for Economic Development in Africa, Kuwait Fund for Development, Saudi Fund for Development and other donors. The total portfolio size of the Trust Funds is now over US\$ 1.5 billion, with new approvals in 2020 of approximately US\$ 45.5 million. Once completed, these new projects will add results to the indicators already achieved below.



The total portfolio size of the Trust Funds is now over US\$ 1.5 billion, with new approvals in 2020 of approximately US\$ 45.5 million.



G. RESULTS SUMMARY CONTRIBUTING TO SDGs

The table below presents the summary of development results achieved by 32 projects and 19 grants that were completed during 2020. The results have been clustered by the SDG and aggregated by IsDB Core Sector Indicators.

Table 4: Actual Results from Completed Projects in 2020

SDG	Sector Indicator	Result Achieved
	Shelters/houses built, upgraded or rehabilitated (number)	5,202
	Area irrigated (hectares)	332
	Health facilities constructed or upgraded or equipped (number)	3
	Health personnel trained	694
	Number of beds added to health facilities (number)	700
	People benefitting from outpatient services annually (number)	10,417,565
	Preventive healthcare - Number of Long Lasting Insecticidal Nets (LLINs) distributed (Malaria)	1,600,000
	Preventive healthcare - Number of people reached through awareness campaigns (number)	1,300
	Accommodation - Number of persons accommodated (number)	1,895
	Class rooms built or upgraded in primary/secondary education (number)	2,040
	Institutions built or upgraded or equipped (number)	26
	Students benefitted (number)	89,361
	Teachers/Faculty/staff trained (number)	840
	Households with access to improved sanitation (i.e. latrines, sewage system) (number)	111,293
	Households with access to potable water supply systems (number)	700,000
	Water supply Network installed or upgraded (length in KM)	97
	Installed energy generation capacity using non-renewable sources (MW equivalent)	2,109
	Installed energy generation capacity using renewable sources (MW equivalent)	200
	Reserve electricity generation capacity increased	13
	Substations, Installed, upgraded or Rehabilitated (MVA)	64
	Transmission /Distribution lines installed, upgraded or rehabilitated (km)	4,369
	Market centers established, upgraded or rehabilitated (numbers)	5
	People employed (number)	556
	People trained (number)	153,685
	Annual capacity increase at maritime ports (tons)	107,260
	Expressways and National or Regional highways built, upgraded or rehabilitated (km)	152
	Local/Rural roads built, upgraded or rehabilitated (km)	147

Table 5: Planned Results from Projects and Grants Approved in 2020

SDG	Sector Indicator	Project Results
	Capacity of public institutions (e.g., Ministry of Agriculture/livestock) built	200
	Farmer's organizations capacity built or trained	8
	New irrigation network designed and installed	693
	Health facilities constructed or upgraded or equipped (number)	188
	Health personnel trained	8,785
	Number of beds added to health facilities (number)	1,507
	People benefitting from outpatient services annually (number)	2,207,432
	Preventive healthcare - Number of people reached through awareness campaigns (number)	15,000,000
	Class rooms built or upgraded in primary/secondary education (number)	77
	Institutions built or upgraded or equipped (number)	8
	Students benefitted (number)	64,000
	Teachers/Faculty/staff trained (number)	1,400
	Households with access to potable water supply systems (number)	1,325,000
	Population with access to "regular" solid waste collection services (number)	773,000
	Sewerage network installed or upgraded (length in KM)	6
	Water supply Network installed or upgraded (length in KM)	1,511
	Substations, Installed, upgraded or Rehabilitated (MVA)	3
	Transmission /Distribution lines installed, upgraded or rehabilitated (km)	1,508
	Associations established or actively promoted (numbers)	4
	IT systems/equipped provided (number)	116
	Market centers established, upgraded or rehabilitated (numbers)	40
	People employed (number)	10,800
	People trained (number)	4,076
	Population accessing microfinance (number)	400
	Women's energy-based rural enterprises developed	50
	Expressways and National or Regional highways built, upgraded or rehabilitated (km)	333
	Local/Rural roads built, upgraded or rehabilitated (km)	626
	Climate resilient measures adopted	200



Special Section: Covid-19 Response Program

The Bank's response to the COVID-19 pandemic has helped MCs to better prepare for the crises, especially within the health and economic sectors.

Together, an estimated 55 million people have benefitted from the Bank's various COVID-19 response programs, including nearly 9 million people who received food supplies, 5 million test kits procured, and 9 million PPE were distributed to health workers. To better prepare hospitals for the influx of COVID-19 cases, over 3,100 Intensive Care Units (ICU) beds were installed. Nearly 1,700 COVID-19 test centers were established, and 20,000 health workers were trained to better handle COVID-19 cases.

The Bank also contributed towards providing social safety nets to affected populations by supporting over 10,000 SMEs, securing the jobs of nearly 225,000 employees and providing finance to another 12,000 people. The Bank assisted nearly 20,000 students through helping to install e-Learning facilities in various schools.



Table 6: Expected Key Results from the Bank's COVID-19 Response Package

	Category	Short indicator	Target Values
	Awareness	Population reached through awareness campaigns	43,345,000
	Capacity Building	Health staff trained	23,596
	Capacity Building	Students educated	20,000
	Food	Population given food supplies	8,900,000
	Hospital Beds	Hospital beds added	7,426
	Hospital Beds	ICU beds equipped	3,110
	Medical Equipment	Medical equipment/supplies	5,316
	Medical Equipment	Ventilators procured	1,712
	Protective Kits	Health workers given PPE	140,789
	Protective Kits	PPE procured	9,622,803
	Social Safety Net	Persons employed	224,670
	Social Safety Net	Population accessed finance	12,000
	Social Safety Net	SMEs supported	10,167
	Test Centers	Hospitals equipped	262
	Test Centers	Labs equipped	150
	Test Centers	POE equipped	1,583
	Testing kits	No. of cases tested	3,942,000
	Testing kits	Testing kits procured	4,902,500
	Others	No. of ambulances and vehicles procured	210
	Others	No. of innovations supported	6



Chapter 3 — — — — —

Operation Evaluation and Lessons Learned

AN ANALYSIS OF PROJECT COMPLETION REPORT (PCR) 2020

PCR is an IsDB self-evaluation instrument to assess project performance, document project achievements and consider the lessons learned at the end of a project. A PCR is conducted by the relevant sector division of Global Practices Directorate and evaluates the project in terms of design, implementation progress, achievement and sustainability of development results, and provides recommendations. A PCR provides a measure of the overall development effectiveness of IsDB operations, and is also the starting point for project evaluation work undertaken by the OED.

While assessing a project's performance at completion using the evaluation criteria of relevance, effectiveness, efficiency

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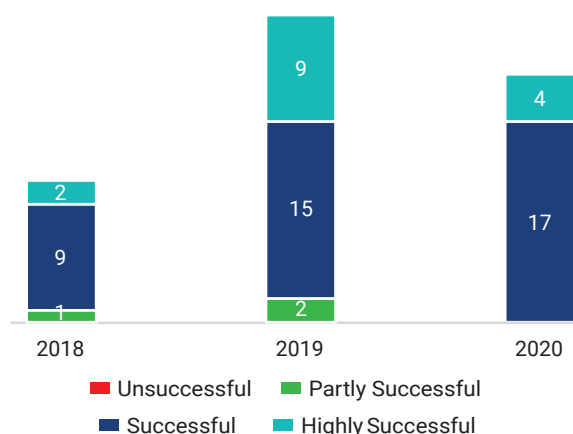
and sustainability, a PCR rates a project as Highly Successful, Successful, Partly successful or Unsuccessful.

During the period 2018-2020, 59 PCRs were completed, of which 21 were carried out in 2020, 26 in 2019 and 12 in 2018. The number of PCRs completed in 2020 declined due to COVID-19, which impacted work and international travel of IsDB HQ Global Practice experts who had to rely on local consultants for fieldwork and meetings with beneficiaries and other stakeholders.

Approximately 19 percent of the completed projects were rated as highly successful in 2020, compared to 35 percent in 2019 and 17 percent in 2018. No completed project was rated as unsuccessful in 2020, an improvement compared to

2 in 2019 and 1 in 2018. Over the last three years, the average PCR score has improved marginally from 0.76 in 2018 to 0.77 in 2019 and 0.78 in 2020.

Figure 18: Project Completion Reports and Ratings



OED ANALYSIS

The evaluation activities of the OED in its 2019 Annual Work Program were guided by the Bank's Board of Executive Directors (BED), the Bank's 10-Year strategy and the P5P. In pursuance of its mandate, the OED undertook a rigorous assessment of the development effectiveness of



IsDB interventions, focusing on the quality, relevance, and usefulness in its products, knowledge dissemination, and productive partnerships with peer institutions.

The OED completed 12 project-level evaluations across six sectors (education, energy, finance, health, transport, water and sanitation) in 12 countries including, Bangladesh, Chad, Djibouti, Gabon, Jordan, Kazakhstan, Lebanon, Mauritania, Morocco, Senegal, Togo, and Turkey. To strengthen its collaboration with other MDBs, the OED conducted a joint evaluation of the Reconstruction of the Oblast-Taraz Road Project in Kazakhstan with the Independent Evaluation Department of the Asian Development Bank (ADB).

At the request of management, the department conducted a Special Evaluation of the Al-Aqsa Fund in the State of Palestine. Furthermore, the department evaluated the effectiveness of the IsDB community outreach interventions in the UK focusing on a cluster of 11 operations. Moreover, 23 project completion reports were validated.

At the macro-level, MCPS Implementation Review for Suriname and the Corporate Evaluation of the IsDB Group Synergy were finalized. Additionally, OED launched a program evaluation of IsDB's Equity Investments in Islamic Banks, two thematic evaluations on the Public-Private-Partnerships, and Projects and Programs Contributing to the Regional Integration in MCs were finalized.



Figure 19: 2019 Evaluations at a Glance

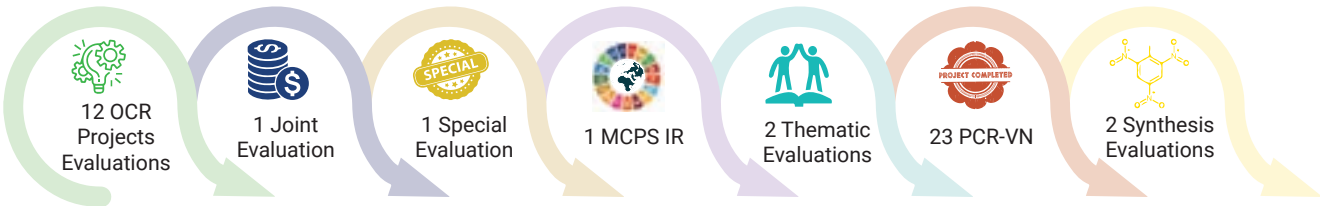
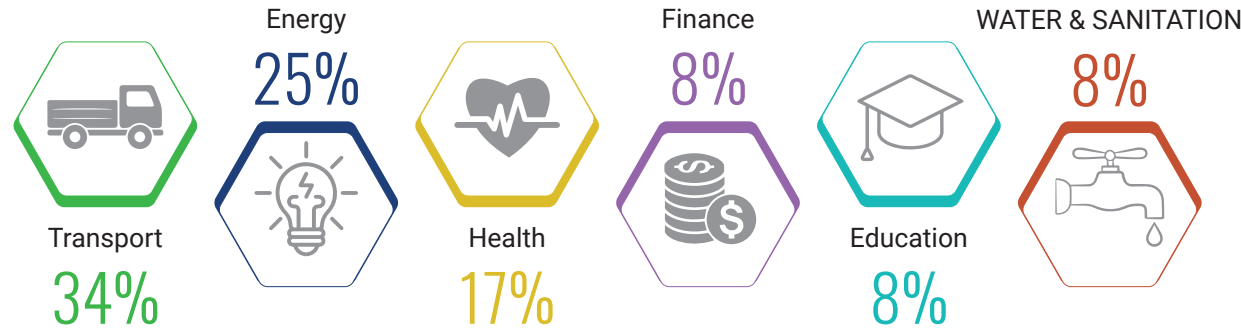


Figure 20: Sector-Wise Distribution of Project Level Evaluations



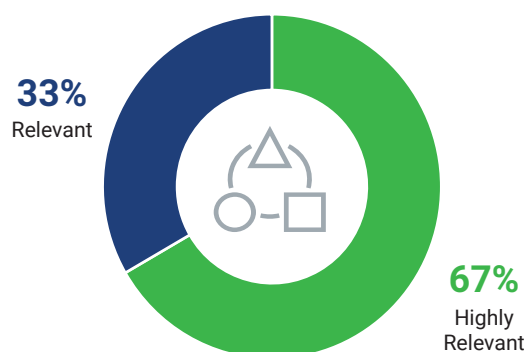
As part of its enabling, learning and outreach function, the department produced and disseminated 11 Knowledge K-Series, 8 Executive Dissemination Notes, and 4 quarterly e-newsletters. Furthermore, OED facilitated 13 internal and external events on the dissemination of findings and lessons and delivered capacity building workshops on monitoring and evaluation of development projects for government officials in MCs, including Bahrain, Kazakhstan and Morocco. Aside from these workshops, OED facilitated a three-day workshop in Senegal on Impact Evaluation with the theme – Transforming Development Through Evidence-Based Policy, in partnership with the Development Impact Evaluation (DIME) Unit of the World Bank.



CRITERIA BASED ANALYSIS OF EVALUATED PROJECTS

Relevance: All post-evaluated projects were found to be relevant to the strategic priorities of MCs and well aligned with the IsDB Group's 10-year strategy. While 67 percent of evaluated projects were rated Highly Relevant, 33 percent

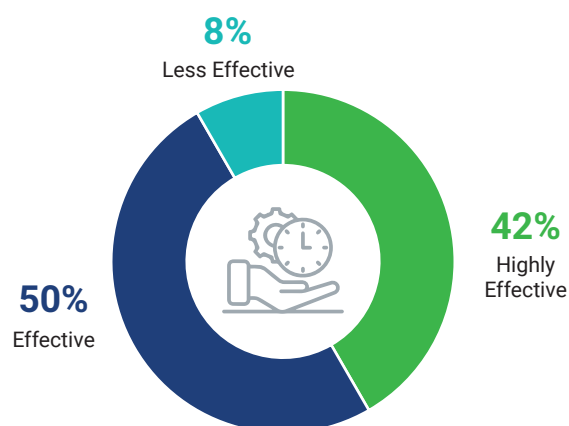
Figure 21: Dissemination of Relevance Assessment



were rated Relevant. Despite this positive rating, many project objectives were not coherent with outputs directly linked to the intended outcomes. In particular, more than half of evaluated projects did not have an appropriate results-based logical framework (RBLFs) to aid monitoring and tracking of development results.

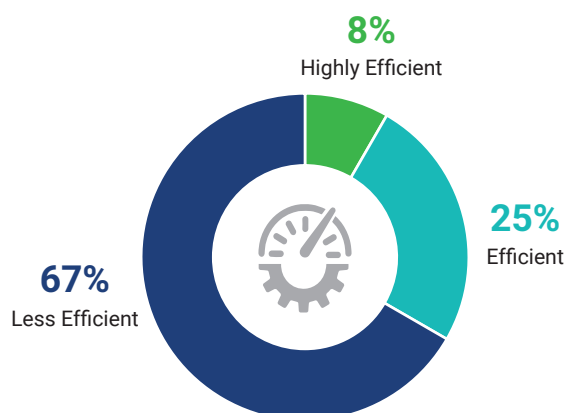
Effectiveness: The majority (92 percent) of evaluated projects were rated either Highly Effective or Effective with only 8 percent of projects rated Less Effective. Relative to development results, most projects achieved their planned outputs and contributed to achieving the intended developmental outcomes, thereby yielding positive impacts on intended beneficiaries in MCs. Nevertheless, the effectiveness of some projects were constrained by several factors, including delayed release of government counterpart funds, low utilization of funds and high-cost overruns. A lack of baseline data at project design and during implementation, and data on the country's key indicators at post-evaluation remain a challenge.

Figure 22: Distribution of Effectiveness Assessment



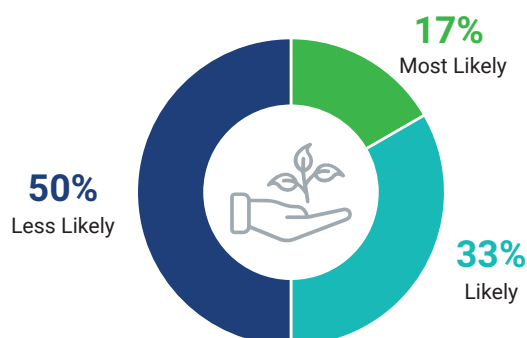
Efficiency: With regards to the efficiency of evaluated projects, 67 percent were rated Less Efficient, 25 percent were rated Efficient and only 8 percent were rated Highly Efficient. Largely, the efficiency ratings were affected by cost and time overruns, with more than 80 percent of the projects recording delays with significant cost variations. Six projects (50 percent) had a cost-underrun, four projects (33 percent) had a cost overrun and only two projects (17 percent) were implemented within budget. The average delay of projects from start date to project completion was about 27 months, with more than 75 percent of projects exceeding a delay of 6 months.

Figure 23: Distribution of Efficiency Assessment



Sustainability: Only 17 percent of evaluated projects were rated Most Likely Sustainable, with the majority of these projects in the energy sector. However, 33 percent of projects were rated Likely Sustainable and 50 percent Less Likely Sustainable. These projects were mainly in the health, education and microfinance sectors. The low sustainability ratings were attributed to the lack of sustainability plans at design, insufficient national budget allocations for operations and maintenance of project facilities, insufficient mainstreaming of projects into national institutions and inadequate beneficiary ownership.

Figure 24: Distribution of Sustainability Assessment

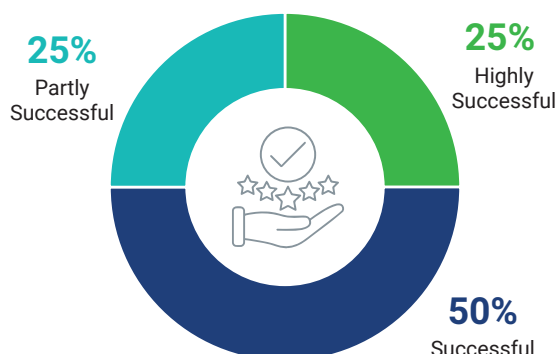


OVERALL PERFORMANCE ASSESSMENT OF THE EVALUATED PROJECTS IN 2019

Overall, three projects (25 percent) out of 12 evaluated projects were rated Highly Successful. Half of the projects (50 percent) were rated Successful and 25 percent of projects were rated Partly Successful. None of the evaluated projects were rated Unsuccessful. Projects in the transport and energy sectors were the Most Successful while those in the health and microfinance sector were either Successful or Partly

Successful. The performance of the evaluated projects was affected primarily by project efficiency and sustainability.

Figure 25: Overall Performance Ratings of Evaluated Projects in 2019



LESSONS LEARNED

Several lessons were learned from evaluations in 2019 and highlighted key areas for improvement. These showed that:

- ▶ A technically competent executing agency is critical in delivering a successful project; An enabling legal and financial framework is a prerequisite for the growth of Islamic Finance;
- ▶ Flexible and coherent project designs mitigate implementation delays;
- ▶ Sound feasibility studies with a thorough review of assumptions and risks improve the efficiency of implementation and effectiveness of project outcomes, and;
- ▶ Adoption of a programmatic framework with clear priorities improves development outcomes and successful operation of health projects and sustaining their benefits hinges on the qualified human resources.

RECOMMENDATIONS

Recommendations arising from evaluations are based on the issues drawn and intend to enable evidence-based decision-making. These are as follows:

- (i) **Enhance programming approaches:** Adopt programmatic approaches reflecting the unique circumstances of IsDB MCs, supported through policy advice addressing the needs of communities for inclusive growth, fostering synergy of IsDB operations, and building on complementarity with partners:

- ▶ Conduct needs assessment to understand the unique challenges faced by the Muslim community in the United Kingdom and formulate interventions strategy. Consult the government of Palestine, the Arab donors and development partners to formulate a country partnership strategy to guide the Al-Aqsa Fund and trust fund interventions in Palestine.
- ▶ Improve synergy and complementarity of the Bank's interventions to generate more impact and sustainability of results at a country level. IsDB Group entities should include synergy themes as a performance indicator in the MCPS dashboard to increase ownership and accountability.
- ▶ Leverage the Bank's proximity to its MCs to reinforce dialogues with MCs and provide strategic guidance and evidence-based policy advice on development issues.
- ▶ Address IsDB Group product limitations and consider its financing structures and packages to be competitive to the MCs' needs; using flexible modes of financing.

(ii) Promote Islamic finance: Increase advocacy for Islamic finance as a key driver for the sustainable development of IsDB MCs and as a tool to enhance economic resilience and empowerment:

- (a) Support MCs in creating legal and regulatory frameworks and enabling environments to grow Islamic finance and differentiate Islamic microfinance from conventional microfinance.
- (b) Inject capital equity, shareholding, and line of finance into participating banks in MCs with the emerging Islamic banking sector. Leverage ICIEC's risk mitigation tools to increase Islamic banking sector financing. Extend ICIEC guarantees to lines of finance for Islamic banks and Public-Private Partnership (PPP) projects to lower the cost of financing.
- (c) Provide guidance to stakeholders on access to Islamic microfinance programs and introduce financing instruments responsive to the needs of small enterprises and agro-based industry players, including farmers.

(iii) Develop the capacity of executing agencies: Enhance the capacity of executing agencies in planning, implementing

and monitoring projects to ensure the sustainability of outcomes:

- (a) Conduct inception workshops for stakeholders on the Bank's procedures; offer familiarization visits for the executing agencies staff to RHs.
- (b) Ensure that project teams at executing agencies have adequate skill mix to perform functions effectively. Include an organizational capacity assessment of the executing agency at appraisal.

(iv) Enhance rigor in preparation: Comply with the Bank's policies and procedures and international norms and standards during project preparation to ensure quality at entry:

- (a) Ensure that all projects submitted for IsDB financing have pre-investment feasibility studies and preliminary engineering designs with updated costs. Undertake thorough risk analyses of projects, sector risks and country macro-economic issues and sustainability.
- (b) Establish results-based frameworks with baseline data and robust monitoring and evaluation systems for all IsDB interventions to ensure effective tracking of development results.
- (c) Conduct environmental assessments for Bank-funded road infrastructure projects; consider awarding large and complex projects on a turnkey basis for effective project management.
- (d) Develop IsDB internal capacity to conduct a cost-benefit analysis, particularly for PPP projects.





Chapter 4

Corporate Performance

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UNDER THE PRESIDENT'S 5-YEAR PROGRAM (P5P), THE BANK HAS INTRODUCED SEVERAL REFORMS AND INITIATIVES TO IMPROVE THE QUALITY OF ITS PORTFOLIO AND OPERATIONS. THIS SECTION PROVIDES AN UPDATE ON THE BANK'S KEY PERFORMANCE INDICATORS, THEIR TRENDS AND UNDERLYING DRIVERS OF CHANGE.

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The Islamic Development Bank (IsDB) launched the President's Five 5-Year Program (P5P) to address the exogenous and endogenous key challenges faced by the Bank and highlighted in the 40-Year Assessment. The P5P, which was launched in 2018, was geared towards building institutional capacity by focusing on improving visibility of the Bank, establishing stronger linkages with the developers network, building organizational capabilities, decentralizing, improving financial sustainability and reinforcing the governance aspects of the Bank.

A. ANALYSIS OF THE ACTIVE PORTFOLIO

Active portfolio is the sum of the total value in United States Dollars of approved projects and grants as reported on the last day of the financial year (i.e. 31 December). The value of active portfolio increases when new projects or grants are approved, and reduces when previously approved projects are completed and cancelled. At the end of 2020, the amount of active portfolio stood at US\$ 26.12 billion due to the approval of new projects (as well as approval of projects) under the IsDB Strategic Preparedness and Response Program in 2020, with an aim to help MCs address the adverse effects of COVID-19 on health systems and livelihoods.

Energy and transport projects continue to dominate the portfolio at 22 percent each respectively. These are followed by water, sanitation and urban services as well as agriculture projects at 17 percent and 16 percent respectively, health at 11 percent and education at 8 percent, whereas the industry, trade, finance, information and communication technology project make up for the remaining 4 percent of the active portfolio.

Figure 26: Active Portfolio at Year-end (US\$ million)

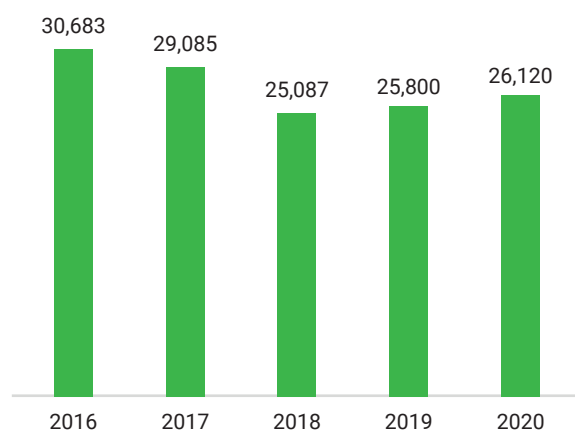
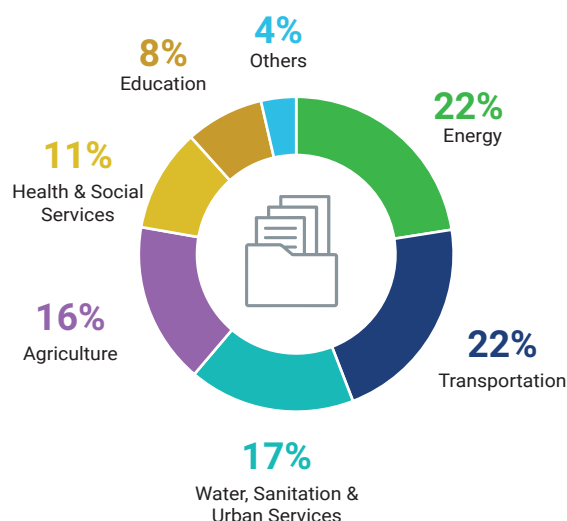


Figure 27: Active Portfolio by Sector



PROJECT AND GRANT APPROVALS 2020

Under the P5P, the Bank has adopted an Integrated Quality Assurance Framework (IQAF) to elevate portfolio quality and reduce implementation delays due to a lack of project preparedness. While helping to improve the quality of new projects, the framework has helped limit new approvals to only those projects that meet the six dimensions (6 R) of Relevance, Readiness, Requirements, Risk, Return and Result.

New approval in 2020 amount to US\$ 1,771 million for ordinary and concessionary financing operations. Special Fund, Technical Assistance and Grants approvals in 2020 amount to US\$ 190 million.

In terms of IsDB geographical regions, 42 percent of the approved amounts were for projects in Asia followed by 35 percent in Africa and Latin America, and 22 percent in the Middle East, North Africa and Europe. The largest percentage of approvals in 2020 was in health and social services (30 percent) which were prioritized under the Strategic Preparedness and Response Program for COVID-19. This was



followed by transport sector projects (26 percent), energy (18 percent) and agriculture (14 percent), whereas the remaining approvals were in finance, education, water and sanitation, urban, information technology and communication sectors.

Figure 28: Approvals by Year (US\$ million)

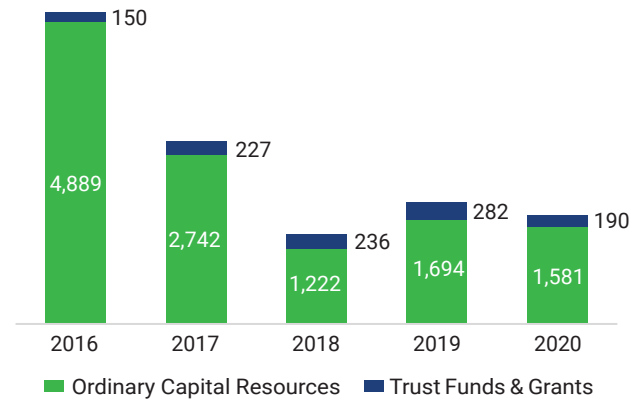


Figure 29: OCR Approvals in 2020 by Region

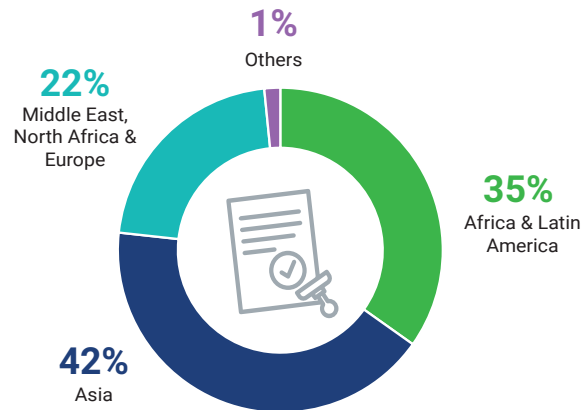
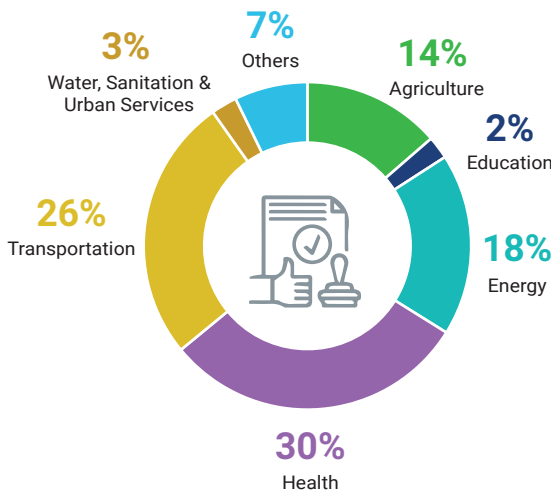


Figure 30: OCR Approvals in 2020 by Sector



DISBURSEMENT AND REPAYMENT

Notwithstanding the disruption of markets and supply chains caused by the COVID-19, the Bank sustained the implementation of projects during the year. The Bank was able to disburse US\$ 2,669 million in 2020, lower than US\$ 2,816 million disbursed in 2019, but considerably higher than the annual value of disbursement from 2016-2018. Despite the economic and fiscal pressures faced by MCs, the value of repayments against completed financing operations in 2020 stood at US\$ 1,842 million, marginally higher (1 percent) than US\$ 1,823 million in 2019 but higher than the annual value in the three years.

Energy sector projects were the biggest recipients of disbursement (28 percent) followed by transport (23 percent), water, sanitation and urban services (16 percent), agriculture (11 percent), health and social services (11 percent), education (8 percent), whereas other sectors received the remaining 3 percent.



Figure 31: Disbursement (US\$ million)

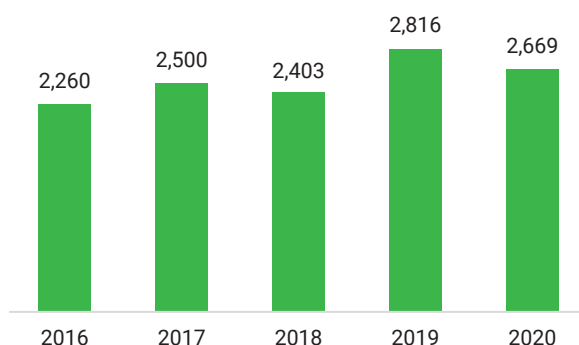


Figure 32: Disbursement Ratio

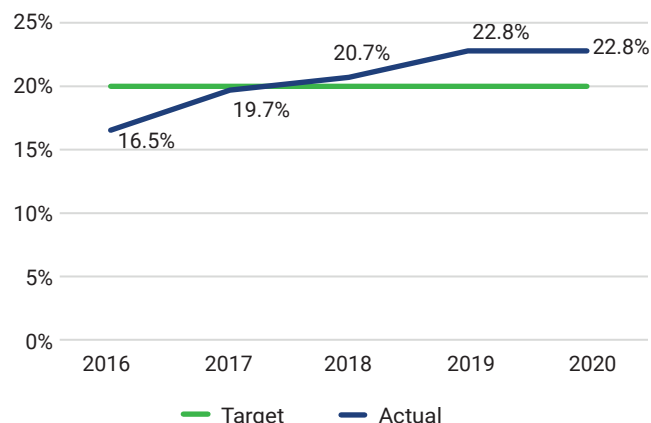
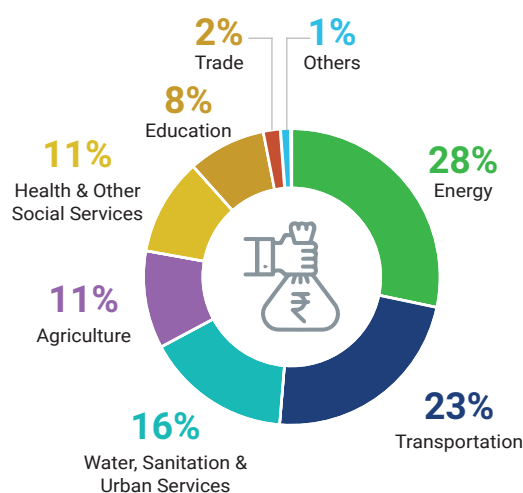


Figure 33: Disbursement 2020 by Sector

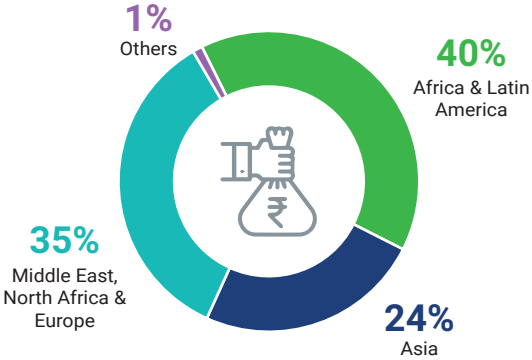


CUMULATIVE UNDISBURSED COMMITMENTS (CUC)

A high value of cumulative undisbursed commitment (the amount of cumulative balance of the approved projects that is yet to be disbursed) indicates portfolio quality issues caused by delays at different stages of the project cycle. In recent years, the Bank has made efforts to improve portfolio quality and reduce the amount of CUC. At the end of 2020, the value of CUC stood at US\$ 11,452 million, slightly up (3 percent) from US\$ 11,273 million at the end of 2019. The CUC increase in 2020 was due to approval of new projects under the SPRP, but the value remains lower than the amounts of CUC in the three previous years.

The CUC's sectoral distribution is consistent with the sectoral distribution of the overall portfolio. Energy sector has the biggest contributor to CUC (24 percent), followed by transport

Figure 34: Disbursement 2020 by Region



(23 percent), agriculture (21 percent), water, sanitation and urban services (18 percent), whereas the remaining 14 percent of the CUC is contributed by all other sectors.

Figure 35: Cumulative Undisbursed Commitment (US\$ million)

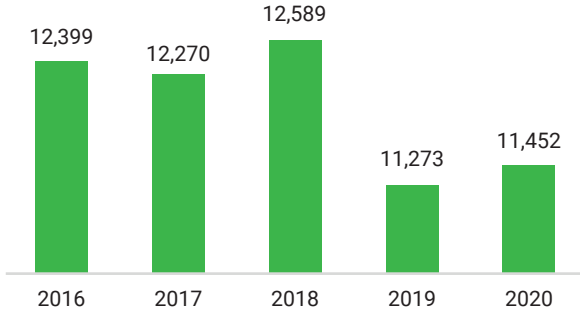
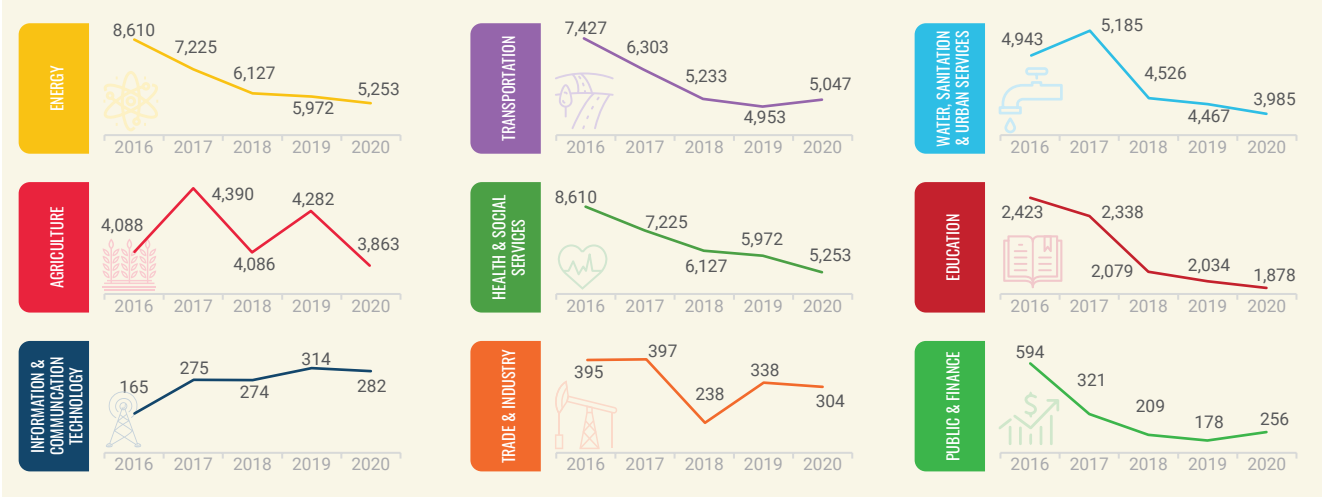


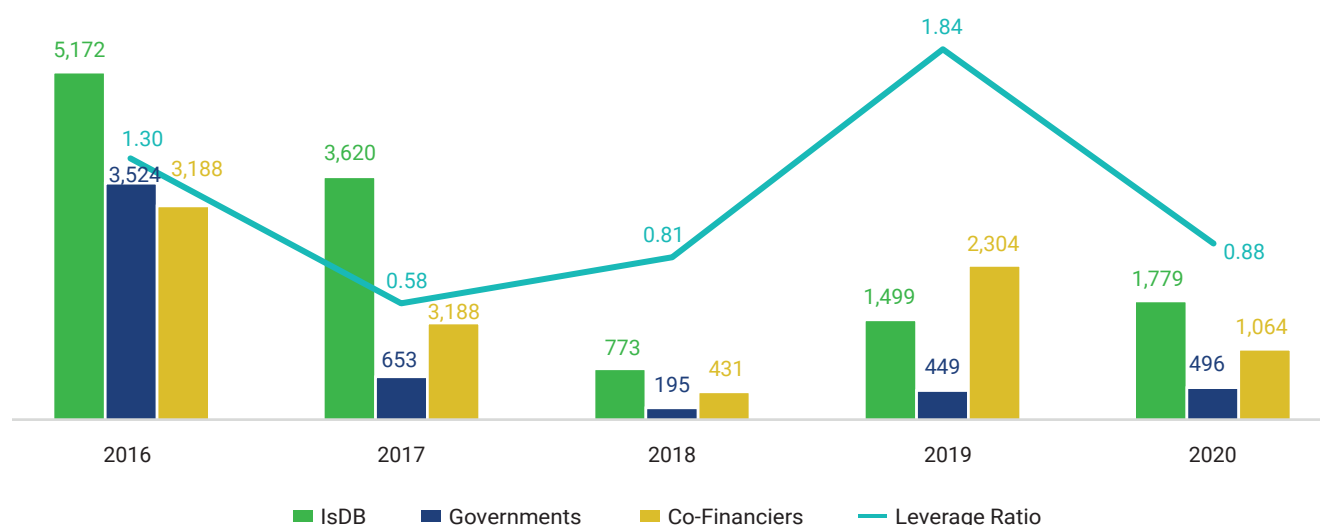
Figure 36: Sectoral Distribution of Active Portfolio (US\$ million)



IsDB CONTRIBUTION VERSUS CO-FINANCING

Under the P5P, IsDB has prioritized to help MCs leverage additional resources through other co-financiers. The graph below shows the value of projects approved by the Bank in a year versus the co-financing committed by the government and other project partners. While consistently improving from 2017 to 2019, the leverage ratio declined in 2020 due to the approval of projects under SPRP, which prioritized the immediate health and livelihoods financing needs of MCs affected by the COVID-19 pandemic.

Figure 37: IsDB Contribution versus Co-Financiers Contribution (US\$ million)



PORTFOLIO AGE

As a result of decentralization and focused efforts to improve the efficiency of OCR portfolio, the time taken at different stages has reduced over the last three years. Average age from the date of approval to signature has been reduced from more than six months to 3.9 months, and average age from the date of effectiveness to first disbursement from more than 12 months to 5.1 months in 2020. Similarly, average age of the active portfolio has reduced to 6.5 years, compared to 7 or more years in prior years. On the other hand, additional efforts are required to reduce the lag from the date of signature to effectiveness (8.7 months) and the average age of completed projects (8.4 years).



Table 7: Project Age Trends

Project Stage	2016	2017	2018	2019	2020	Sign
Approval to Signature (months)	8.0	6.2	12.7 ¹	3.9	3.9	↓
Signature to Effectiveness (months)	9.3	9.1	10.3	9.7	8.7	↓
Effectiveness to First Disbursement (months)	14.2	13.5	13.5	12.5	5.1 ²	↓
Active Portfolio Age since Approval (years)	8.2	7.7	7.5	6.9	6.5	↓
Completed Portfolio Age from Approval (years)	8.0	7.5	10.9 ³	8.2	8.4	↑

1. Post decentralization, there was a focus on shortening the project lifecycle and this resulted in getting some major projects into the signature and effectiveness stages at a faster pace
2. Prior to 2020, above 40 percent of projects used to witness delays beyond 10 months, which is reduced to only 10 percent of projects which took over 10 months for 1st disbursement. This efficiency again was due to decentralization.
3. The decentralization has helped the IsDB reduce the overall project completion period significantly.

SPRP

The Board of Executive Directors (BED) approved the Strategic Preparedness and Response Program (SPRP) on 04/04/2020 to support IsDB Member Countries (MCs) in preventing, containing, mitigating and recovering from the impact of COVID-19 pandemic. The SPRP comprised two main components: i) Health Emergency Response and (ii) Sustaining and Reviving the Economic and Social Sectors along the three tracks of Respond, Restore and Restart.

As of 10 January 2020, the total IsDB Group (IsDBG) Commitment to the COVID-19 response has increased to US\$ 3.55 billion. The IsDB allocated US\$ 1.5 billion and a financing of US\$ 877 million, representing 58 percent of the allocation was approved for 40 projects in 27 MCs. The approvals primarily covered emergency health response (48 percent), supporting SMEs/economic recovery (35 percent) and other sectoral allocations (17 percent). In terms of regional

breakdown, 45 percent of the financing was approved for Africa-Latin America (AFLA), 34 percent for Middle East and North Africa (MENA) and 21 percent for Asia.



As of 10 January 2020, the total IsDB Group (IsDBG) Commitment to the COVID-19 response has increased to US\$ 3.55 billion.

The IsDB approved funding has mainly been taken from three sources: (i) ongoing project savings, (ii) repurposing of ongoing projects and (iii) new approvals from the 2020 Work Program. A breakdown by the 3-R (Respond, Restore and Restart) tracks shows that 65 percent of the projects are approved under the Health Emergency/Respond (R1) category, while the remaining 35 percent are under the Restore (R2) category.



Figure 38: Commitments vs Approvals (US\$ million) under SPRP Financing

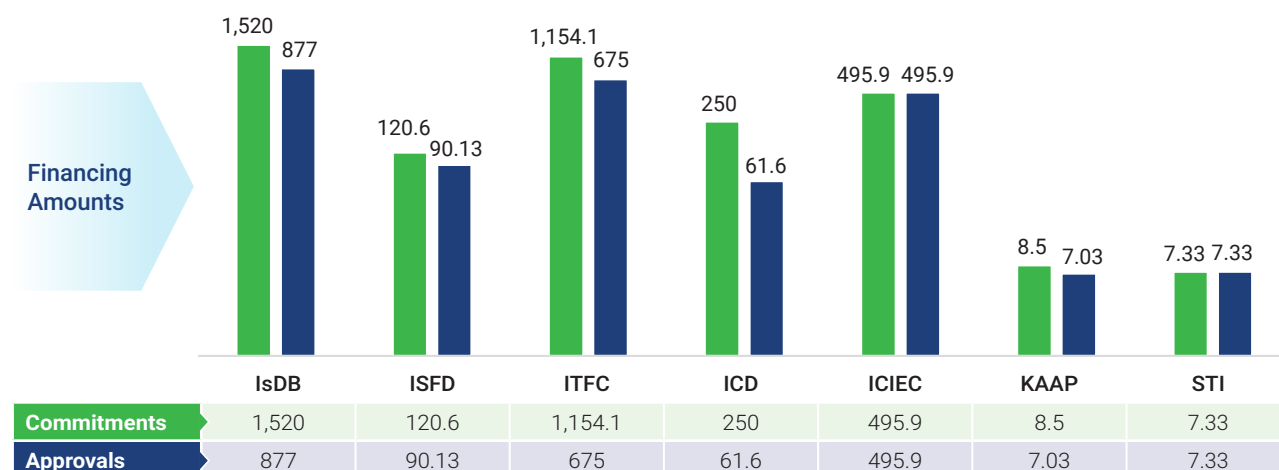
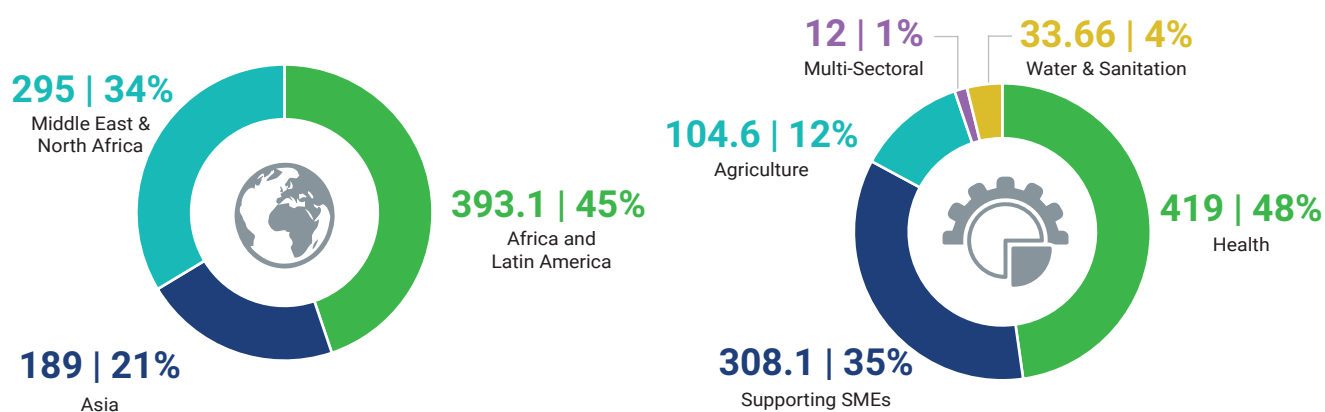


Figure 39: Breakdown of IsDB Approvals under SPRP (US\$ million) and (%) by Regions and Sectors





B. PROGRESS TOWARDS IMPROVING OPERATIONAL EFFICIENCY

NEW BUSINESS MODEL

GVC Based MCPS Progress Status

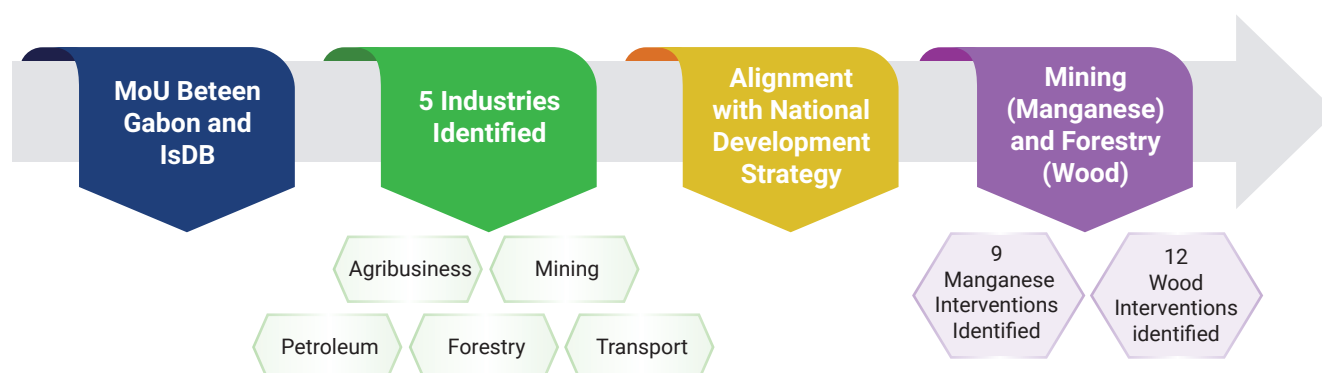
The programming is increasingly linked to the Member Country Partnership Strategy (MCPS) 2.0, which follow the President's 5-Year Program's Global Value Chains (GVC) framework and are a central element of the Bank's new approach to support the MCs in meeting the SDGs. Five new MCPSs (Nigeria, Indonesia, Senegal, Guinea, & Niger) were launched successfully in 2020 with the validation from almost all MCs on the proposed GVCs. Two MCPS documents have been completed for Gabon and Maldives to date.

I. GABON MCPS

The Member Country Partnership Strategy (MCPS) establishes the framework for cooperation between the Islamic Development Bank Group (IsDBG) and the Government of Gabon over the period 2020-2024. It describes the areas of intervention based on an analysis of the Global Value Chain (GVC) industries where the country has a definite comparative advantage in coherence with its development plan and the support of other donors and financiers.

As part of the formulation process, a preliminary GVC analysis was undertaken, where five industry champions were identified. These were petroleum, agribusiness, mining, forestry and transport.

Figure 40: MCPS Gabon Journey



The Government of Gabon concurred with the results and requested IsDB Group's support to the Global Value Chains.

Launched in 2011, the Government of Gabon focused on economic diversification away from oil and extractive industries and was based on three pillars: namely industrialization, developing a green economy, and sustainable sectors and service orientation.

As for manganese, Gabon has one of the largest reserves in the world and has been one of the biggest producers and exporters of the metal since the early 1960s. Manganese exports as a share of GDP has increased by an average of 4.86 percent over the past 5 years.

Regarding the wood value chain, in a context of growing concerns over sustainable forestry management and climate change, boosting Gabon's industries requires careful planning in parallel with forestry protection. This will ensure consistency with the government supported branding campaign of "Green Gabon".

Following the concurrence of the Government on the results of the Preliminary GVC analysis, the Bank carried out a detailed Technical GVC analysis which revealed 21 interventions (12 for wood and 9 for manganese).

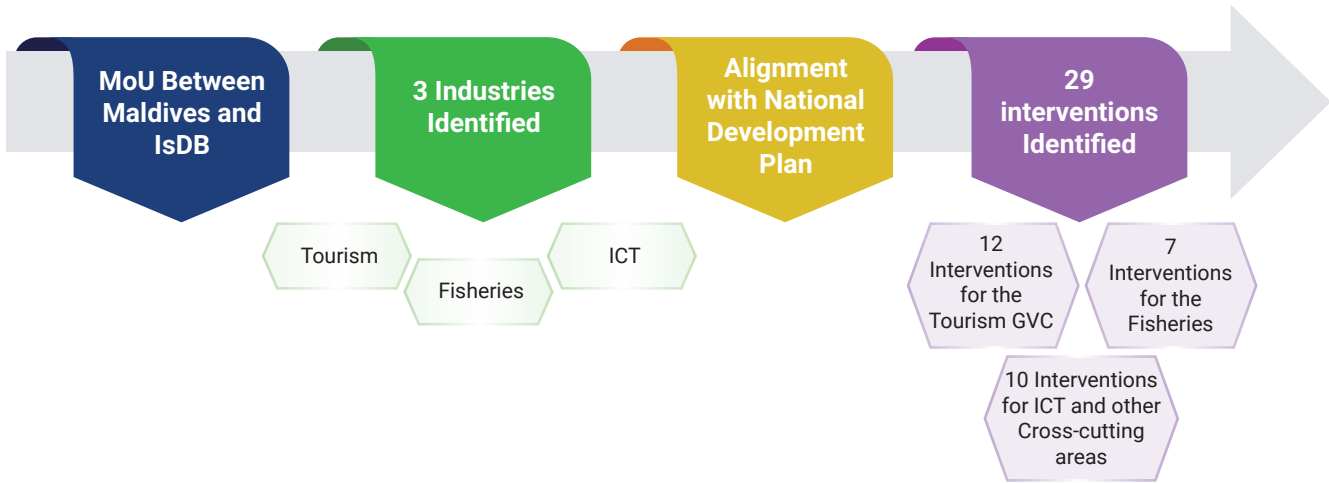
These interventions include the construction of a 587 MW dam to supply power and relax the binding constraints to the energy sector, three transport projects (a road bypass, a railway track duplication and weight bridge stations), capacity development, and access to finance by high growth firms.

The full implementation of these 21 interventions will take much longer than the 5 years of the current partnership strategy (2020-2024). Some interventions still need detailed feasibility studies, which also compound this challenge of project readiness. Therefore, in this connection, in consultation with Government, nine top-priority projects were selected for implementation during the period 2020-2024.

II. MALDIVES MCPS

Upon the request of the Government of Maldives (GoM), the Islamic Development Bank (IsDB) Group has initiated the preparation of a Member Country Partnership Strategy (MCPS) for the period of 2021-2024. Accordingly, the IsDBG has launched a new generation of MCPS, driven by the President's 5-Year Program (P5P) which revolves around the concept of 'Making Markets Work for Development' by utilizing Global Value Chains (GVC) to proliferate trade potentials and drive economic growth.

Figure 41: MCPS Maldives Journey



Through this approach, IsDBG aims to identify a universe of GVC-related interventions that maximizes development impact for Maldives. In following this approach, an in-depth GVC analysis was first conducted, which revealed

that Maldives has strong opportunities to tap new areas of competitiveness in three leading industries of Fisheries, Tourism and ICT. The selection of these three industry champions was validated by the GoM.

The in-depth GVC Analysis consisted of engagements with key stakeholders from both public and private sectors and civil society organizations in scoping the industry champions and identifying upstream and downstream bottlenecks in them.

It is to be noted that, tourism is the mainstay of Maldivian economy, driving significant service delivery and construction activities. Given the limited human and production capacity of the economy, the tourism industry has relied heavily on GVCs with high foreign value added to meet its travel services provision requirements, and food imports and materials.

Fisheries is one of Maldives' most mature industries with strong linkages with the global markets, and a promising foundation for its transformative potential as a leading player in the global industry. The upgrading of the fisheries GVC is contingent upon the transformations of raw materials, further research and development, and improved linkages in both upstream and downstream production processes.

As a cross-cutting issue for both the identified GVCs, information and communication technology (ICT) can be accommodated for improving effectiveness, efficiency and accountability in economic management and service delivery. To achieve this, the development in ICT would have to take shape in the form of emerging niche areas of competitive advantage, potentially for digital marketing, software solutions, e-governance systems, e- payment systems, and e-procurement system.

The detailed technical GVC analysis for the partnership strategy between the Government of Maldives and IsDBG identified 29 strategic interventions to plug the Maldivian economy into the tourism, fisheries and ICT value chains. Of these, 12 were related to the tourism GVC, 7 to the fisheries GVC, 6 to the ICT GVC, and the remaining four were related to the other cross cutting sectors such as transport and energy.

The full implementation of all 21 interventions is a long-term process and is expected to take place over multiple phases, exceeding the five-year horizon of the current partnership strategy (2021-2024). In addition, some interventions will need the preparation of detailed feasibility studies, whilst others are dependent on other projects being implemented first.





EFFECTIVE PROJECT MANAGEMENT

Increased Disbursements

Concerted efforts were made to improve the disbursements of the Bank, in the form of having a decentralized presence, better project implementation and improving quality at entry. Trends indicate that the portfolio quality is improving and KPIs are on-track.

The disbursement process has been consistently improving over the last few years. The percentage of disbursements completed within 15 days in 2018 was 65 percent, which then improved to 79 percent in 2019 and the Bank is currently at 93 percent in 2020; even though the number of disbursements have increased from year to year.

Many of the factors that have contributed to this improvement are related to the implementation of decentralization of the disbursement process. The decentralization in terms of geographic location allowed the disbursement function to be embedded in the project implementation teams. Their involvement starting from the project preparation phase through to the closing process improves the quality of submissions of withdrawal applications which in turn improves the efficiency of the process. Basic issues are also resolved more efficiently as the disbursement staff are able to communicate directly with Executing Agencies and PMUs as well as with their colleagues in the project implementation teams.

Operational Policies, Guidelines and Framework

Concerted efforts were made in collaboration with CPC to develop a Bank Procedure (BP) to govern the methodology of the preparation of the BP and its alignment with the process and the DoA Matrix. The main objective of this BP is to provide in clear terms, the required steps to be undertaken by all the stakeholders involved in the preparation of the instruments for consistent application and effective functioning of the Bank's operations. This BP ensures consistency and synchronization among the Operational Policies (OP), BP, Business Processes (BP) and the Delegation of Authority (DoA) to achieve the Strategic aspirations of the IsDB and the President's Five-year Program (P5P). The most feasible and practical methodology for development of any Policy Instruments (PIs) require a

centralized and effectively well-coordinated mechanism with key stakeholders to ensure completeness and relevance in addition to the implementability, to serve as catalyst for IsDB's interventions in the Member Countries (MCs) to achieve MC National Development Aspirations.

Country Portfolio Performance Review (CPPR)/Country Portfolio Review Note (CPRN)

The main aim of the CPPR is to assess whether the projects are aligned with initial objectives, to review the performance of the active portfolio, and to formulate a Country Portfolio Improvement Plan (CPIP) to address projects' implementation issues. The CPPR focus on the systematic issues of the active portfolio mainly on implementation aspects, while also identifying output results and early outcomes where evident and provides an insight for the Bank to ensure strategic engagement with the MCs. The Country Performance Review Note (CPRN), is an additionality introduced in this BP. CPRN is conducted at the preliminary stage of CPPR process to be prepared each year to assess portfolio quality and to have an objective determination to justify CPPR for the MCs.

In 2020, the IsDB introduced a more streamlined Country Performance Review Note (CPRN) to facilitate the efficient and effective review of the IsDB's Active Portfolio in Member Countries. In 2020, a total of 27 pilot CPRNs were completed. For Pilot CPRNs, the Hubs were requested to prioritize the Top-

20 High Exposure Countries. Accordingly, the Hubs finalized CPRNs for 18 of the Top-20 High Exposure Countries, with 100 percent CPRN coverage for the Top-10 High Exposure Countries. Going forward, 100 percent CPRN coverage has been mandated starting from 2021. In addition, CPRN will be a pre-requisite to justify the undertaking of the CPPR. Several quantitative criteria have been included in the CPRN, in this regard. The outcome of the Pilot CPRNs indicates a preference for the CPRN (in comparison to the CPPR), with less than 10 percent of the CPRNs requesting to undertake a subsequent CPPR.

Project Operations/programs for Handover

In coordination with the DFU, BPRD developed a BP governing Project Operations/Program handover process for the RHs. The objective of this BP is to provide adequate guidance to the task team members involved in handing over of their duties and responsibilities resulting from changes in the staff of the RHs. This BP will guide concerned stakeholders and facilitate smooth and orderly handing over of duties and responsibilities between existing and new team members for business continuity and to minimize disruptions in operations and Bank's responsiveness.

Project Operations Risk Guidelines

The Operations Risk Management Guidelines (ORMG) for Sovereign-Financed projects has been developed by BPRD with technical support from RMD. The guidelines aligned with the Operational Risk Management Framework (ORMF), provides conceptual risk management procedures, the definition of the risk management processes, and the risk management tools and the latest techniques in project risk assessment, monitoring and control, that are available to the project teams for use during various phases of the project cycle.

Automation of IWP Workflow

This IT tool has helped in better utilizing the OMS system for better management, control, monitoring and reporting on the development as well as on the implementation of the operations work program. The workflow involved with the IWP process is complex and involves coordinated interaction among various stakeholders in a decentralized mode. Moreover, this exercise is quite data intensive as well as the process needs to follow optimum deadlines to



manage the development of the work program. Given the above challenges, and to avoid the IWP exercise being a labor-intensive task, an innovative solution was designed to automate the development of the IWP.

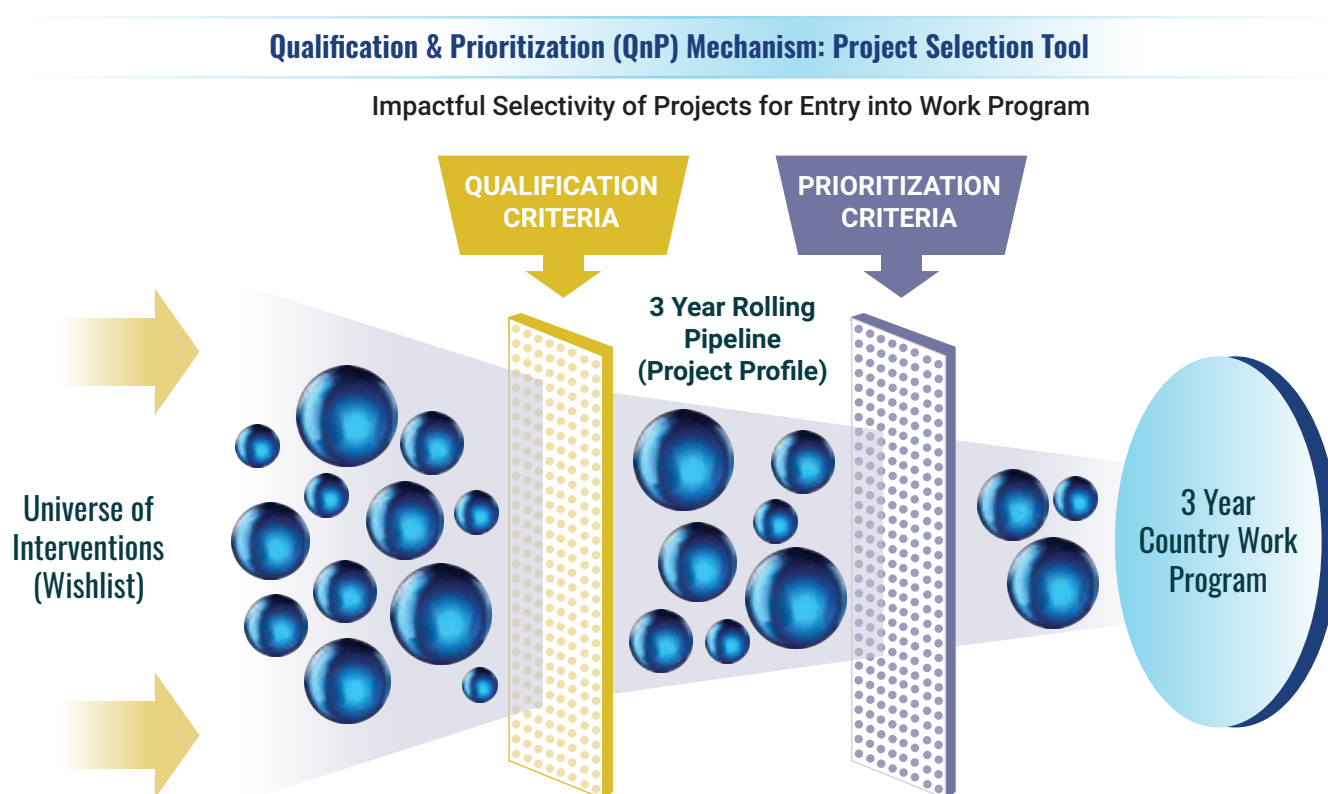
Qualification and Prioritization (QnP) Tool

1. The QnP tool is a practical tool to enhance the quality of projects at the project programming stage by identifying the project quality, qualification (relevance⁴, and readiness⁵) and prioritization (requirement⁶, returns⁷, risks⁸ and result⁹) issues at an earlier stage, thereby improving the upstream planning and quality at entry of IsDB projects.

2. The QnP is a tool, designed to assist the IsDB Management in making an informed decision to build and agree upon the pipeline for the 3 Year Work Program. The QnP is used alongside the IsDB standard document namely Project Concept Note (PCN) during the project programming stage. The QnP is designed to be applied in 2 stages, as illustrated in Figure 42.

Qualification Stage: Qualification is the first filtering stage to select the right projects for the Bank. It covers two dimensions of the 6-R Framework, i.e. Relevance and Readiness. The filtering stage is led by the Country Manager of the RH and

Figure 42: Qualification and Prioritization (QnP) Tool



⁴ assess alignment of the Bank's support to the country development needs and to the Bank's 10-Year Strategy and strategic priorities, be it country partnership strategy, sector or thematic policy / strategy

⁵ assess the level of ownership by the Government, co-financiers or the sponsor, integration of lessons learnt, and selectivity based on the Bank's portfolio data and sector and thematic priorities

⁶ assess the core of the project mainly, the development objective, technical feasibility, scope and expected achievements, implementation arrangements and project's beneficiary's/ client's capability (including fiduciary, procurement and financial management)

⁷ assess mainly the financial and economic returns to the project in addition to the social benefits

⁸ assess the probability and severity of risks to implementation and delivery of the project outcomes and the contemplated and mitigation measures. This also assess in addition to the implementation, the financial, economic, environmental and social risk dimensions

⁹ assess sound results chain based on theory of change, alignment with SDGs, identification of smart indicators and verification tools for attainment of sustainable development results

supported by the relevant units/ departments of the IsDB. The qualification of each project is validated by relevant departments.

The QnP was first introduced in the development of 2020 Work Program (WP), and it has been further enhanced by integrating it in the IT tool which is used first time in the submission of project pipeline for the development of 2021-23 Work Program.

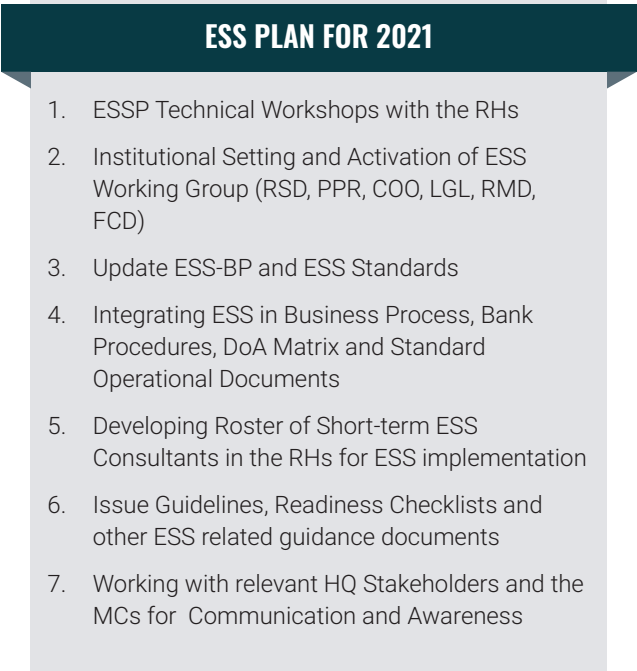
The RHs start the process by filling project information in OMS. Then, other QnP information and data are filled through an online form and attach PCN and other project related documents. The processing workflow is mapped in the system, that channels this information through a hierarchy of approvals where at each stage, the approving body can include comments and signoff on the pipeline submission. This is a new introduction in the process of review and approval of the pipeline of projects which require that conscious decisions are being taken to ensure quality at entry and to improve the overall accountability of the decision-making process. The entire process can be monitored live through online dashboards.

Environmental & Social Safeguard (ESS) Policy

The BED has approved the first ESS policy in the Bank. The Budget, Performance and Results Department (BPRD) has developed the Bank Procedure and the ESS Standards based on the approved EE Policy. The standard covered two areas, i.e., Environmental and Social Standard and the Involuntary Resettlement Standard. In addition, the Bank has agreed on the Exclusion List that defines the interventions that the Bank has decided not to consider due to both Sharia’h and national laws and posing greater social and environmental risks to the MCs.

The BPRD conducted a webinar attended by the RH staff members to inform them about the context, content and the general requirements of the ESS policy and the use of the ESS Standards. Moreover, the Initial Environmental and Social Analysis checklist was also shared with the RH staff to provide necessary information to the BPRD for early screening and categorization of the projects in the 2021 WP. The BPRD has also supported the Lives and Livelihoods Management Unit (LLF-MU), Resilience and Social Development (RSD) and the Alternate Development Finance (ADF) to ensure that the Bank

Figure 43: ESS Plan for 2021



complies with the ESS requirements to mobilize concessional resources and to support RMD in the ESG ratings.

In 2021, the ESS will be mainstreamed. In this regard a plan has been prepared to cover both administrative/ organizational and technical dimensions (Figure-43). The initial task is to organize the working group to support the project teams in implementing both ESS standards. Moreover, the implementation is planned to be done using the new decentralized business model, whereby local expertise will be used to support the project teams in implementing the ESS requirements. At the HQ, the BPRD will undertake regular awareness, harmonization and knowledge activities to ensure better awareness, understanding and smooth mainstreaming.

Reinforcement of SPRP Procedures and Quality Assurance Measures

The Bank has prepared the emergency support plan for the MCs to support their efforts during the CoVID-19 crisis. To proceed with the implementation of SPRP, the BPRD in consultation with the CPC has put in place a fast track project quality review and assessment mechanism. The main emphasis was to ensure that proposed projects for the SPRP are in line with the objectives of the program as well as all necessary due diligence is completed to ensure readiness of their implementation.

In this regard, the business processes, templates of the projects document and assessment checklist were developed and institutionalized. The BPRD has played an instrumental role in ensuring project quality at entry and monitoring the progress of the project approvals. Moreover, the BPRD played a significant role in providing advice to the RHs and the project team on the policy issues pertaining to these projects.

CERC Operational Directive, Guidance Note, Bank Procedure and Guidelines

Many of the IsDB Member Countries (MCs) are fragile and vulnerable to disasters that adversely affect their economic and social development. To support these MCs, IsDB requires immediate and significant amount of financing resources to respond to the MCs needs for emergency response. Though, the Bank's policies, procedures and processes are built to provide long term development financing, the Bank has introduced Contingency Emergency Response Component (CERC) in each project, an innovative way of repurposing the Bank's funds to the emergency response in these situations.

The BPRD developed Operational Directive, Guidance Note and Bank Procedure on the CERC. It is a standalone no budget component in the project financing. This arrangement allows the Bank to seamlessly relocate all projects' savings

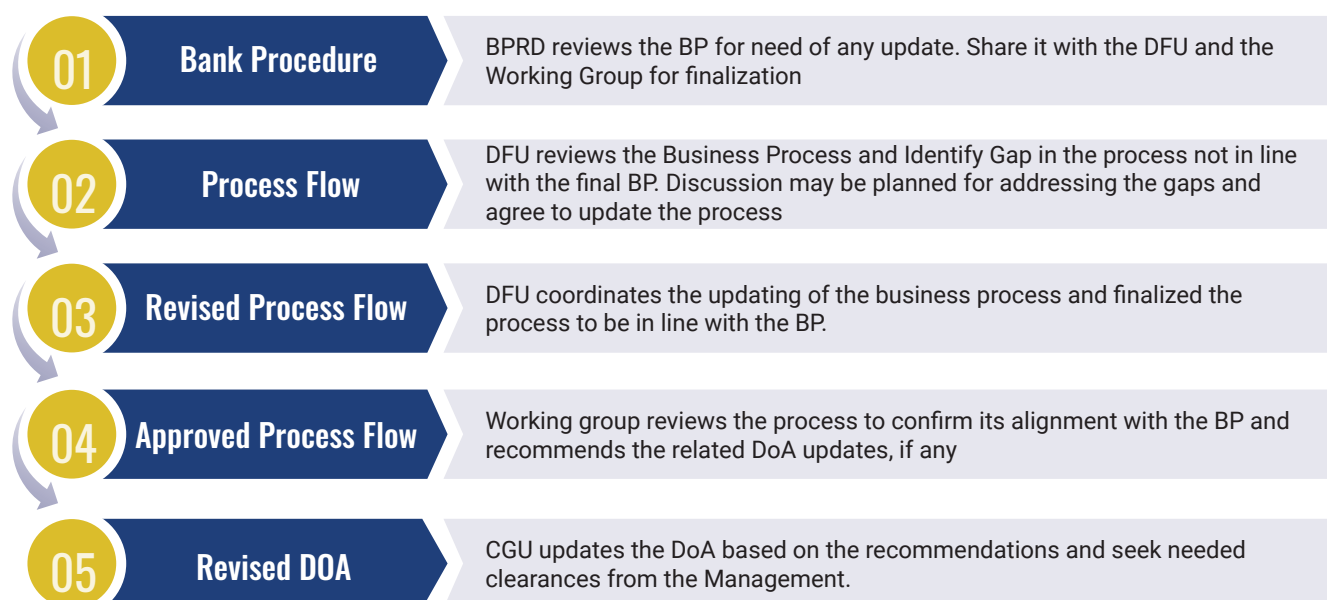
or the uncommitted amounts to this component in the event of an official declaration of emergency in MCs, based on preliminary damage and needs assessment. The resources from the projects will finance the MCs' emergency response and/or specific emergency works, goods and services.

Review exercise for seamless integration of BPs/DOA for consistency, completeness and accuracy to support operational interventions in MCs

BPRD embarked on a comprehensive reconciliation exercise between the Bank Procedures (BPs), Business Process map and Delegation of Authority (DOA) to ascertain the extent of seamless integration for consistency, completeness, accuracy, and guidance to RHs. The integration of the above processes will be a catalyst for smooth operational interventions in MCs and ensure consistent application of procedures across all RHs in the Bank.

The next phase to be implemented in 2021, will involve updating the policies, procedures and business processes followed by automation of the end-to-end process in OMS. In this regard, the BPRD will lead the comprehensive review and revision of all Bank Procedures (BPs) and DOA relating to operations in collaboration with Decentralization Facilitation Unit (DFU) center of excellence, RHs and compliance unit of Legal Department as custodians of DOA.

Figure 44: Review Methodology of the Operational Policies, Procedures and Business Processes



To support the implementation of the new IsDB organization structure, BPRD will continue to collaborate with DFU center of competence for a comprehensive review of all BPs and business processes in SIGNAVIO and ensure alignment with the new fine-tuned organization structure in 2021. This process will be followed by automation of the Business procedures in OMS in 2021.

Project Implementation Assessment and Support Report (PIASR)

Project Implementation Assessment and Support Report (PIASR) is the tool for assessing progress and performance of Bank projects during implementation. BPRD has revised the PIASR template and guidance in 2020. The new template helps the Bank as well as the MC to jointly prepare annual plans and monitor the project progress towards the agreed KPIs and identify any issues early as they arise during implementation and develop action plan for addressing the issues and; capture lessons learnt from implementation.

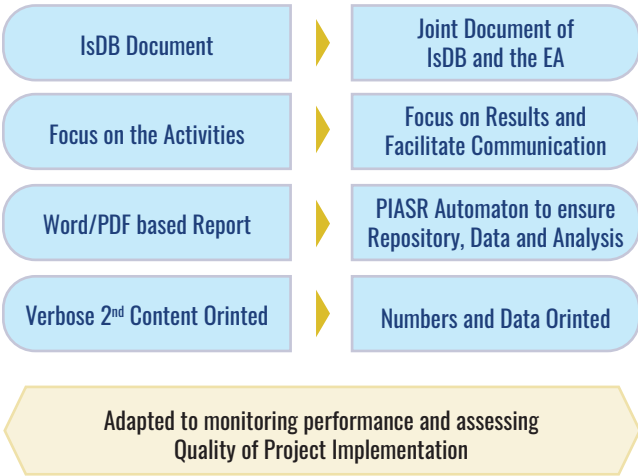
The review of the PIASRs completed in the first half of the 2020 helped to identify underlying issues for weak compliance to Bank PIASR procedure and guidelines, specifically quantitative coverage of PIASRs for active projects, only 29 PIASRs were done in first 6 months. A Bank wide webinar in July resulted in a detailed plan prepared by the COO office, to deliver PIASRs as per the annual target. The COO front office monitored the monthly plan with each Regional Hub, and in second half of 2020, the RH completed 176 PIASRs to reach 205 PIASRs in 2020, achieving 100 percent of the annual target.

“The COO front office monitored the monthly plan with each Regional Hub, and in second half of 2020, the RH completed 176 PIASRs to reach 205 PIASRs in 2020, achieving 100 percent of the annual target

PIASR reviews found that there is a room to improve quality of the PIASRs with the view to enable PIASRs to help monitor the implementation status of the project as well as raise flags at the right time to allow project teams and the Bank to act on these flags, so that problems and issues in projects can be turned around.



Figure 45: PIASR: What is New



In future, BPRD will continue to enhance the PIASRs as a key operations performance monitoring and improvement instrument. BPRD will conduct quarterly PIASR reviews in collaboration with COO office and regional hubs with focus on continuously enhancing qualitative compliance with PIASRs. Moreover, these reviews will guide CPC to enhance operations performance in the Bank and BPRD to further update and enhance the instrument to make it more effective planning and monitoring tool. The Bank is planning to achieve

a stretch target of 75 percent coverage of all Bank active project by PIASRs in 2021, which will be increased to 100 percent coverage in 2022. The BPRD also plans to conducting targeted capacity building activities, such as webinars and trainings for the RH staff.

Project Data Governance Framework (P-DGF)

The BPRD launched the Project Data Governance Framework in August 2020 to ensure the integrity and accuracy of the Project Data in the OMS and Operations Team Leaders, Country Managers, Project Management Specialists and other RH staff are responsible for the compliance with the Project Data Governance Framework.

In future, data quality of all the projects in OMS will be assessed based on the P-DGF's six data quality dimensions: completeness, timeliness, accuracy, consistency, ownership and reliability. These dimensions will be applied across three focus areas: processes, documents and key information (data). The data quality scores will be linked to the an online dashboard, with baseline and quarterly milestones,

aggregated at country, CM, OTL and Division/ Regional Hub levels. These scores will be tracked on a monthly basis and used to provide feedback to the respective managers for improved portfolio data management.

Capacity Building Workshops/Webinars in collaboration with CPC, CRS, GPs and RHs

PIASR webinar

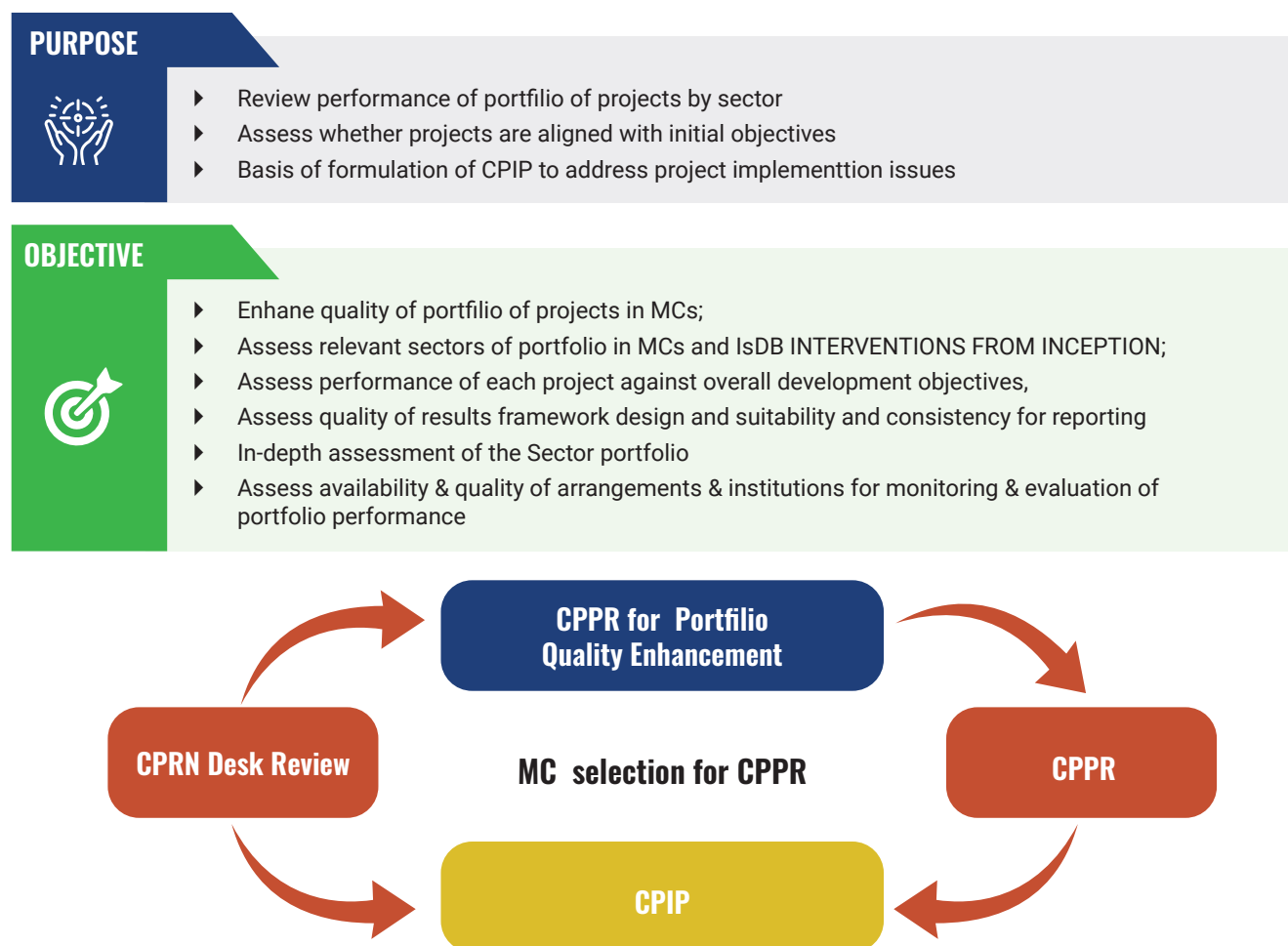
The BPRD in collaboration with CPC conducted a webinar on rolling out the new Project Implementation Assessment and Support Report (PIASR) template and knowledge platform in July 2020. The webinar was attended by 223 participants across all RHs and HQ, i.e., from CPC and selected staff from IAD, FCD, and OED.

The importance of PIASR as an instrument to enhance quality in the implementation phase of the Project Cycle was emphasized. Based on the actions agreed, that PIASR coverage from half year 2020 is increased from 29 to 205 PIASRs by the end 2020.



The Country Portfolio Performance Review (CPPR) Workshop was organized in August 2020 by BPRD in collaboration with CPC and was attended virtually by 185 employees of IsDB across all Regional Hubs, with the objective to share knowledge and exchange views on the new mechanism of conducting CPPR in MCs to improve portfolio quality. Moreover the CPPR will provide critical oversight on the portfolio performance that will be an instrument of strategic engagement with the MCs. The plan for 2021, as per IWP, there will be a 100 percent CPPR coverage during the year.

Figure 46: CPPR as a Tool for Improving Portfolio Performance



Presentation on Project Completion Reports

Project Completion Reports (PCRs) are an important process for project self-evaluation and extracting lessons for improving the Bank's portfolio quality and development effectiveness. BPRD undertook a detailed review of PCRs and assessed the ratings, quality and compliance with the approved template and guidelines. The review highlighted several gaps in the quality of PCRs and made recommendations for improving the quality of PCRs. The findings and recommendations were presented to the CPC (including the GPs Directorate) at the mid-year review meeting in July 2020. It was followed by a thorough review of the PCR template and Bank Procedure/ Guidelines in consultation with the OED, GP and BPRD teams.

The PCR review made the following recommendations:

1. Improve the quality of PCRs while addressing the gaps identified by BPRD review particularly:
 - ▶ Compliance with PCR template and guidelines
 - ▶ Objectivity, results focus and use of data and evidence
 - ▶ Editorial review and quality (fonts, formatting, section numbers, etc.)
 - ▶ Data accuracy and consistency across various sections and with the OMS
2. Review and update the PCR guidelines and templates and make necessary changes/ adjustments to ensure relevance as a knowledge generating tool
3. Update the PCR validation guidelines and harmonize with PCR preparation guidelines.
4. Review and update of DOA for PCRs to strengthen quality assurance and compliance with the PCR template and guidelines
5. Develop an OMS report that provides key project information (dates, approval and disbursement details, etc.) for PCRs and minimizes data inconsistencies
6. Automation of the PCR template to improve the availability and tracking of the PCR reports, analysis, ratings, lessons learnt and recommendations

Webinar on Project Data Governance Framework (P-DGF)

BPRD launched the Project Data Governance Framework in August 2020, in response to various assessments of project data and the Internal Audit Department's audit of OMS and CML. The P-DGF was presented to CPC senior management at the CPC mid-year review (26-27 July). In collaboration with the COO Front Office, BPRD organized a webinar on Project Data Governance Framework (P-DGF) for Regional Hubs on Tuesday, 11 Nov. 2020. Target audience included the Operations Team Leaders, Country Managers, Project Management Specialists and other RH staff, who enter and maintain project data in the OMS and are responsible for compliance with the Project Data Governance Framework.

The data quality scores will be presented as an online dashboard, with baseline and quarterly milestones, aggregated at country, CM, OTL and Division/ Regional Hub levels. The scores will be tracked on a monthly basis and will be used to provide feedback to the respective managers for improved portfolio data management.



Completeness



Timeliness



Accuracy



Consistency



Ownership



Reliability



Performance Review and Enhancements to Grant Programs Management

To enhance management of Bank Grant operations, the BPRD undertook performance survey to 13 grant programs in the Banks, with detailed questionnaire covering the original mandate, objective, performance, delivery of results and issues/ challenges.

The review and workshops have identified issues and several areas for improvements in operations of grant programs, including , policies and mainstreaming sustainable development, alignment with P5P and Bank 10 YS, processes and procedures of grant operations, resource mobilization for grant funds, grant allocations, data quality, capacity for administering grant operations, and development results.

Building on the survey, workshops and performance review report and recommendations for Bank grant programs the BPRD has developed:

- ▶ Allocation Model and Guidance note
- ▶ Qualification and Prioritization (QnP) Checklist and Guidance note

Based on the work in 2020, the BPRD is planning to undertake enhancements of performance of grant programs in 2021 by

developing IsDB Grant Management Handbook. It will guide the Bank on the

- ▶ Grants Performance Based Allocation model
- ▶ Qualification and Prioritization of the Bank Grant Work Program;
- ▶ Bank Processes and Procedures for Grant Operations; and
- ▶ Grants Data Management

Project Sustainability Assessment Framework (PSAF)

Achieving project sustainability comes up as a top development challenge for MDBs. BPRD and the CPC team jointly worked on drafting the Bank's first PSAF with the objective of

- ▶ Providing foundation of a structured conceptual framework for project sustainability assessment in IsDB.
- ▶ Introducing structured evaluation and assessment of environmental, social, economic technical and operational risks at different phases of the project cycle to ensure sustained development effectiveness.

The Framework will lay foundation for developing, in 2021, relevant guidelines, tools, procedures, and practices that will support IsDB and MCs to achieve sustainability of projects.



C. PROGRESS TOWARDS P5P PERFORMANCE PILLARS

In line with the President's 5-Year Program (P5P), the Bank undertook several initiatives to enhance its operational and organizational efficiency during 2020. This section provides an update on initiatives under the six corporate performance indicators:

C.1 AWARENESS: IMPROVING THE VISIBILITY OF IsDB

From the onset of COVID-19, the Bank was one of the first institutions to embrace digital platforms and technologies to improve the Bank's reach and visibility among key stakeholders, MCs and the general public. Salient visibility activities during the year include:

“
The IsDB was the Chair of the prestigious MDBs' Forum led by H.E. the President, and actively worked towards the development of a unified MDBs Report on their contributions towards the attainment of the SDGs 2030 Agenda.

- ▶ As Chair of the MDBs forum in 2020, the President of IsDB actively engaged with his counterparts on critical initiatives to support MCs post COVID-19. The Debt Service Suspension Initiative for developing countries and the development of a unified MDBs Report on the SDG 2030 Agenda were the two major areas that were addressed.
- ▶ The IsDB Group heavily engaged to support the G20 Summit under the Presidency of the Kingdom of Saudi Arabia (KSA) 2020. The Minister of Finance of KSA appreciated the Bank's contributions, including participation in 120 meetings, delivery of 58 interventions and 56 presentations or written contributions.
- ▶ The Bank was accepted as an implementing partner of the Global Partnership for Financial Inclusion, which is an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders.
- ▶ As part of its engagement with the G20 group, the Bank presented a comprehensive report on Political Risk

Insurance at the G20 meeting of Finance Ministers and Central Bank Governors.

The Bank's website is regularly updated with the Bank's work, success stories, special industry articles, knowledge products and analysis, including the impact of COVID-19 on MCs.

C.2 COMPETENCY: BUILDING ORGANIZATIONAL CAPABILITIES

The P5P envisages an agile organization that is equipped with high quality staff capacities, technological capabilities and proactive work environment. For the most part of 2020, normal work routines were disrupted, and staff were unable to attend office or visit project sites and relevant stakeholders due to the COVID-19 restrictions.



By swiftly adapting to the “new normal,” the President of IsDB established a Business Continuity Management (BCM) team that met regularly to review the evolving situation and make recommendations to management about alternative work and travel modalities while safeguarding staff health and well-being and complying with host country regulations.

Other important highlights on the internal, organizational front included:

- ▶ Launch of a Leadership Development Program (LDP) aimed at developing the management and leadership skills of middle and senior management and harnessing the talent and future leadership of the Bank.
- ▶ Initiation of a HR workload assessment comprising the following tasks: (a) diagnosis and analysis of the Bank's business, strategy and workforce requirements; (b) development of a workforce planning methodology; (c) launch of workload and workforce planning; and (d) implementation and roll out.

The P5P envisages an agile organization that is equipped with high quality staff capacities, technological capabilities and proactive work environment. For the most part of 2020, normal work routines were disrupted, and staff were unable to attend office or visit project sites and relevant stakeholders due to the COVID-19 restrictions.

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The IT Strategy encapsulates approximately 60 initiatives planned over the course of the next four years. These initiatives span across the pillars of Infrastructure, Application, Cybersecurity and Governance, Information Management, Resourcing and Innovation.

By swiftly adapting to the “new normal,” the President of IsDB established a Business Continuity Management (BCM) team that met regularly to review the evolving situation and make recommendations to management about alternative work and travel modalities while safeguarding staff health and well-being and complying with host country regulations.

Other important highlights on the internal, organizational front included:

- ▶ Approval of the Bank’s IT Strategy and Operating Model in June 2020, with the objective of strengthening IT governance based on cybersecurity, information security, risk management, service management and enterprise architecture.
- ▶ In response to COVID-19, and in cooperation with Business Continuity Management (BCM) and Health Services Centre (HSC), the safety and security team provided 2,000 staff with health kits and 20 thermal screening devices to trained staff.
- ▶ Development of Fixed Asset Management Policy, Corporate Procurement Framework, and Business Travel Policy and Guidelines to improve organizational capabilities and make processes more efficient.

C.3 FUNDING: ENSURING FINANCIAL SUSTAINABILITY

2020 was a challenging year for financial markets and institutions and tested the Bank’s financial resilience, given the unprecedented pressures on MCs, investors and treasury operations. The Bank’s performance on financial indicators are shown below:



- ▶ In 2020, the Bank issued nine Sukuk, out of which seven were Private Placement Sukuks and two were Public transactions, including the largest Sukuk issued by IsDB (US\$ 2 billion in February) and the Bank’s debut Sustainability Sukuk in June, raising US\$ 1.5 billion exclusively for COVID-19 projects. The Sukuk issuances raised a total of US\$ 5.5 billion thereby fulfilling the approved Funding Plan for the year and mobilizing resources from the capital markets to supplement the Bank’s capital base for financing MCs priority projects.
- ▶ Net income for the year 2020 was ID 116 million compared to ID 140.3 million in 2019 and ID 83.9 million in 2018. Due to the pandemic’s impact on financial markets, the global reference rates plunged to record lows, negatively affecting the treasury and project income.

“

The IsDB achieved a new milestone with debut Green Sukuk worth EUR 1 billion for Green Financing in its Member Countries.


- ▶ An updated Financial Sustainability Model was developed to help track and ensure that the Bank's financial health remains resilient, with a view to maintain its AAA rating. Financial sustainability became critical for decision-making as the mismatch between approvals and disbursements were managed in a more effective and coordinated manner.
- ▶ Preparatory activities for the launch of the Cash Waqf Sukuk (CWS) and Ihsan Waqf Sukuk (IWS) in 2021, including consultations with Nasdaq Dubai and industry experts on the process of issuing and listing a social sukuk, structure options and related considerations.
- ▶ A study of the Bank's Waqf funds, with the aim to review and make recommendations to address the financial sustainability of the assets.
- ▶ Operations Overdues Policy and Policy for Impairment and Credit Losses were finalized and approved by the Board of Executive Directors in 2020.
- ▶ Repricing Gap Analysis Tool was developed to better inform Assets Liabilities Committee's (ALCO) decisions in a quantified manner on repricing gaps and actions needed to proactively manage associated risks.
- ▶ Ratings toolkit was developed to provide analysis and signals to the Bank's management for proactive management of the Bank's rating by international rating agencies. The application is ready for testing and full validation.
- ▶ Investment Policy and Management Framework were successfully developed for ISFD.

- ▶ Investment Implementation Plan for the Pension Fund was developed with a focus on rebalancing the portfolio on unallocated asset classes.
- ▶ As part of its strategy of de-risking the balance sheet, the Bank continued with divestment of legacy and non-core assets while focusing on core assets that deliver financial and economic value to MCs and provide adequate financial returns to the Bank.

C.4. DELIVERY: DECENTRALIZING FUNCTIONALLY AND GEOGRAPHICALLY

At the heart of the P5P are reforms to improve the delivery of the Bank's operations and decentralization of portfolio operations, bringing services closer to the needs of MCs. Over the last three years, the Bank has progressively expanded its field presence in the form of 11 RHs, which are now fully functional and well-staffed with managerial, technical and support capacities.


The hubs are empowered through changes to operational and administrative policies, delegation and support, enabling them to better coordinate with MCs, develop pipeline projects and provide implementation support to ongoing operations.

- ▶ In April 2020, the Bank launched  SPRP to support MCs efforts to contain and mitigate the impact of the COVID-19 pandemic. The program envisaged a holistic approach in the short, medium and long-term. The total IsDB Group commitment to the COVID-19 response is US\$ 3.55 billion. IsDB's allocation amounts to US\$ 1.5 billion, of which US\$ 877 million was approved in 2020 for 40 projects in 27 MCs.





Global Country Platform: The ‘Strategic Preparedness and Response Program (SPRP)’ launched by the Bank is being rolled out through the Country Platform (Global Coordination Platform). The platform is a blockchain-based online marketplace that aims to coordinate aid delivery and mobilize financial and technical resources to support MC efforts in each of the three tracks of Response, Restore and Restart.

- ▶ The Bank launched a Global Coordination Platform (GCP), which is a blockchain-based online marketplace that aims to coordinate aid delivery and mobilize financial and technical resources to support MCs efforts across the three tracks of SPRP: Respond, Restore and Restart. In line with the Paris Declaration for Aid Effectiveness, the platform emphasizes transparency and building country capacities, systems, and hence full ownership of the development agenda.
- ▶ Development and roll out of critical guidelines related to decentralization and the approval of six critical policies governing (a) management of staff field mobility, (b) management dual reporting staff, (c) rules for local staff recruitment, (d) management of field representatives, (e) IsDB Group cost-sharing guidelines for RHs and (f) guidelines for the development and review of IsDB Group host country agreements for RHs.
- ▶ Progress on the  SPRP has been subject to monitoring and evaluation by IsDB Management and the BED. To date, five progress reports on the implementation of the SPRP were submitted during 2020. Several key initiatives were introduced to step up monitoring and follow-up to fast-track implementation and disbursements, including the following:
 - Disbursement Value Chain (DVC) provides information on the key steps required for a project to reach actual disbursement stage for each project. This allows the relevant parties to ensure all necessary arrangements are put in place to avoid any delays before the expected disbursement date.

- Monitoring Tracking Tool (MTT) is a ‘micro-monitoring’ tool that provides a detailed breakdown of the project cycle into granular level, from approval to the signature on the legal agreement, advancing the procurement and contractual arrangements, and onboarding onto the GCP in near real-time. The MTT has been key in providing full transparency for SPRP implementation and serves as an early warning system to Management to take any preventive or corrective actions.
- Country Crisis Management Teams (CCMTs) in each RH, consisting of key stakeholders and functions enables the discussion of all the actors in avoiding delays in disbursement. CCMTs are responsible for relaying progress information and challenges to Management, helping to mitigate bottlenecks and operational issues in a timely manner.





C.5 LINKAGES: CROWDING-IN RESOURCES FROM THE MARKET

The Bank continued its efforts to expand the capital base by leveraging additional resources to meet the financing needs of MCs. The IsDB Board of Governors approved a sixth general increase in the Bank's capital of ID 5.5 billion (US\$ 8 billion), which led to an increase in the subscribed capital of the Bank from 50 to ID 55.5 billion (US\$ 80.17 billion). Other results in this area include:

- ▶ Al-Quds Trust Fund and Al-Quds Ihsan Waqf Investment Fund (which were approved by the BED in 2020 which were approved by the BED in 2020. Ihsan Waqf Investment Fund with Investcorp (the fund was structured and negotiations for the Investment Management Agreement with Investcorp is ongoing), Cash Waqf Sukuk (structuring was finalized and is expected to be launched in early 2021).
- ▶ Both the Presidents of IsDB and Japan International Cooperation Agency (JICA) agreed to develop a new partnership framework to guide future joint work. Several working level sessions were held to chalk out the new IsDB-JICA partnership framework.
- ▶ The IsDB coordinated three new cooperation agreements with the UN's Food and Agriculture Organization (FAO), Germany's GIZ and the UAE's Abdulla Al Ghurair Foundation for Education (AGFE), which signed a Donor Contribution Agreement (DCA) with the Bank for a grant

amount of US\$ 10 million as a contribution to the IsDB administered Global Muslim Philanthropy Fund for Children (GMPFC).

- ▶ The IsDB STI platform serves as a multifaceted hub for outreach to raise funds for interested project owners, while publicizing past and recent STI activities.
- ▶ In 2020, the SSTRC division deployed the new IsDB concept of "National Ecosystems for South-South and Triangular Cooperation (SSTRC)" launched by H.E the President of IsDB in September 2019 into a regional program for MCs.
- ▶ Fragility Financing Facility (Triple-F) was launched to build resilience to manage relevant risks and shocks in fragility and conflict affected situations. It will work with international partners on Joint Damage Needs Assessment (JDNA) and the Resilience and Recovery Plan (RRP), both in design and implementation focusing on quick gains.
- ▶ Mainstreamed civil society engagement under the Tadamon Platform to make Member Country Partnership Strategy (MCPS) and value-chain development approach more inclusive and participatory, introducing CSOs engagement during the MCPS exercise while mobilizing additional funds to support the most vulnerable communities and groups.



C.6 REINFORCEMENT: MANAGING FOR DEVELOPMENT RESULTS

Several initiatives were undertaken to reinforce the Bank's development effectiveness. These include a greater focus on results-orientation of operations and grants, review and update of sector, thematic and operational policies, integrated work programming that brings together strategy, operational results, corporate performance and budget, and simplification of business processes to support the processing of SPRP projects.

A round-up of major initiatives under this pillar are shown below:

- ▶ Integrated Strategic Programming Framework was launched to ensure that strategy is embedded in operations and administrative work programming by having a cohesive approach across the four key areas of strategy, operations, finance and budgeting. Three cycles have been completed based on this methodology.

“The Bank has developed its first Environmental and Social Safeguard Policy (ESSP) to i) reflect global best practices, ii) demonstrate the Bank's unique situation as a Shariah-compliant MDB, iii) enhance the Bank's global position as a AAA+ MDB, and iv) bring benefits to its MCs by taking necessary action to access global grant resources related to environmental protection.

- ▶ In line with the President's P5P, Implementation of COSO Internal Control Framework was developed to reinforce and strengthen internal controls. The COSO Framework is an internationally established framework that aims to improve the governance and implementation of the framework in progress.
- ▶ Fund Management Framework was developed and approved by the BED. The framework aims to provide transparent and comprehensive guidelines for the establishment, administration and use of special Funds managed by the Bank, while mainstreaming them in various strategies and business processes.



- ▶ The Bank developed a Climate Action Plan (2020-2025) in line with the approved Climate Change Policy, setting an ambitious climate finance target of 35 percent by 2025, including the modalities and roadmap to meet this target.
- ▶ The Bank approved Fragility and Resilience Policy, operational strategy, and 5-Years Action Plan aimed at addressing fragility and building resilience in fragile and conflict affected situations. The focus areas include building resilience, strengthening institutions, and contributing to social cohesion and sustainable development in MCs and Muslim communities in non-MCs.
- ▶ The Bank approved the Civil Society Engagement Policy, which sets out the framework for engagement with civil society organizations. An international platform named Tadamon (Solidarity) was launched to enable CSOs to share knowledge, experience, best practices, lessons learned and mobilize resources through crowdfunding platforms and other innovative financing mechanisms.
- ▶ First-ever Disaster Risk Management and Resilience Policy were approved, with an aim to support MCs in managing the risks and shocks of natural disasters and to contribute to sustainable economic development.
- ▶ Development of Youth Development Action Plan (2020-2024), Operational Strategy of the Women Empowerment Strategy (2020-2025) and three guidance notes on how to mainstream women and youth-related dimensions in urban development, transport and water sector projects.
- ▶ Project Implementation Assessment and Support Report (PIASR) is the tool for assessing progress and



performance of Bank projects during implementation. The PIASR template and guidance were revised with a view to strengthen annual planning and monitoring of project progress and developing action plans for addressing implementation issues. With regular follow up and guidance, the RHs completed 205 PIASRs in 2020 achieving 100 percent of the annual target.

- ▶ The BED approved the first Environmental and Social Safeguards policy and standards in 2020. The standard covers two areas i.e. Environmental and Social Standard and the Involuntary Resettlement Standard. The Bank conducted a webinar attended by RHs staff members to inform them of the context, content and general requirements of the ESS policy and the use of the ESS Standards, which will be launched in 2021.
- ▶ Revision and update of Country Portfolio Performance Review (CPPR), which is an important tool to review portfolio performance at the country level and formulate plans to address project implementation issues. The Country Operations Portfolio Note (CPRN) was introduced to simplify the process and facilitate review of the active portfolio with a focus on top 20 High Exposure Countries. 18 CPPRNs were completed with 100 percent coverage of top 10 High Exposure Countries.
- ▶ Project Data Governance Framework (P-DGF) was launched to elevate the quality and accuracy of project data in the Bank's Operations Management System, enabling effective and timely portfolio management and decision-making. Implementation of the P-DGF includes the capacity building of staff responsible for project data

management, especially in RHs and regular data quality monitoring using an online dashboard that provides an objective assessment of project data quality and flags any gaps, such as missing or inconsistent data.


- ▶ With the launch of the  SPRP, the Bank implemented a new modus operandi to fast track approvals and disbursements. The Bank leveraged the strength of the IsDB Group's Members and collaboration with development partners, especially UN Agencies. Processes were simplified to cater to emergency response requirements by shortening project appraisal and approval timelines, repurposing undisbursed commitments, and immediately making funds available for SPRP. Swift turnover of prior review and risk-based post review mechanisms facilitated speedy procurement. Robust trade contract management and swift disbursements were also in place, leveraging ITFC's strength in the area. This was complemented by the GCP, the Bank's 1Process system that provided detailed, end-to-end business processes and procedures involving RHs, ITFC and other development partners, as well as training workshops for staff, development partners and officials from MCs.



Table 8: List of the President's 5-Year Program (P5P) Achievements

SI	Programme
1	MCPS 2.0 (several country studies available now)
2	RISE/Country Platform model
3	Awqaf Capital (ACAP)
4	Awqaf Properties Investment Fund (APIF): New projects
5	BRAVE Women Program
6	Cash Waqf Sukuk
7	Environmental and Social Safeguards Policy
8	International Sukuk Conferences
9	Participation of IsDB Group to G20 in 2020 under Saudi Presidency (presence in 120 meetings, delivery of 58 interventions and 56 presentations or written contributions)
10	IsDB accepted as implementing partner of the Global Partnership for Financial Inclusion
11	IsDB submitted a comprehensive report on Political Risk Insurance to G20 Finance Ministers and Central Bank Governors
12	IsDB submitted two reports on Country Platforms to G20 Finance Ministers and Central Bank Governor
13	IsDB coordinated the response of MDBs to G20 on the G20 Debt Service Suspension Initiative
14	IsDB chaired the Heads of MDBs Meetings in 2020
15	IsDB led the development of and published the first-ever joint MDBs report on their contribution to SDGs
16	Development of more than 20 Sector, Thematic and Operational Policies
17	Policy Development Framework
18	Financial Sustainability Model
19	Integrated Strategic Programming Framework – Improving planning and strategic alignment
20	Integrated Control Framework – Improving Governance
21	Board Governance/Committees Restructuring – Improving Governance
22	Communication and Branding Initiatives
23	New IsDB Website
24	New Live BED Project Portfolio Dashboard
25	Management Information Dashboards
26	Objectives and KPIs Framework

SI	Programme
27	Reverse Linkage and South-South Cooperation Programs
28	Reverse Linkage Manual Developed
29	Disbursements Handbook Developed
30	Decentralization completed in 8 Hubs with complete staff relocated
31	2 new Regional Hubs (RHs) will be established in 2021- Work in Progress
32	Covid-19 Strategic Preparedness and Response Program worth USD2.9 b Group-wide Package with 37 projects approved in 28 MCs
33	Blockchain Technology-Based Global Coordination Platform in 30 MCs
34	IsDB ESG Risk Rating Summary Report with positive rating
35	Revamped Annual Development Effectiveness Report
36	COSO Framework Implementation for improved controls, governance, business ethics, internal control, and risk management
37	Enterprise Risk Management Program in progress
38	IsDB-APICORP Economic Infrastructure Facility
39	Accreditation with Global Infrastructure Facility / Green Climate Fund in process
40	IsDB-ITFC Agriculture Sovereign Trade Fund
41	(QnP) tool has been introduced that assesses the projects based on carefully designed CSFs (Critical Success Factors) – Improve Quality at Entry
42	SDGs CoP providing regular updates on SDGs related issues
43	New Investment Management Framework – de-risking the Balance Sheet
44	Project Financial Management Guidelines/Function
45	Business Continuity Management Function's Enhancement in line with international best practices
46	One WASH
47	Change for Impact: Transforming Agriculture and Rural Development in IsDB MCs
48	Climate Change Mainstreaming in Projects (with World Resources Institute)
49	Co-financing projects
50	Collaboration with Global Partnership for Sustainable Development Data (GPSDD): monitoring and measurement of SDGs in Senegal
51	Commercial funding: BAKAD Almaty Ring Road Project

SI	Programme
52	Communications department Higher Education missions (to promote existing initiatives)
53	Community Outreach Programme
54	Concessional financing: Gaza Central Desalination Programme – with EIB
55	Country Diagnostic Study for Pakistan
56	Development of a Fund Management Framework for the Trust Funds and Special Funds
57	Digitization Project
58	Engage Platform
59	Enhancing the Enabling Environment for Private Sector Investment in OIC MCs through an Effective OIC Investment Dispute Settlement Mechanism
60	Global Partnerships and Resource Mobilization
61	GVC initiatives in Guinea, Cote d'Ivoire, Benin, Senegal, Niger, Pakistan, Afghanistan, Kyrgyzstan, Nigeria, Malaysia
62	GVC-CoP training session with Duke University
63	Ihsan Waqf Investment Fund
64	Infrastructure Financing Ecosystem Development
65	Initiative on Youth & Women Empowerment in Rural Bangladesh
66	IsDB GPE Alliance for Better and More Financing (blended financing package of USD30 million for Tajikistan to unlock USD10 Million Grant from the GPE Multiplier)
67	IsDB Green Sukuk
68	IsDB initiatives for resilience (NGO Empowerment for Poverty Reduction Programme; first annual IsDB Resilience Report, 'Understanding, Investing & Programming for Resilience';
69	IsDB Innovate crowdfunding platform
70	Islamic Finance Advisory & Technical Assistance (IFATA) support for 18 awareness programs in 2019; Regional Conference on Waqf (endowment) in Conakry, Guinea
71	Islamic Finance Country Assessment Framework (IF-CAF)
72	The Evolution of Indonesia's Participation in Global Value Chains
73	LLF new projects (various, including WASH)
74	Matching fund mechanism for the education of Syrian refugees in Iraq, Jordan, Lebanon, and Turkey
75	New tools: Fragility and Resilience Analysis (FRA); Watching Brief (WB); Transition Management and Mitigation Strategy (TMMS)
76	NGO Empowerment for Poverty Reduction Program to empower national Civil Society Organisations (CSOs)

SI	Programme
77	OED initiatives for Capacity Building in Evaluation in MCs: Bahrain, Kazakhstan, Morocco, and Senegal
78	Partnerships development complex – various projects with EIB; EBRD; WBG; AFD; UNICEF; JBIC; OIC and its agencies; UNDP; FAO; IFAD; IFRC, UNOPS; GIZ
79	Pilot Project for Integrating the Delivery Approach to Enhance the Development Outcomes of the IsDB Country Programs in Senegal
80	Projects to promote the empowerment of youth and women in Bangladesh, including USD 100,000 for the Women Empowerment Programme through Livelihood Skills Training and Human Rights Awareness
81	Public-Private Partnership (PPP) New Projects and resource mobilization in Senegal
82	Reform Package for the Waqf Fund
83	Regional Waqf Development Gateway and innovation
84	Scholarship programs growth with 1200 students benefitting in leading universities
85	Science, Technology, and Innovation Department initiatives (GO-SPIN; partnerships with UNESCO in Uzbekistan and Mozambique; Barefoot College Project; Whitaker Peace & Development Initiative; Maritime Investment initiatives – Blue Economy; MoU with Republic of Senegal)
86	Social Financing Development Ecosystem
87	Support to MCs under RHs Dhaka in tackling Climate Change (Bangladesh and Maldives)
88	Tadamon (Solidarity) crowdfunding platform
89	Technical Cooperation for Sanitation Between the IsDB & the Bill & Melinda Gates Foundation – new projects
90	The Economic Empowerment Fund for the Palestinian People EEFPF
91	The Transform Fund; Transformers Roadshows and Transformers Summit in Senegal
92	Unlocking Energy Access Finance through Crowdfunding: Trine crowdfunding project for Solar Home Systems
93	Youth Development Working Group
94	Youth Employability Platform
95	Adahi 2.0
96	Markets for Development Platform
97	Global Industry Reports on Resilience Post-COVID-19
98	Capital Markets Mobilization (AIM activities, including MoU with Standard Chartered)
99	One Group Initiative (SLAs with Group Entities)
100	Cancer Project from STI



Chapter 5

Conclusion

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THE YEAR 2020 WAS THE THIRD YEAR OF THE P5P, AND THE BANK HAS COME A LONG WAY IN MAKING PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT RESULTS. THE RAPIDLY CHANGING WORLD AND THE ONSET OF THE GLOBAL PANDEMIC HAS BROUGHT NEW CHALLENGES AND PRIORITIES.

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The Bank completed in 2020 the first two GVC based MCPS 2.0 in Gabon and Maldives. This approach is the face of the new business model and there have been 5 new MCPs that have been initiated in 2020, while 11 new MCPs will be initiated in 2021. There are 21 interventions identified in Gabon and 29 interventions in Maldives.

For Gabon MCPs, 278,000 jobs will be created, whereas US\$ 2.2 billion worth of additional value add will be created and US\$ 2.3 billion worth of domestic and foreign investment will be catalyzed, whereas for Maldives, 12,819 jobs will be created, US\$ 229 million worth of additional value add created, and US\$ 143 million worth of domestic and foreign investment will be catalyzed.



On the core operations of the Bank in the more classical side, the Bank has been increasing the approvals by US\$ 0.5 billion every year over the course of past three years, from the base level of US\$ 1 billion in 2018 to US\$ 2.3 billion approved

in 2020. This amount is projected to increase by US\$ 0.5 billion every year soon in as well. The Bank has increased the disbursements to a higher average level as in 2019, US\$ 2.8 billion were disbursed, whereas in 2020, US\$ 2.7 billion were disbursed, which is significantly higher from the historic range of US\$ 2 billion to US\$ 2.3 billion.

The proposed Operational Plan for the year 2021 is expected to generate significant results in our MCs. Together these developmental outputs would address most needed SDGs, namely SDG 2 (Zero Hunger), SDG 3 (Good Health), SDG 4 (Quality Education), SDG 6 (Clean Water and Sanitation), SDG 7 (Clean Energy), SDG 8 (Economic Growth), and SDG 9 (Infrastructure, Industry, and Innovation).

The Bank has maintained the AAA rating and has secured the 6th General Capital Increase, which will help to improve the Prudential Financial ratios in the future. On the organizational front, the Bank has transformed the culture of governance in the form of development of more than 18 new operational, sectoral, and thematic policies, as well as digitization, reliance on technology, and modernizing the existing applications have been the hallmark of the P5P. A P5P book is about to be launched, which explains all the achievements to date in a detailed manner.

The Bank has led the MDBs forum in 2020 as well played a key role in the G20 forum held in KSA. The Bank approved USD 1.5 billion package for the MCs due to the Covid-19 pandemic, launched the Global Coordination Platform, and is on course to continue providing the support in 2021. The operations budget for 2021 is US\$ 2.5 billion, whereas US\$ 3 billion is targeted to be disbursed.

ANNEX

PROJECTS COMPLETED AND THEIR KEY RESULTS

Country	SDG	Project Name	Result	Planned Results
Afghanistan		Rehabilitation and Upgrading of Irrigation and Water Resources Management Project in Pashtun Zargun District	Area irrigated (hectares)	9892
		Rehabilitation and Upgrading of Irrigation and Water Resources Management Project in Pashtun Zargun District	Households with access to potable water supply systems (number)	11328
		Rehabilitation and Upgrading of Irrigation and Water Resources Management Project in Pashtun Zargun District	People trained (number)	771
Bahrain		Support to the National Water Transmission and Storage Infrastructure Development (Phase II) Project	Households with access to potable water supply systems (number)	700000
		Support to the National Water Transmission and Storage Infrastructure Development (Phase II) Project	Increased potable water treatment capacity (m3/day)	189270
Bangladesh		Water Supply and Sanitation Project in Cyclone Prone Coastal Areas of Bangladesh	Shelters/houses built, upgraded or rehabilitated (number)	1220
		Water Supply and Sanitation Project in Cyclone Prone Coastal Areas of Bangladesh	Households with access to improved sanitation (i.e. latrines, sewage system) (number)	6235
		Primary Education Development Project	Class rooms built or upgraded in primary/secondary education (number)	1700
		Primary Education Development Project	Students benefitted (number)	42500
		Agricultural Support for Smallholders in South-Western Region of Bangladesh Project	People trained (number)	152760
		Agricultural Support for Smallholders in South-Western Region of Bangladesh Project	Market centers established, upgraded or rehabilitated (numbers)	5
		Agricultural Support for Smallholders in South-Western Region of Bangladesh Project	Local/Rural roads built, upgraded or rehabilitated (km)	50
		Enhancing the Madrassa Learning Environment Project	Class rooms built or upgraded in primary/secondary education (number)	279
		Enhancing the Madrassa Learning Environment Project	Teachers/Faculty/staff trained (number)	605
		Women Empowerment through Livelihood Skills Training and Human Rights Awareness	People trained (number)	500
		Women Empowerment through Livelihood Skills Training and Human Rights Awareness	People employed (number)	266

Country	SDG	Project Name	Result	Planned Results
Burkina Faso		Expansion of Students Hostels for the University of Bobo-Dioulasso Project (Phase II)	Students benefitted (number)	11226
		Expansion of Students Hostels for the University of Bobo-Dioulasso Project (Phase II)	Institutions built or upgraded or equipped (number)	1
		Expansion of Students Hostels for the University of Bobo-Dioulasso Project (Phase II)	Teachers/Faculty/staff trained (number)	70
Cote d'Ivoire		Hydro-Agricultural Development Project in Upper Sassandra and Fromager Regions (Phase II)	Area irrigated (hectares)	332
		Construction of North-West Region Roads Project	Local/Rural roads built, upgraded or rehabilitated (km)	175
		Post-Conflict Reconstruction of the Vocational Training School Project in Odienne	Health facilities constructed or upgraded or equipped (number)	11
		Post-Conflict Reconstruction of the Vocational Training School Project in Odienne	Institutions built or upgraded or equipped (number)	40
		Post-Conflict Reconstruction of the Vocational Training School Project in Odienne	Local/Rural roads built, upgraded or rehabilitated (km)	403
Egypt		South Helawn Power Plant Project	New households connected to electricity (number)	8300000
			Installed energy generation capacity using non-renewable sources (MW equivalent)	1950
Gambia		Construction of Sukuta-Jambanjelly Road Project	Expressways and National or Regional highways built, upgraded or rehabilitated (km)	13.5
Indonesia		Development of Belawan Port (Phase I) Project	Annual capacity increase at maritime ports (tons)	107052
		Support to Quality Improvement of Vocational Training Centers Project	Students benefitted (number)	31610
			Institutions built or upgraded or equipped (number)	11
			Teachers/Faculty/staff trained (number)	165
		Regional Roads Development Project	Expressways and National or Regional highways built, upgraded or rehabilitated (km)	76.4
		SANIMAS Community-Based Sanitation Project	Households with access to improved sanitation (i.e. latrines, sewage system) (number)	105058

Country	SDG	Project Name	Result	Planned Results
Maldives		Reconstruction of Harbours (Phase II) Project	Annual capacity increase at maritime ports (tons)	208
			Health facilities constructed or upgraded or equipped (number)	1
Mauritania		Development of the National Cardiology Center Project	Number of beds added to health facility(ies) (number)	101
			Health personnel trained	694
Morocco		Expansion of Water Supply Project for Fes City and the Rural Communities in Taza Province	Households with access to potable water supply systems (number)	0
			Water supply Network installed or upgraded (length in KM)	262.1
			Increased potable water treatment capacity (m3/day)	53568
Oman		Dualization of Ibra-Alkami Road	Expressways and National or Regional highways built, upgraded or rehabilitated (km)	76
			Local/Rural roads built, upgraded or rehabilitated (km)	31.23
Saudi Arabia		Fadhili Combined Heat and Power Project (FCHPP)	Installed energy generation capacity using non-renewable sources (MW equivalent)	1509
Senegal		Upgrading of Dakar Expressway Section II Project	Expressways and National or Regional highways built, upgraded or rehabilitated (km)	9
		Support to National Malaria Prevention and Control Project	People benefitting from outpatient services annually (number)	8217565
			Preventive healthcare - Number of Long Lasting Insecticidal Nets (LLINs) distributed (Malaria)	1600000
		Regional Express Train (Dakar City Center to AIBD Airport)	Annual capacity increase at other transport or logistics gateways/hubs	40680000
Sierra Leone		Technical and Vocational Education and Training Project	Students benefitted (number)	6800
			Institutions built or upgraded or equipped (number)	8
			Teachers/Faculty/staff trained (number)	100
Sudan		Cotton Ginning Plants Project	Crop productivity increased	50
		Cotton Ginning Plants Project	People employed (number)	150000
Tajikistan		Dangara Valley Irrigation Network (Phase III) Project	New irrigation network designed and installed	83.08
			Crop productivity increased	2577
		Dangara Valley Irrigation Network (Phase III) Project	Jobs for farmers created	6000

Country	SDG	Project Name	Result	Planned Results
Tajikistan		Dangara Valley Irrigation Network (Phase III) Project	Area irrigated (hectares)	1801
			Crop production increase (tons)	22423
			Water resources developed for multiple use (m3)	17200000
		Dangara Valley Irrigation Network (Phase III) Project	People employed (number)	5000
Tunisia		Mornaguia Gas Turbine Power Plant Project	Reserve electricity generation capacity increased	12.5
			Installed energy generation capacity using non-renewable sources (MW equivalent)	600
			Installed energy generation capacity using renewable sources (MW equivalent)	600
Turkey		Reconstruction and Upgrading of Okmeydani Training Hospital under the Istanbul Seismic Risk Mitigation and Preparedness Project	People benefitting from outpatient services annually (number)	2200000
			Health facilities constructed or upgraded or equipped (number)	1
			Number of beds added to health facility(ies) (number)	599
Uganda		Grid Rural Electrification Project	Transmission /Distribution lines installed, upgraded or rehabilitated (km)	4369
			New households connected to electricity (number)	15807
			Substations, Installed, upgraded or Rehabilitated (MVA)	63.88
United Arab Emirates		DEWA 800MW Photovoltaic Solar Power Plant – Phase III	Installed energy generation capacity using renewable sources (MW equivalent)	200
Uzbekistan		Construction of Modern Rural Housing Project (Phase-2) 2018	Shelters/houses built, upgraded or rehabilitated (number)	3982
		Construction of Modern Rural Housing Project (Phase-2) 2018	Water supply Network installed or upgraded (length in KM)	96.56
		Construction of Modern Rural Housing Project (Phase-2) 2018	Local/Rural roads built, upgraded or rehabilitated (km)	65.7





