



DEVELOPMENT EFFECTIVENESS REPORT

2021

IsDB



البنك الإسلامي للتنمية
Islamic Development Bank



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Abbreviations

ACG	Arab Coordination Group	IOFS	Islamic Organization for Food Security
ADER	Annual Development Effectiveness Report	IsDB	Islamic Development Bank
AEs	Advanced Economies	IsDBG	Islamic Development Bank Group
AFAB	Alliance to Fight Avoidable Blindness	IsDBI	Islamic Development Bank Institute
AfCFTA	African Continental Free Trade Area	ISFD	Islamic Solidarity Fund for Development
AfDB	African Development Bank	IT	Information Technology
AIIB	Asian Infrastructure Investment Bank	ITC	International Trade Centre
APIF	Awqaf Properties Investment Fund	ITFC	Islamic Trade Finance Corporation
BED	Board of Executive Directors	IWP	Integrated Work Program
BoG	Board of Governors	LDMCs	Least Developed Member Countries
BPRD	Budget Performance and Results Department	LLF	Lives and Livelihoods Fund
CAEP	Climate Action Enhancement Package	MC	Member Countries
CAREC	Central Asia Regional Economic Cooperation	MCPS	Member Country Partnership Strategy
CPIP	Country Portfolio Improvement Plan	MDB	Multilateral Development Bank
CPPR	Country Portfolio Performance Review	MENA	Middle East and North Africa
CPRN	Country Portfolio Review Note	MOU	Memorandum of Understanding
CSO	Civil Society Organizations	NDC	Nationally Determined Contribution
CUB	Cumulative Undisbursed Balance	NMC	Non-Member Countries
CUC	Cumulative Undisbursed Commitments	OCR	Ordinary Capital Resources
CWIS	Citywide Inclusive Sanitation	OIC	Organization of Islamic Cooperation
DCO	Digital Cooperation Organization	OMS	Operations Management System
DG	Data Governance	ORC	Operations Review Committee
DLS	Distance Learning School	PCN	Project Concept Note
DOA	Delegation of Authority	PCR	Project Completion Report
EEFPP	Economic Empowerment Fund for the Palestinian People	PFM	Project Financial Management
EMDEs	Emerging Market and Developing Economies	PIASR	Project Implementation Assessment and Supervision Report
ERS	Economic Research and Statistics	PICA	Palestinian International Cooperation Agency
ESCWA	Economic and Social Commission for Western Asia	PPE	Personal Protective Equipment
ESS	Environmental & Social Safeguard	PPP	Public Private Partnerships
FCD	Financial Control Department	PPR	Public Procurement Rules
FDI	Foreign Direct Investment	QnP	Qualification and Prioritization
FSM	Faecal Sludge Management	RBM	Results Based Management
GCF	Green Climate Fund	RH	Regional Hubs
GDP	Gross Domestic Product	RMA	Restricted Mudarabah Agreement
GHG	Greenhouse Gas	SA	Special Account
GIHub	Global Infrastructure Hub	SDG	Sustainable Development Goals
GPE	Global Partnership for Education	SEED	Solutions Engineering and Entrepreneurial Design
GVC	Global Value Chain	SERVE	Strengthening the Economic Resilience of the Vulnerable Enterprises
HLA	Humanitarian Leadership Academy	SMEs	Subject Matter Experts
HQ	Head Quarter	SOFF	Systematic Observations Financing Facility
ICD	Islamic Corporation for the Development of the Private Sector	SPRP	Strategic Preparedness and Response Program
ICIEC	Islamic Corporation for the Insurance of Investments and Export Credit	SSA	Sub Saharan Africa
ICRC	International Committee of the Red Cross	STI	Science, Technology and Innovation
ICT	Information and Communications Technology	TA	Technical Assistance
IDB	Inter American Development Bank	TCP	Technical Cooperation Program
IFAD	International Fund for Agricultural Development	TMFI	Tamparan Medical Foundation
IFI	Islamic Financial Institution	TWAS	The World Academy of Sciences
IFRC	International Federation of Red Cross	UN	United Nations
IICO	International Islamic Charity Organization	UNDP	United Nations Development Programme
II	Islamic Infrastructure Institutions	UNECE	United Nations Economic Commission for Europe
ILO	International Labour Organization	WHO	World Health Organization
IMF	International Monetary Fund	WP	Work Program
INGOs	international Non-Governmental Organizations		

Message from the President



The Covid-19 pandemic has resulted in a global recession with a varied degree of impact within and across countries and regions. Moreover, the economic recovery process has been disproportionate across different regions, posing significant challenges to the world economy. As per the estimates of IsDBI, 51 million people from the MCs fell into poverty. Most of the developed countries had committed to fiscal stimulus packages with the objective of mitigating the adverse effects of the pandemic. However, many of our Member Countries did not have the capacities, resources, or resilient systems like the developed economies and hence the road to recovery has been slower than expected.

The GDP (Gross Domestic Product) growth in the MCs declined sharply in 2020 and an estimated 15% of GDP (about US\$2.9 trillion) was lost. In 2021, although the MCs have begun recovering, the recovery will take longer for lower income MCs with less diversified economies as well as fragile economies. As per the IMF's World Economic Outlook, the global economy enters 2022 in a weaker position than previously expected. Rising energy prices, supply disruptions, fiscal deficit and soaring public debt have resulted in higher and more broad-based inflation than anticipated. This will have further adverse impacts on the Member Countries due to poor social infrastructure and weak human capital.

The IsDB, like other multilateral development banks, has focused on mitigating the adverse impact of the pandemic and spearheading the realization of the SDGs. While major strides have been made to contribute to the achievements of the Goals, the IsDB Member Countries still have a long way to go if they are to reach the SDG targets by 2030. In 2021, the Member Countries' overall SDG Index score stands at 61, significantly short of achieving the 17 SDGs.

The IsDB Group has worked closely with the Member Countries to address the challenges posed by the COVID-19 pandemic, helping restore growth and making them resilient to future shocks. The Bank approved its Strategic Preparedness and Response Program (SPRP), committing US\$4.67 billion to help Member Countries contain, mitigate, and recover from the impact of COVID-19 by adopting a 3-R approach (Respond, Restore, Restart).

At the end of 2021, the total amount of financing approved by the IsDB Group stands at US\$3.36 billion under the SPRP. The IsDBG's Vaccine Access Facility (IVAC) program covers vaccine deployment, vaccine procurement, and vaccine manufacturing support. The Bank has approved projects under IVAC amounting to US\$100 million.

The approved SPRP operations is expected to benefit about 59 million beneficiaries out of which: (i) 2.7 million people will be provided vaccination through 1,522 newly established vaccination centers; (ii) 48.8 million people would be reached through awareness campaigns to sensitize them on COVID-19 transmission and prevention; (iii) 9.7 million households in acute food insecurity would be supported with food rations to fulfill their nutritional needs; (vii) 40,000 students will benefit from e-Learning programs during COVID-19; and (viii) 18,304 small or medium enterprises (SMEs) would be provided with financial assistance.

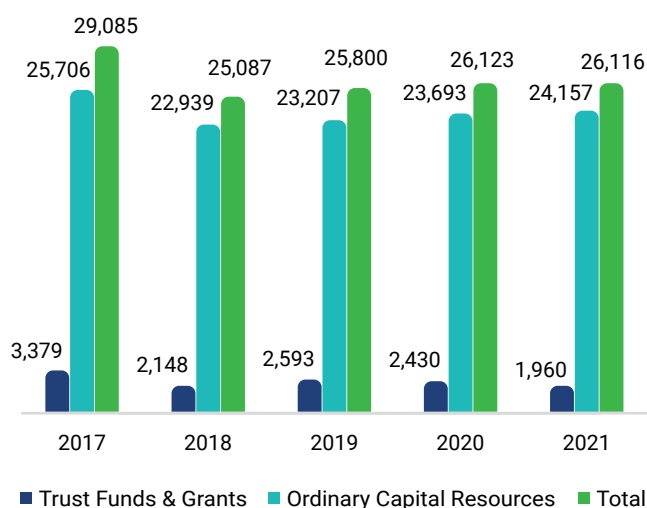
Looking ahead, the IsDB aims to focus on infrastructure and sustainable human development in the next four years, which has been well-embedded in the IsDB's Strategy 2025. The Bank undertook a major Strategy Realignment exercise geared towards reviewing its strategic orientation, to best align its support over the next three years to the critical needs and priorities of the MCs. Over the period 2023-2025, IsDB's strategy aims to focus on three overarching, interconnected Strategic Objectives: (i) boosting recovery; (ii) tackling poverty and building resilience; and (iii) driving green economic growth. The Strategic Objectives will be achieved through two main Strategic Pillars: (i) Green, resilient and sustainable infrastructure; and (ii) Inclusive, human capital development. Investment in these areas will help the Member Countries become more resilient to absorb such shocks in the future by improving the digital divide, strengthening health and education systems, promoting financial inclusion, generating equal opportunities for the women and youth, and building a well-equipped human capital.

The Annual Development Effectiveness Report (ADER) helps the Bank and our stakeholders track the development effectiveness of the Bank's interventions, performance and results achieved on the ground, and our operational standing in the international development landscape. This report highlights the planned results and contributions to the SDGs in the MCs and Muslim communities in non-Member Countries. The report takes stock of the Bank's interventions, analyzes changes in the Bank's portfolio and assesses the organizational effectiveness for serving the Member Countries.

H.E. Dr. Muhammad Sulaiman Al Jasser
President, Islamic Development Bank (IsDB) Group

Operations Performance in 2021

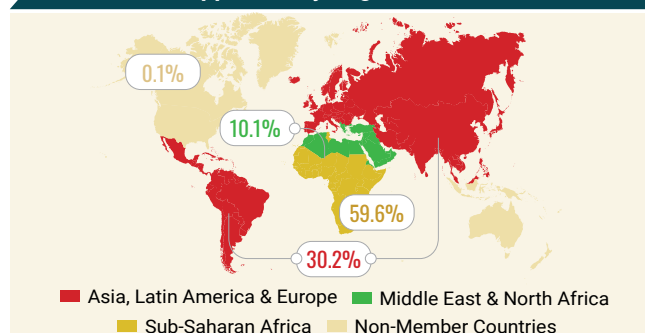
Active Portfolio at Year-End (US\$ million)



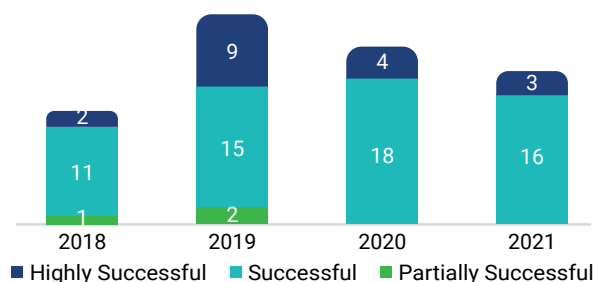
Portfolio Ageing Trends

Indicator	2017	2018	2019	2020	2021
Approval to Signature (% of projects signed within 6 months of approval)	67%	41%	79%	55%	69%
Signature to Effectiveness (% of projects declared effective within 6 months of signature)	48%	40%	54%	60%	53%
Effectiveness to First Disbursement (% of projects with first disb. within 6 months of effectiveness)	28%	37%	36%	52%	55%
Average Age of Active Portfolio (from Approval to year-end) (years)	7.7	7.5	6.9	6.5	6.3
Approval to Completion (years)	7.5	10.9	8.2	8.4	7.8

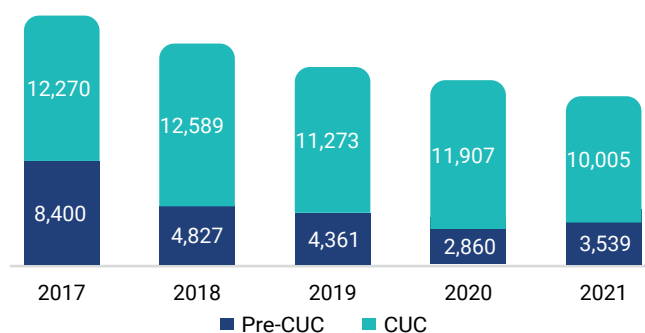
Net Approvals by Region – IsDB OCR



Project Completion Reports and Ratings



Trends of Cumulative Undisbursed Balance (US\$million)



Key Results of Projects Completed in 2021

- ▶ 30k sheltered built
- ▶ 13m tons of agricultural export increased
- ▶ 88k hectares irrigated Area irrigated
- ▶ 256k tons of crop production increase
- ▶ 1,700 farmers trained
- ▶ 680 Health facilities constructed
- ▶ 3m health personnel trained
- ▶ 1.8k beds added to health facilities
- ▶ 83m people benefited from outpatient services per year
- ▶ 1.2m students benefitted per year
- ▶ 3.5k teachers trained



- ▶ 615k households accessed improved sanitation
- ▶ 1.9m households accessed potable water system
- ▶ 34m households connected to electricity
- ▶ 2k km of transmission lines installed
- ▶ 267k people employed
- ▶ 189k people trained
- ▶ 201k people accessed microfinance
- ▶ 879km of highways built
- ▶ 1.3k km of rural roads built
- ▶ 870km of railway tracks constructed
- ▶ 60m new subscribers connected to internet



Figure 1: Operations Performance in 2021

Executive Summary

In the backdrop of a fast-evolving global situation and the macroeconomic and developmental landscape affected by the COVID-19 pandemic, the IsDB, like other multilateral development banks, has focused on mitigating the adverse impact of the pandemic and spearheading the realization of the SDGs. While major strides have been made to contribute to the achievements of the Goals, the IsDB Member Countries still have a long way to go if they are to reach the SDG targets by 2030.

The Bank builds on its longstanding and successful track record in infrastructure development and support the development of green, resilient, sustainable and inclusive infrastructure in energy, ICT, transport, water and sanitation sectors. It deploys innovative and relevant Islamic Finance instruments to support investments, including green finance and climate finance. Where appropriate, the Bank promotes private sector financing for infrastructure and Public Private Partnerships (PPP), including national and regional projects, using both financing and non-financing activities.

“ The Bank responded to support the MCs via its Strategic Preparedness and Response Program (SPRP). Through the extension of the SPRP Program, the IsDBG has increased the financing commitment from US\$2.27 billion in April 2020 to US\$4.43 billion. The approved SPRP operations stand to benefit 59 million beneficiaries.

The approved financing for projects in 2021 amounted to US\$2 billion in the Public Finance. In addition to Public Finance projects, it also includes 13 SPRP projects amounting to US\$229 million and 3 additional financing operations for US\$91 million. In addition, there were 2 SPRP projects solely using repurposing of approved financing to the tune of US\$15 million. Regarding the sectoral distribution, the Transport, Agriculture, Education, and Energy Sectors received the largest share of the approved Work Program, with 57% of the approved operations amounting to US\$1.4 billion.



The BED approved the extension of the SPRP in April 2021, which was initially approved in April 2020. The extension of the SPRP also includes, the IsDBG Vaccine Access Facility (IVAC) that aims to support MCs' access to COVID-19 Vaccines. Through the extension of the Program, the IsDBG has increased the financing commitment from US\$2.27 billion in April 2020 to US\$4.43 billion, out of which US\$770 million would be the volume of business insured by ICIEC.

The approved SPRP operations stand to benefit about 59 million beneficiaries out of which: (i) 2.7 million people were provided vaccination through 1,522 newly established vaccination centers; (ii) 48.8 million people would be reached through awareness campaigns to sensitize them on COVID-19 transmission and prevention; (iii) 9.7 million households in acute food insecurity would be supported with food rations to fulfill their nutritional needs; (vii) 40,000 students will benefit from e-Learning programs during COVID-19; and (viii) 18,304 small or medium enterprises (SMEs) would be provided with financial assistance.

“ The projects completed in 2021 are generating results in the MCs addressing the SDG 1 (No Poverty), 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 projects completed in 2021 are expected to generate significant results in the MCs. The developmental results would address most needed Sustainable Development Goals (SDGs), namely SDG 1 (No Poverty), 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).



These strategic programs contributed to thirteen (13) out of seventeen (17) SDGs as shown below.

Program	SDGs
Reverse Linkage Program	1, 2, 3, 6, 8
Women and Youth Empowerment Program	1, 3, 5, 6, 8, 16, 17
NGOs and Civil Society Program	1, 2, 4, 5, 6, 8, 10, 17
Regional Cooperation and Integration Program	8, 11, 17
Technical Cooperation Program	1, 2, 3, 7, 8, 9, 17
Emergency Relief Grants Program	3, 5, 6, 11, 16
Islamic Development Bank Group Business Forum (THIQAH)	8, 9, 12, 17
Technical Assistance Program (TAP) for Regional (OIC level) and Global Integration (World Trade Organization level) in Trade	8, 17
TCPP – Trade Cooperation and Promotion Program	1, 2, 8, 12, 17
ITAP – Investment Technical Assistance Program	8
Science, Technology, Innovation and Scholarships Program	1, 2, 4, 5, 6, 8, 10, 17
Muslim Communities in Non-Member Countries Outreach Program	1, 2, 4, 5, 6, 8, 10, 17



“ The IWP 2022 projects are geared towards implementing the priorities set out in the Strategy Realignment 2025 exercise, as 60% of the planned projects are targeting the “**Tackling Poverty and Building Resilience**” objective, while 34% of the projects are focused on “**Driving Green Economic Growth**” objective.

At an overall level a majority of the projects (nearly 60%) are geared towards **Tackling Poverty & Building Resilience** and focus on: (i) reversing the increase in poverty; (ii) promote greater prosperity; (iii) improve social indicators; and (iv) increase resilience to future shocks.

Nearly 34% of projects are focused on **Driving Green Economic Growth** and achieving inclusive, green growth by supporting clean and renewable energy projects, multimodal sustainable transport projects, etc.

Lastly, the remaining set of projects both captured in the Work Program 2022 and emanating from the SPRP program are focused on **Boosting Recovery**, particularly from the economic losses inflicted by the COVID-19 pandemic and supporting the Respond track of the SPRP program.



The proposed operations plan for the year 2022 is expected to generate developmental outputs and would address most

needed Sustainable Development Goals (SDGs), namely SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 7 (Clean Energy), SDG 8 (Economic Growth), SDG 9 (Infrastructure, Industry, and Innovation), and SDG 13 (Climate Action).

SOCIO-ECONOMIC STATUS OF MEMBER COUNTRIES

The growth prospects of the IsDB Member Countries (MCs) are projected to improve significantly in 2021 compared to 2020. Based on the IMF October 2021 WEO, the economies of the IsDB MCs' is projected to grow by 4.6 percent in 2021¹.

The pace of economic recovery varies across the MCs as growth outlook also differs across regional groups. The MCs in Asia, Latin America & Europe are forecast to register the highest growth of 4.8 percent in 2021, followed by Middle East & North Africa, which is expected to grow by 4.6 percent. In contrast, the MCs in Sub-Saharan Africa are forecast to grow by 3.4 percent.

“ In 2021, IsDB MCs overall SDG Index score stands at 61.0, suggesting that IsDB as a group is just over sixty percent to achieving the 17 SDGs. This requires focused and concerted efforts to be made in the areas of SDG 9 (Industry, Innovation and Infrastructure), SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).

In 2021, the IsDB MCs overall SDG Index score stands at 61.0, significantly lagging in the achievement of the 17 SDGs. The highest achievement (92.3%) is on Goal 13 (Climate Action), followed by (88.4%) on Goal 12 (Responsible Consumption and Production) and 71.5% on Goal 4 (Quality Education). Meanwhile, the MCs are lagging on Goal 9 (Industry, Innovation and Infrastructure) (34.1%), Goal 5 (Gender Equality) (45.8%) and Goal 10 (Reduced Inequalities) (51.2%).

The Covid-19 pandemic has had a long-lasting and devastating impact on global poverty. Similarly, IsDB MCs

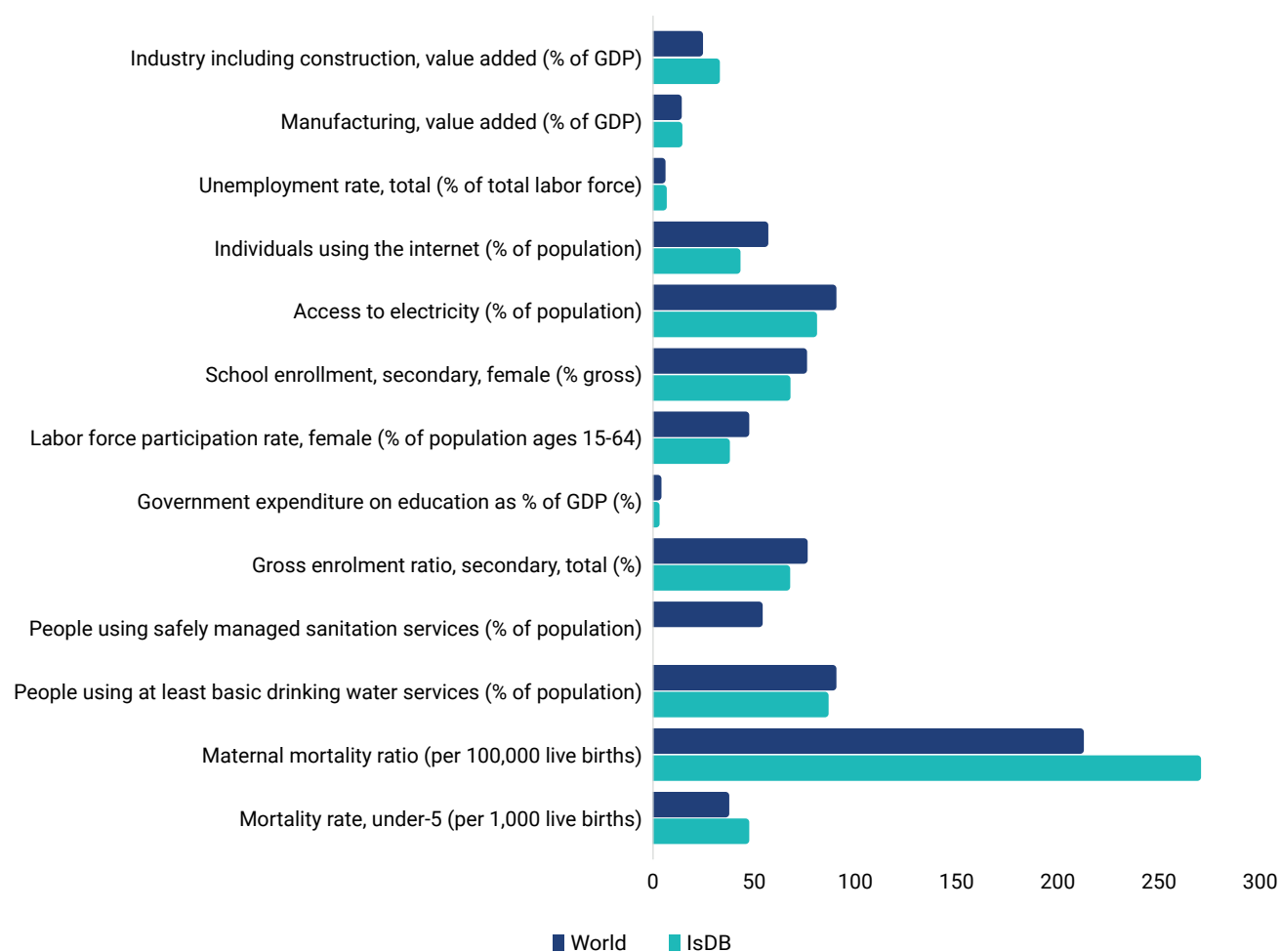
¹ For IsDB MCs, the analysis is based on October 2021 WEO which contains the latest data available for all MCs. The January 2022 WEO provides update only for few selected IsDB MCs.



have been negatively affected by the Covid-19 crisis and the extreme poverty headcount (living on less than \$1.90 per day) increased 9 percent year-on-year in 2020.

The Table below lists a selected set of indicators which depict the status of the IsDB member countries comparing with the global values.

Figure 2: Selected Indicators for IsDB MCs Comparison with Global Values



DEVELOPMENTAL RESULTS OF BANK'S OPERATIONS



Agriculture

The projects completed in 2021 contributed to the irrigation of 88,700 hectares of land and increase in agricultural production by 256,000 tons. In addition, 8,680 tons of storage capacity was developed, 13.2m tons of agricultural exports were promoted, and 1,700 farmers were trained in the use of improved agricultural technologies and practices.



Healthcare

The projects completed in 2021 have benefited 83 million people from outpatient services, 25 million people through preventive healthcare campaigns. More than 680 health facilities were constructed, upgraded or equipped, 3 million health personnel were trained, and 881,000 persons were provided long-lasting insecticidal nets.



Education

The education projects completed in 2021 have benefitted 1.2 million students, trained 3,500 teachers, and built or rehabilitated 854 classrooms and 178 educational institutions.



Transport

Transport projects completed during 2021 contributed to the upgradation of 879 km of highways in eight MCs, 1,400 km of local rural roads, 870 km of railway tracks and, 81m tons of capacity increase at transport or logistics hubs.



Energy

The projects completed in 2021 contributed to connecting nearly 35m households with the electricity grid, increase in installed electricity generation capacity by 24,400 MW, and over 2,000 km of electricity or gas transmission lines.



Urban

In Indonesia, the SANIMAS community-based sanitation project was completed in 2021. The project helps tackle health issues induced by open defecation and poor sanitation by providing community-based sanitation infrastructures, through demand-responsive approaches, in 1,800 locations of 58 cities across 13 provinces. The total cost of the project was US\$117.00 million in which the Bank financed US\$100.00 million.



Water and Sanitation

In 2021, projects completed in water and sanitation sector resulted in 634 km of water supply network installed or upgraded, 615,000 households benefited from access to improved sanitation, 1.1m households connected to potable water supply systems, and 143,000 households with access to solid waste services.



ICT and Digitization

To mitigate the schooling disruption caused by COVID19, the Bank approved a project to digitalize schools in Sierra Leone targeting the promotion of digital learning for 403 schools, 150,000 students and 3,000 teachers in Sierra Leone.



SMEs and Jobs

In 2021, the Bank approved two projects to support MSMEs to cope with the Covid-19 related economic and financial challenges in Uzbekistan and Jordan. The portfolio of economic empowerment projects covers Jordan, Sudan, Libya, Egypt, Albania, Djibouti, and Palestine. These projects have created or sustained more than 20,000 direct and indirect jobs.



Cross Cutting Areas

The IsDB's Islamic Finance Institutions (IFI) equity portfolio comprises 28 IFIs, spread across more than 20 countries resulting in the promotion of Islamic Finance ecosystem.



The Bank has 12 Grants Programs that include: (i) Reverse Linkage; (ii) Women and Youth Empowerment; (iii) NGOs and Civil Society; (iv) Regional Cooperation and Integration Program; (v) Technical Cooperation Program; (vi) Emergency Relief Program; (vii) Support to the International Centre for Bio-Saline Agriculture (ICBA); (viii) Islamic Development Bank Group Business Forum (THIQAH); (ix) Technical Assistance Program (TAP); (x) TCPP – Trade Cooperation and Promotion Program; (xi) ITAP – Investment Technical Assistance Program; (xii) Science and Innovation and Scholarships; (xiii) Muslim communities in non-Member countries.

OPERATIONS PERFORMANCE

The Bank's active portfolio² has remained steady in recent years and stands at US\$25.29 billion at the end of 2021. This includes projects financed by the Ordinary Capital Resources (OCR) valued at US\$23.62 billion, and non-sovereign projects, trust funds and grants, valued at US\$1.670 billion. The active portfolio comprises 1,064 projects, of which 410 are financed through the OCR (including sovereign and public-private partnerships). The remaining 654 are financed through grants, special funds and trust funds, such as the Waqf Fund, Awqaf Property Investment Fund, Al-Aqsa and Palestine Trust Fund, Economic Empowerment Fund, STI Transform Fund, LLF, ISFD, and KAAP.

Due to the slow approvals of the GVC based MCPS 2.0, the Bank's Management decided to reallocate financing from the GVC based MCPS 2.0 Financing (US\$1 billion) to Public Finance (US\$1.2 billion) resulting in the overall revised target of US\$2.2 billion for the Public Finance projects. A Crash Program was launched which resulted in the approval of US\$2 billion for the Public Finance reflecting an achievement of 90% of the revised target for Public Finance (US\$2.2 billion), whereas 80% of the overall Bank's approval target (US\$2.5 billion) was met.

“Driving Green Economic Growth is high on the Bank's agenda and strategy. In 2021, the Bank contributed US\$684 million in Climate Finance projects, representing 31% of the total approved allocations during the year.”

In 2021, the Bank was able to leverage US\$2.60 billion, against its own approvals of US\$2.2 billion (including multi-year financing), which was considerably higher than the co-financing ratio in recent years. As a result, the leverage ratio, which is the ratio of co-financing amounts to IsDB approvals, has increased from 0.67 last year to 1.17.



² This comprises all operations or projects financed by the IsDB in any mode of financing, which are approved, but not yet completed/closed/cancelled/suspended.

In 2021, 19 Project Completion Reports (PCRs) were completed, 15 for sovereign projects and 4 for public-private partnership projects. Three projects were rated highly successful, 16 were rated successful and no project was rated partially successful or unsuccessful.

The IsDBG has initially approved US\$2.3 billion for the Strategic Preparedness and Response Program (SPRP) to address the immediate and medium to long term challenges faced by the MCs due to the Pandemic. The IsDB Group's total commitments under SPRP increased to US\$4.6 billion in April 2021. By the end of 2021, the IsDB Group has approvals of US\$3.36 billion and disbursements US\$1.20 billion.



ORGANIZATIONAL PERFORMANCE

The Strategy Realignment exercise was initiated in the latter half of 2021 and was approved by the BED in February 2022. The strategic priorities are designed to respond to the demands and needs of the MCs, including those expressed at the Governors' Roundtable and in the President's inaugural statement to the 46th Board of Governors (BoG) meeting held in Tashkent.

“ The Bank has clearly defined corporate Key Performance Indicators (KPIs) that are designed to support the Bank's strategic aspirations, developmental results and effectiveness in the MCs. The positive results were achieved in 2021 in the form of maintaining the AAA rating (confirmed by the 4 major rating agencies), an improved co-financing ratio, reduced financing costs and improved Administrative Expenses per US\$1 million approved.

The President's 5-Year Program (P5P), which was relevant until the first half of the year was anchored around the Global Value Chain (GVC) based approach. One of the challenges that the Bank faced in 2021 included the lack of approvals for the GVC based MCPS 2.0 and the PPP financing. The low number of MCPS documents approved (2) posed even greater challenge for the year as there were 7 MCPS documents that were initiated in the past two years (but not completed) and 11 new MCPSs were planned to be initiated for 2021.

The OCR's net income 2021 is lower by 8% when compared against the 2020's net income of ID116 million. The decrease is due to a number of mutually compensating effects of the Bank's core business, including decline in reference rates impacting earning potential of IsDB's treasury and project assets.

Some of the other major KPIs are listed below:

- ▶ **Co-financing against approved amount (%):** The co-f•Co-financing against approved amount (%): The co-financing ratio for 2021 was 1.17, which is 67% of the targeted figure of 1.75.

- ▶ **Disbursement Ratio:** US\$2.3 million disbursements have been completed out of the revised target of US\$2.6 million. That corresponds to 90% achievement of the annual Disbursement targets. Also, the disbursement ratio corresponds to 21% against the beginning of the year CUC of US\$11.7 million
- ▶ **Average Portfolio Age (Years):** The "Average Portfolio Age" of the projects is one of the most important indicators that demonstrates the operational efficiencies. This KPI encapsulates the quality at entry, quality at implementation and quality at closure. This figure is down to 6.3 years as at the end of 2021 with a target of 5.9 years for 2021. This indicates faster turnaround time and shortening of project lifecycle.
- ▶ **Resource Mobilization (Concessional Financing):** Regarding the KPI "Resource Mobilization Concessional Financing", a progress of 100% has been reported. A total of US\$120 million of Grant resources has been mobilized by various departments/units in 2021.
- ▶ **Financing Costs:** On the financing cost spread over mid-swap, it has outperformed the target by 47 percent, reaching a yearly average of 29bps versus a target of 55bps. It positively affected rates on sukuk issuances made in 2021 resulting in decrease in OCR's financing costs.
- ▶ **AAA Rating:** All four international credit rating agencies, namely S&P, Fitch, and Moody's, along with MARC has reaffirmed the AAA rating of the Bank in 2021.
- ▶ **Administrative Expenses per US\$1 million approved:** The Administrative Expenses per US\$1 million ratio has improved consistently over the course of the past three years, which is due to the increase in approvals, whereas the administrative expenses have been kept under check.





Chapter 1

Introduction

The ADER gives an overview of the Bank's activities during the year and links them to the four levels of results framework.

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A. OBJECTIVE OF ADER

The ADER provides an assessment of the progress of Bank's strategy implementation and shares the results and impact of Bank's activities in member countries. The report organizes Bank's activities during the year to the four levels of results framework. The Chapter 2 (level I) traces the socio-economic landscape globally, and benchmarks that against the situation in the Member Countries. This analysis gives the Bank an opportunity to align its strategy with global development. The Chapter 3 (Level II) takes a stock of the Bank's interventions in the Member Countries and Muslim communities in the non-Member Countries during 2021 and the impact these projects made on the ground. The Chapter 4 (Level III and IV) examines the performance and results at the organizational level and assesses the internal efficiencies of the Bank to ensure quality delivery of operations in an effective manner.

The Annual Development Effectiveness Report (ADER) is a flagship publication that takes stock of the Bank's completed interventions in the year and highlights the key interventions towards achieving developmental outcomes and results. It provides an opportunity to celebrate the Bank's success stories by being fully cognizant of the opportunities and challenges, particularly at a time when the world is fast-changing, and unprecedented crises loom on the horizon.

B. METHODOLOGY

The year 2021 also marks the Bank's transition from the President's Five-Year Plan (P5P) to the strategic realignment exercise been, prepared based on a comprehensive mid-term (2016-2025) review of progress in implementing the



IsDB 10 Year Strategy (10YS), while factoring in the changed global development landscape. It reflects the imperative for the Bank, as the premier development institution of the Muslim world, to align with changing development priorities and meet the expectations of its MCs and communities in non-Member Countries as they respond to the COVID-19 pandemic and beyond.

As a result, the ADER is organized along the key pillars of the strategic realignment in order to help establish a baseline for the new strategy. It takes stock of the Bank's achievements during the year and provides an evidence-based assessment of the effectiveness of IsDB's assistance to the Member Countries and Muslim communities in non-Member Countries. The report also describes global developmental progress through indicators available from external sources such as IMF, World Bank and other organizations. Figures are calculated internally to compare the aggregations at the Member Country level.

“ Contribution of Bank's results are reported through a set of core results indicators. These indicators are reported at projects level and are mapped to SDG areas.

Contribution of Bank's results are reported through a set of core results indicators. These indicators are reported at projects level and are mapped to SDG areas.

The key performance indicators reported at Level III and IV (i.e., operational and organizational efficiency) are monitored at the relevant business units' level of the Bank against defined targets at the start of the year.

The progress of result indicators is compiled from the data entered in the logical framework system. Completed projects result data is obtained from the Project Completion Reports.

C. ASSUMPTIONS AND LIMITATIONS

“ ADER attempts to measure development effectiveness through a defined set of indicators distributed over the four tiers of the results framework. Level I reports on the MC level goal indicators, Level II reports on the developmental results and effectiveness achieved as a result of the Bank's interventions, Level III provides an insight into the operational efficiency tools used to improve the operations delivery, whereas Level IV assesses the organizational effectiveness to support the Bank's strategy and core operations.

ADER attempts to measure development effectiveness through a defined set of indicators distributed over the four tiers of the results framework. Measuring the developmental landscape at country level is dependent on the most recent data available in the referenced external databases. The timeliness and availability of this data varies by indicator and country.

Results indicators used to report the Bank's contribution (Level II) are collected at project level. These results indicate the Bank's contribution towards attaining the outcome of the overall project in which the Bank has contributed financially along with governments and other co-financiers. They do not assume attribution of the results reported to the Bank as such attribution needs various factors and externalities to be considered.

ADER does not report on project level results that are not among the list of Core Sector Indicators (CSI).







Chapter 2

Development Progress in the Member Countries (Level 1)

The Chapter 2 (level I) traces the socio-economic landscape globally, and benchmarks that against the situation in the Member Countries. This analysis gives the Bank an opportunity to align its strategy with global development.

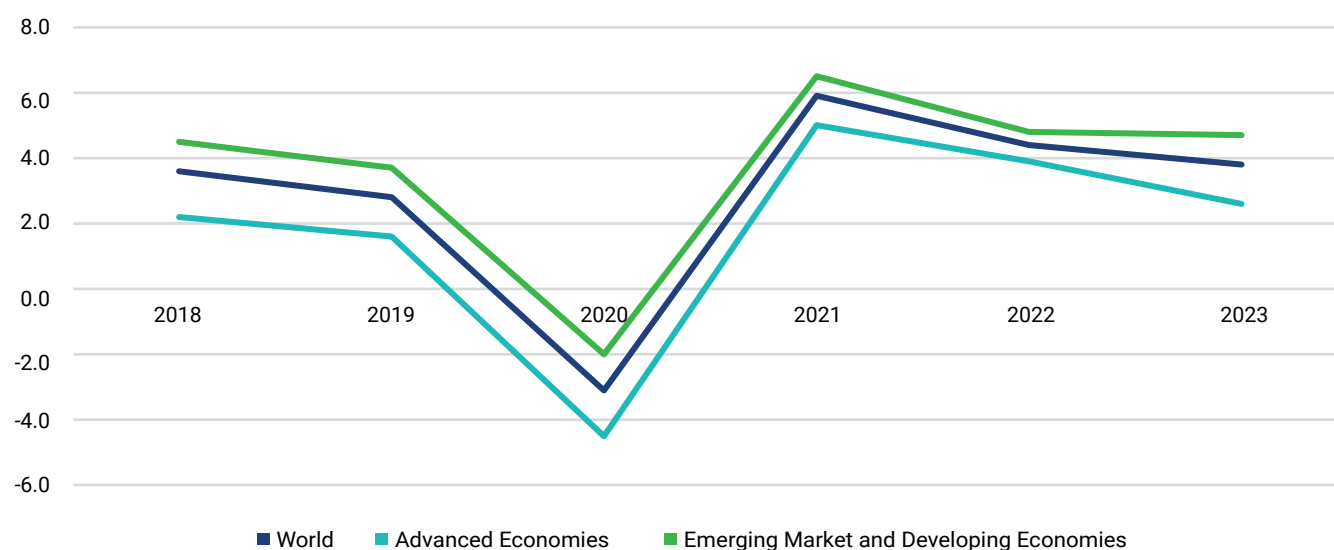
A. GLOBAL ECONOMIC OUTLOOK

The world economy is gradually emerging from the unprecedented downturn caused by the COVID-19 pandemic. As a result of the significant progress in rolling out vaccines in many advanced and emerging market economies, the easing of lockdowns and return of economic activities, as well as enhanced policy support, the global economy has started on a recovery path. The global output is expected to strongly rebound with a growth of 5.9 percent in 2021 from a severe recession in 2020. In 2021, growth in advanced economies

(AEs) is projected at 5.0 percent while it is estimated at 6.5 in emerging market and developing economies (EMDEs). (Figure 3)



Figure 3: Growth Trends and Projections (%)



The COVID-19 pandemic has caused a devastating, long-lasting impact on global poverty by reversing recent gains in poverty reduction and sending global poverty rates back to elevated levels after more than two decades of steady decline. When compared to pre-pandemic projections, about 70 million more people are estimated to have fallen into extreme poverty since the poorest have been experiencing large and persistent decreases in their incomes during the Covid-19 crisis.

B. ECONOMIC GROWTH IN ISDB MEMBER COUNTRIES

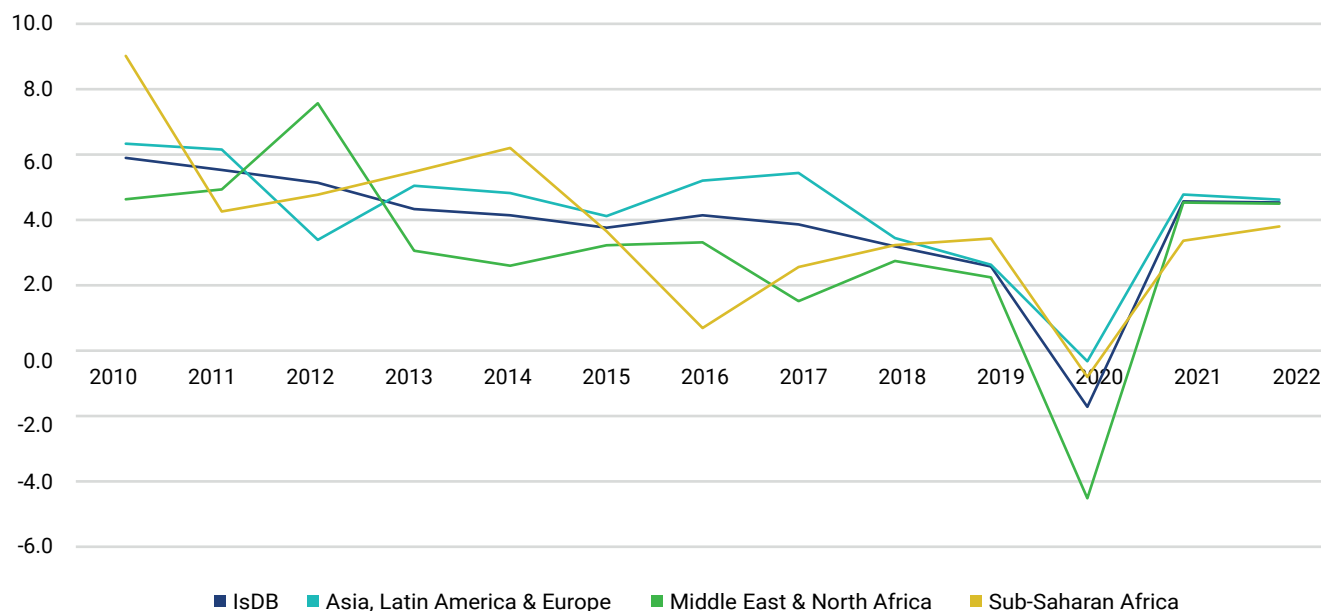
The growth prospects of IsDB Member Countries (MCs) are projected to improve significantly in 2021 compared to 2020. Based on the IMF October 2021 WEO, the IsDB MCs' economy is projected to grow by 4.6 percent in 2021 (Figure 4).³

The pace of economic recovery varies across the MCs as growth outlook also differs across regional groups. MCs

in Asia, Latin America & Europe are forecast to register the highest growth of 4.8 percent in 2021, followed by Middle East & North Africa, which is expected to grow by 4.6 percent. In contrast, MCs in Sub-Saharan Africa is forecast to grow by only 3.4 percent.



Figure 4: Real GDP Growth in IsDB MCs (%)



Source: ERS Calculations based on IMF-WEO October 2021

³ For IsDB MCs, the analysis in this update is based on October 2021 WEO which contains the latest data available for all MCs. The January 2022 WEO provides update only for few selected IsDB MCs.

The economies of all MCs⁴ are projected to register positive growth in 2021, except Yemen, with a projected contraction of 2 percent. As can be seen in Table 2, among the MCs with above average growth are Libya⁵ at 123.2 percent, Guyana (20.4 percent) and Maldives (18.9 percent). On the other

hand, growth outlook is relatively weaker in Suriname (0.7 percent), Sudan (0.9), Chad (0.9), Kuwait (0.9 percent), Gabon (1.5 percent), Comoros (1.6) and Somalia (1.6 percent) (Table 3).

Table 2: IsDB MCs with highest real GDP growth forecast for 2021 (Percent)

Member Country	Estimate	Projection	
	2020	2021	2022
Libya	-59.7	123.2	5.3
Guyana	43.5	20.4	48.7
Maldives	-32.0	18.9	13.2
Turkey*	1.8	11.0	3.3
Burkina Faso	1.9	6.7	5.6
Uzbekistan	1.7	6.1	5.4
Côte d'Ivoire	2.0	6.0	6.5
Morocco	-6.3	5.7	3.1
Benin	3.8	5.5	6.5
Niger	3.6	5.4	6.6

Source: IMF-WEO October 2021

Note: * For Turkey, the source is IMF-WEO January 2022

Table 3: IsDB MCs with lowest real GDP growth forecast for 2021 (Percent)

Member Country	Estimate	Projection	
	2020	2021	2022
Yemen	-8.5	-2.0	1.0
Suriname	-15.9	0.7	1.5
Sudan	-3.6	0.9	3.5
Chad	-0.8	0.9	2.4
Kuwait	-8.9	0.9	4.3
Gabon	-1.8	1.5	3.9
Comoros	-0.5	1.6	3.8
Somalia	-0.7	1.6	3.9

Source: IMF-WEO October 2021



⁴ Data is updated for nine MCs (Egypt, Indonesia, Iran, Kazakhstan, Malaysia, Nigeria, Pakistan, Saudi Arabia, and Turkey) from the IMF-WEO January 2022 Update, while data is based on the IMF-WEO October 2021 for the rest of the MCs.

⁵ "Against the backdrop of a civil war and weak capacity, the reliability of Libya's data, especially regarding national accounts and medium-term projections, is low." (IMF's October 2021 WEO)

C. PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT GOALS

Majority of the MCs have already aligned their national development strategies with the global development agenda, and many are making progress towards achieving the goals. However, the outbreak of the COVID-19 pandemic, at the dawn of the decade of action, has practically changed life as we knew it, and left devastating impact on efforts to achieve the United Nations Sustainable Development Goals (SDGs) by 2030 (Box 1).

Despite a massive scale global set-back brought by the pandemic, the IsDB, like other Multilateral Development Banks (MDBs) has focused on mitigating the negative impacts of the pandemic and spearheading the realization of the SDGs. While significant progress has been made, the IsDB MCs still have a long way to go if they are to reach their SDG targets by 2030.

In 2021, IsDB MCs overall SDG Index score stands at 61.0, suggesting that IsDB as a group is just over sixty percent to achieving the 17 SDGs (Figure 5). The highest achievement (92.3%) is on Goal 13 (Climate Action), followed by (88.4%) Goal 12 (Responsible Consumption and Production) and 71.5% on Goal 4 (Quality Education). Meanwhile, the main challenges faced by MCs are on Goal 9 (Industry, Innovation and Infrastructure) (34.1%), Goal 5 (Gender Equality) (45.8%) and Goal 10 (Reduced Inequalities) (51.2%).



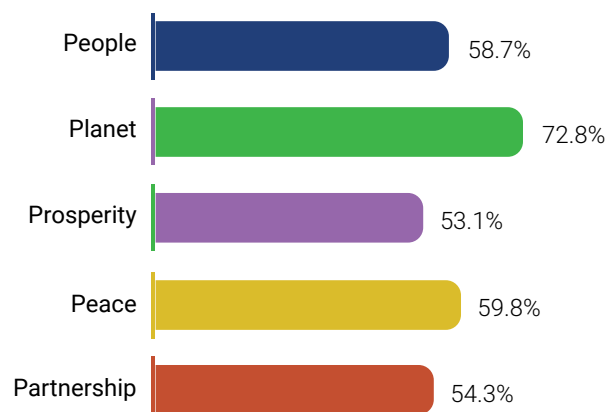
Viewed from the five dimensions of the SDGs: People, Planet, Prosperity, Peace and Partnership (5Ps), there is a lower variation in the SDG Scores, ranging from 53.1% (Prosperity) and 72.8% (Planet) (Figure 6). Overall, IsDB MCs face the greatest challenges on the dimension of “Prosperity”. IsDB MCs perform relatively well on Planet with their score standing at 72.8%. This indicates a 27.2% distance from the target and is probably related to the level of development in IsDB MCs and their subsequent environmental pollution. The relatively high achievement on the Planet dimension is mostly related to the high achievement on SDG 13 (Climate Action) and SDG 12 (Responsible Consumption and Production).

Figure 5: IsDB MCs SDGs Achievement by 17 Goals, 2021



Source: IsDB Institute “Reaching the SDGs: Progress of the IsDB Member Countries, 2021”

Figure 6: IsDB MCs SDGs Achievement by the Five Dimensions (5Ps), 2021

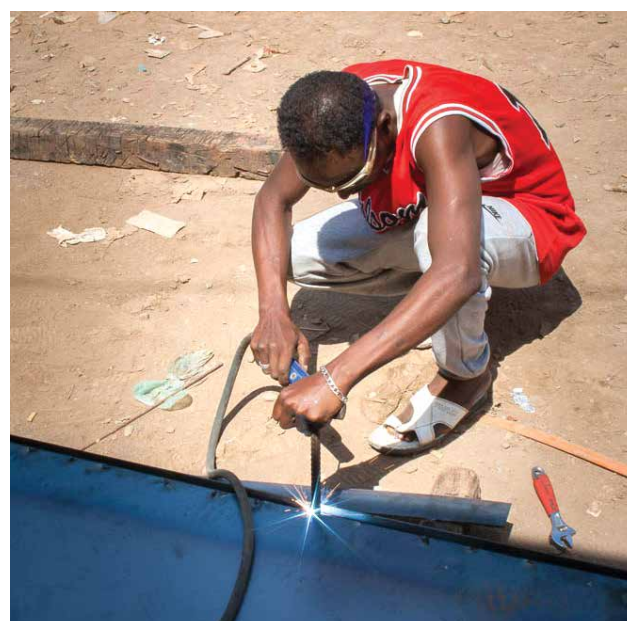


Source: IsDB Institute “Reaching the SDGs: Progress of the IsDB Member Countries, 2021”

The MCs' achievement and performance by Goal can be classified into five categories (Very Unsatisfactory, Unsatisfactory, Fair, Satisfactory, and Very Satisfactory) as shown in Figure 7. IsDB MCs' scores for two SDGs, namely SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action), are considered very satisfactory, while IsDB's did not have any very unsatisfactory score for any of the SDGs.

Seven SDGs, namely SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 14 (Life Below Water), SDG 15 (Life on Land), and SDG 16 (Peace, Justice and Strong Institutions) fall into the satisfactory category. Also, seven out of 17 SDGs are in the category of fair performance, with achievements falling between 40% to 60%.

For SDG 9, "Industry, Innovation and Infrastructure," the IsDB MCs' score falls under the unsatisfactory category. Indeed, the sectors that constitute SDG 9 are the core and essential sectors for the development of each MC. Therefore, the IsDB may direct its limited resources to improving sectors related



to Industry, Innovation and Infrastructure. As there are existing interlinkages among the SDGs, by improving SDG 9, the IsDB will directly contribute towards the enhancement of other Goals which its MC are still struggling to address.

Figure 7: Performance of the 17 SDGs, 2021

Sustainable Development Goals							Performance
<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	<div>13 CLIMATE ACTION</div> <div></div>						Very Satisfactory (80% and above)
<div>1 NO POVERTY</div> <div></div>	<div>4 QUALITY EDUCATION</div> <div></div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div></div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div></div>	<div>14 LIFE BELOW WATER</div> <div></div>	<div>15 LIFE ON LAND</div> <div></div>	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div></div>	Satisfactory (60% up to 80%)
<div>2 ZERO HUNGER</div> <div></div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div></div>	<div>5 GENDER EQUALITY</div> <div></div>	<div>6 CLEAN WATER AND SANITATION</div> <div></div>	<div>10 REDUCED INEQUALITIES</div> <div></div>	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>	<div>17 PARTNERSHIPS FOR THE GOALS</div> <div></div>	Fair (40% up to 60%)
<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div></div>							Unsatisfactory (20% up to 40%)
None							Very Unsatisfactory (less than 20%)

Source: IsDB Institute "Reaching the SDGs: Progress of the IsDB Member Countries, 2021"

D. IMPACT OF COVID-19 ON ISDB MEMBER COUNTRIES

The profound impact of the pandemic has highlighted the vulnerability of health systems, especially in low and middle-income countries. Beyond the health system, education has also been impacted, especially in MCs with limited digital infrastructure. In many MCs, disruptions in the education system during the pandemic has translated into a drop in the quality of education, in addition to deepening gender gaps.

Moreover, the lack of social safety nets and the large share of informal and vulnerable jobs in many MCs have exacerbated the social impact of the pandemic and made it more challenging for the MCs to meet the SDGs. Consequently, the fundamentals of human capital development remain a critical challenge in many MCs, especially deterioration in poverty, per capita GDP, the labor market and employment.

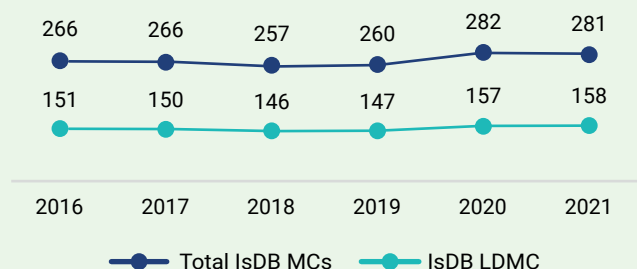


Impact on Poverty

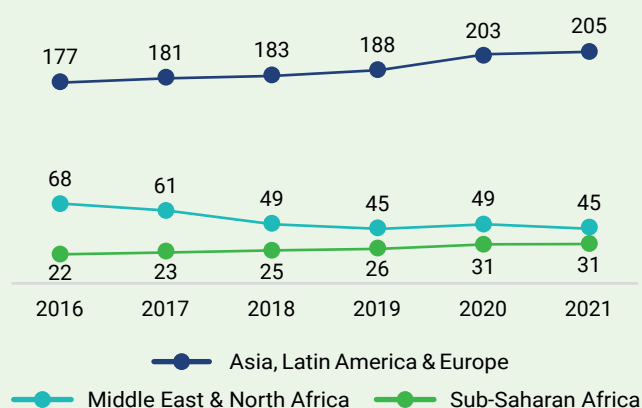
“ The Covid-19 pandemic had a long-lasting and devastating impact on global poverty. Similarly, IsDB MCs have been negatively affected by the Covid-19 crisis and the total extreme poverty headcount (living on less than \$1.90 per day) in IsDB MCs rose 9 percent year-on-year in 2020.

The Covid-19 pandemic had a long-lasting and devastating impact on global poverty. Similarly, the IsDB MCs have been negatively affected by the Covid-19 crisis and the total extreme poverty headcount (living on less than \$1.90 per day) in the IsDB MCs increased 9 percent year-on-year in 2020 (Figure 8). Though the MENA region has the lowest absolute number of people in extreme poverty among the IsDB regions (Figure-9), it has witnessed the sharpest increase (+16 percent), reflecting mainly the low basis effect —In 2021, the total number of extremely poor people in the IsDB area is expected to stabilise despite slight increases in Sub-Saharan Africa (SSA) and among the LDMCs. The continuous increase in poverty among the said groups underscores the uneven recovery among IsDB MCs.

The pandemic is estimated to have dropped 51 million additional people into extreme poverty in the IsDB MCs. The comparison of pre-COVID trends with current projections indicates an additional 25 million people in extreme poverty in 2020 and about 26 million in 2021 (Figure 8). The 2020 recession has been less severe in IsDB MCs compared to the average for EMDEs. However, the recovery is also expected to be slower in the IsDB region due to the limited access to vaccines in several MCs, especially in the LDMCs. Due to the projected slow pace of recovery in many MCs and the disproportionate impact of income losses on the poor and vulnerable populations, the rise in poverty could be relatively persistent over a period of time.

Figure 8: Extreme Poverty Headcount, Total IsDB MCs & IsDB LDMC

Source: ERS Calculations based on World Data Lab estimates and projections, October 2021.

Figure 9: Extreme Poverty, IsDB Regions (million people)

Source: ERS Calculations based on World Data Lab estimates and projections, October 2021.

While the MCs constitute about 25 percent of the world population, they account for approximately 40 percent of the people in extreme poverty around the world. Based on the available data, extreme poverty in the MCs is highly concentrated in the rural areas where about 91 percent of

“ While IsDB MCs constitute about 25 percent of the world population, they account for approximately 40 percent of the people in extreme poverty around the world. Based on the available data, extreme poverty in IsDB MCs is highly concentrated in the rural areas where about 91 percent of the extremely poor reside.

the extremely poor reside. Women and girls account for 51 percent of the extremely poor people in the MCs. At the regional level, 73 percent of the extremely poor in the IsDB MCs are concentrated in the Sub-Saharan Africa region, compared with 16 percent in Asia, Latin America & Europe and 11 percent for the MENA region (Table 4).

**Table 4: Distribution of Extreme Poverty (Percentage of the Total Number of Extremely Poor People in IsDB MCs)**

		2016	2017	2018	2019	2020	2021
IsDB Regions	Asia, Latin America & Europe	25%	23%	19%	17%	17%	16%
	Middle East & North Africa	8%	9%	10%	10%	11%	11%
	Sub-Saharan Africa	66%	68%	71%	73%	72%	73%
By Area	Urban	7%	8%	9%	9%	9%	9%
	Rural	93%	92%	91%	91%	91%	91%
By Gender	Male	49%	49%	49%	49%	49%	49%
	Female	51%	51%	51%	51%	51%	51%

Source: ERS Calculations based on World Data Lab estimates and projections, October 2021

Impact on GDP Per Capita

In 2020, the MCs' average GDP per capita declined by 4.0 percent, reflecting the economic impact of the pandemic. Real income is not expected to recover to its pre-pandemic level before 2022. Moreover, recent trends suggest a divergence of the income per capita of the MCs compared with both AEs and other EMDEs (Figure 10A). The income gap is projected to widen in the medium term due to subdued growth in the MCs.

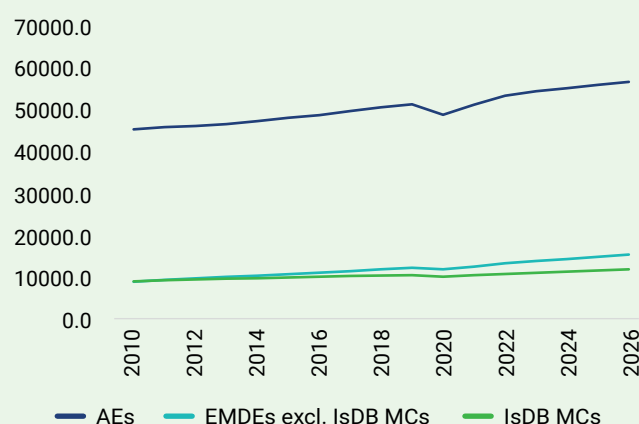
In 2020, the average income per capita of fuel exporting MCs dropped by 6 percent in the context of the global

recession triggered by the pandemic. Despite the current rebound in oil prices, fuel exporters are not projected to recover to their pre-pandemic income level by 2026. The more diversified economies in non-fuel exporter MCs appeared to be relatively more resilient during the pandemic and are forecasted to experience stronger recovery. Consequently, the income gap between fuel-exporters and non-fuel exporters is projected to decrease in the medium term (Figure 10B).

Within the MCs, LDMCs and Non-LDMCs are forecast to see a further divergence in the income per capita. With respect to real output growth, the economies of LDMCs showed

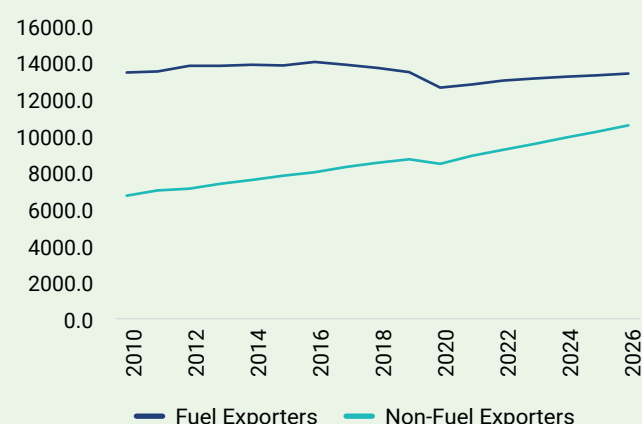
Figure 10: Trends in GDP Per Capita (Constant Prices, PPP, 2017 International Dollar)

A. Global trends



Source: ERS Calculations, based on IMF WEO October 2021.

B. IsDB Fuel Exporters vs Non-Fuel Exporters



Impact on the labour market and unemployment

The COVID-19 pandemic has caused lockdowns and restrictions measures with adverse consequences on economic activities worldwide. During the COVID-19 crisis, enterprises have been experiencing large decreases in their profits and job cuts due to falling demand, increasing uncertainty, and supply chain disruptions. In particular, the COVID-19 containment measures disproportionately weakened the demand in the services sector, in which the share of employment is larger than the industry and agriculture sectors in most of the countries. The impact is also compounded by the fact that most employees,

particularly in the retail and service sectors, cannot telework due to their low level of digitization.

Table 5: Unemployment Rates, Global and Regional Averages (%)

	2019	2020	Difference
World	5.4	6.5	1.1
AEs	4.8	6.8	2.0
EMDEs	5.5	6.4	0.9
IsDB	6.4	7.1	0.7
IsDB LMDCs	5.8	6.5	0.7
IsDB Non-LMDCs	6.6	7.3	0.7
IsDB Fuel Exporters	8.4	9.3	0.9
IsDB Non-Fuel Exporters	5.7	6.3	0.6

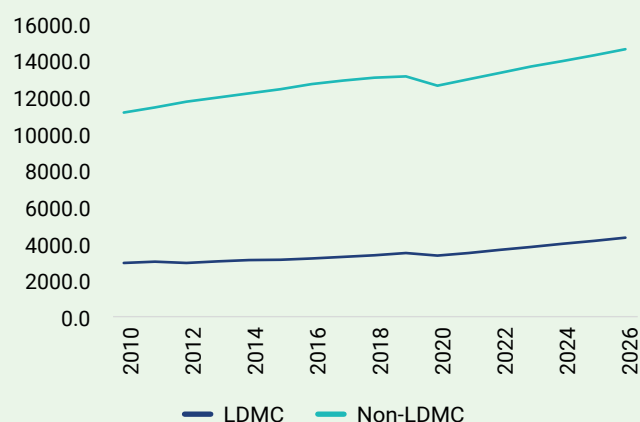
Source: ILO 2020-21

some resilience, with a growth rate close to 1 percent in 2020. Nonetheless, LDMCs' income per capita decreased by about 4 percent in 2020 due to rapid population growth. Based on current projections, the per capita income gap between non-LDMCs and LDMCs is set to widen and reach nearly \$10,000 in 2026 from less than \$8,000 in 2010 (Figure 10C), representing an increase of about 25 percent.

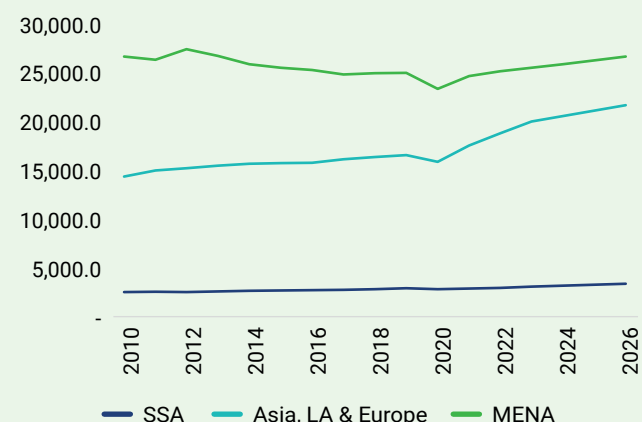
The MCs in SSA are also projected to lag further behind other regional groupings in terms of income per capita. The average income per capita of the MENA region is forecast to return to its pre-pandemic level by 2022 and continue

increasing through 2026, significantly above the income level of other regional groupings. MCs in Asia, Latin America & Europe have recorded a steady increase in their per capita level over the past decade despite a temporary setback in 2020 due to the impact of the pandemic. With average real GDP per capita projected around \$21,400 in 2026, they are expected to close the income gap with the MENA region gradually. In contrast, the average real income per capita of the MCs in SSA is relatively stagnant below \$4,000. Hence, the prospects of convergence with other regions are still unlikely (Chart 10D).

C. IsDB LDMCs vs Non-LDMCs



D. IsDB Regional Groupings



Despite the extraordinary policy support already deployed, average unemployment rates are up compared with pre-pandemic average levels. Labour force participation has also decreased compared with the pre-pandemic average in both AEs and EMDEs. The impact of the COVID-19 pandemic varies across sectors and demographic groups.

On average, the shock has hit harder the sectors that are more vulnerable to automation, while youth, women and the lower-skilled are more heavily impacted. Despite the economic recovery, it is projected a persistent work deficit in 2021. Even in the optimistic scenario, a loss of 1.3 percent of global working hours, which is equivalent to 36 million Full Time Equivalent jobs, is still expected in 2021 relative to the fourth quarter of 2019. The global average

unemployment rate increased 1.1 percentage points (pps) while it increased 2.0 pps in AEs compared to 0.9 pps in EMDEs from 2019 to 2020 (Table 5).



E. SOCIO-ECONOMIC INDICATORS

Table 6 below lists a selected set of indicators which depict the status of IsDB member countries comparing with the global values.

Table 6: Status of IsDB MCs on Selected Socio-Economic Indicators

Sector	Indicator	IsDB	World	Year
 Health	Mortality rate, under-5 (per 1,000 live births)	47.48	37.7	2019
	Maternal mortality ratio (per 100,000 live births)	268.29	211	2017
 Water & Sanitation	People using at least basic drinking water services (% of population)	86.23	90.03	2020
	People using safely managed sanitation services (% of population)	50.83 (SSA)	53.95	2020
 Education	Gross enrolment ratio, secondary, total (%)	67.47	75.97	latest
	Government expenditure on education as % of GDP (%)	3.57	4.53	latest
 Women Empowerment	Labor force participation rate, female (% of population ages 15-64)	37.91	47.36	2019
	School enrollment, secondary, female (% gross)	67.6	75.66	latest
 Infrastructure	Access to electricity (% of population)	80.53	90.08	2019
	Individuals using the internet (% of population)	43.14	56.73	2019
	Unemployment rate, total (% of total labor force)	7.08	6.46	2020
	Manufacturing, value added (% of GDP)	14.75	14.46	2019
	Industry including construction, value added (% of GDP)	33.11	24.79	2020







Chapter 3

Developmental Results of the Bank's Operations (Level 2)

The Chapter 3 (Level II) takes stock of the Bank's interventions in the Member Countries and Muslim communities in the non-Member Countries during 2021 and the impact these projects made on the ground.

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The Bank tracks the development effectiveness of its projects at three main stages: at approval, during implementation and at completion. Level 2 of the IsDB strategy measures development results, which are defined as project outputs and immediate outcomes. This chapter is organized along the strategic pillars and cross-cutting thematic areas,

identified in the recent strategy update exercise. This section provides (i) planned key results for 36 projects and 99 grants that were approved in 2021, and (ii) the actual or anticipated results of 39 projects and 76 grants which were completed, or reached substantial completion, during the year.



A. PILLAR 1: GREEN, RESILIENT AND SUSTAINABLE INFRASTRUCTURE



AGRICULTURE AND RURAL DEVELOPMENT



STRATEGIC PRIORITIES

The Bank supports the improvement of rural infrastructure to provide greater access to basic services and achieve SDGs 1 (No Poverty) and SDG 2 (Zero Hunger). In the light of worsening water scarcity in the MCs, the Bank pays attention to investing in smart, resource-efficient agriculture and support introduction of digital technologies

to improve production, distribution, access to information and innovative financial and non-financial services. There will be more opportunities for productive employment in the rural economies that will benefit from programs and smart partnerships to strengthen capacities through support for producers, cooperatives, and associations.

PROJECT APPROVALS

In 2021, the Bank approved six agriculture and rural development projects with an allocation of US\$292.2 million, in Cote d'Ivoire, Nigeria, Iraq, Senegal, Uganda and Mali.

Table 7: Planned Results of Approved Projects: Agriculture and Rural Development

Result Indicator	Expected Results
Agricultural research centers or human training and development institutes established or rehabilitated	4
Agricultural storage capacity built or upgraded (tons)	60,001
Area irrigated (hectares)	7,338
Capacity of public institutions (e.g., Ministry of Agriculture/livestock) built (number)	433
Crop processing facilities constructed or rehabilitated (number)	12
Farmer's organizations capacity built or trained (number of farmers)	5,200
New irrigation network designed and installed (km)	360
Seeds or fertilizers to farmers distributed (items)	30,000

COMPLETED PROJECTS

The projects completed in 2021 contributed to the irrigation of 88,700 hectares of land and increase in agricultural production by 256,000 tons. In addition, 8,680 tons of storage capacity was developed, 13.2 m tons of agricultural exports were promoted, and 1,700 farmers were trained in the use of improved agricultural technologies and practices.

Table 8: Results of Completed Projects: Agriculture and Rural Development

Result Indicator	Achieved Results
Agricultural export increased (tons)	13,200,000
Agricultural storage capacity built or upgraded (tons)	8,687
Area irrigated (hectares)	88,706
Capacity of public institutions built (number)	252
Crop production increased (tons)	256,550
Farmer's organizations capacity built or trained (number of persons)	1,704
Improved yielding seeds introduced (items)	1,200
Land for crop production developed (hectare)	4,500
Water resources developed for multiple use (m3)	100,000

- **In Chad, rice value-chain development project** in the Plaine of Chari-Logone was completed. The project has contributed to increase in agricultural storage capacity by nearly 9,000 tons by irrigating an area of 2,850 hectares. The project introduced improved seeds and provided access to finance to 7600 local farmers.
- **Integrated rural development project of Mo Plain in Togo** has developed an area of 4,500 hectare of land resulting in an increasing of crop production capacity by 10,000 tons.

- ▶ **In Yemen, the integrated rural development project** has helped irrigate an area of 16,642 hectares and developed water resources equivalent to a volume of 100,000 m³ for multiple uses.
- ▶ **Kano State agro-pastoral development project in Nigeria** supported rehabilitation of an old water irrigation scheme, improving the supply of irrigation water to 962 hectares and benefitting over 3,000 farmers.



Supporting small farmers in the area devastated by cyclone Sidr in Bangladesh



Farmer with Malta at Malta Orchard



A woman harvesting rice in the low land of Nekota



SUSTAINABLE MULTI-MODAL TRANSPORT



STRATEGIC PRIORITIES

In the transport sector, the Bank focuses on the MCs' progress on SDG 9 (Build resilient infrastructure) and SDG 11.2 (Provide access to safe, affordable, accessible and sustainable transport systems for all) to: (i) develop sustainable and efficient transport systems, including improving rural access to connect rural areas, markets and urban centers; (ii) support regional connectivity in particular

for high-volume regional transport corridors; (iii) support green transport to reduce adverse environmental impacts such as urban congestion, air and noise pollution and CO2 emissions; and, (iv) strengthen the resilience of transport systems by applying up to date technologies and fostering digital inclusion throughout transport infrastructure.

PROJECT APPROVALS

In 2021, the Bank approved ten transport projects with an allocation of US\$724.9 million, in Albania, Gambia, Guinea, Indonesia, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Turkmenistan.

COMPLETED PROJECTS

Transport projects completed during 2021 contributed to the upgradation of 879 km of highways in eight MCs, 1,400 km of local rural roads, 870 km of railway tracks and, 81m tons of capacity increase at transport or logistics hubs.

Table 9: Planned Results of Approved Projects: Transport

Result Indicator	Expected Results
Expressways/highways built, upgraded or rehabilitated (km)	738
Local/Rural roads built, upgraded or rehabilitated (km)	1,961
Maritime capacity increased (tons, per annum)	1,000,000
Railway tracks constructed, upgraded or rehabilitated (km)	19

Table 10: Results of Completed Projects: Transport

Result Indicator	Achieved Results
Annual capacity increase at other transport or logistics gateways/hubs (tons)	81,010,000
Expressways/highways built, upgraded or rehabilitated (km)	879
Local/Rural roads built, upgraded or rehabilitated (km)	1,397
Railway tracks constructed, upgraded or rehabilitated (km)	870

Bereket-Etrek Railway Project, Turkmenistan

In Turkmenistan, the Bereket-Etrek Railway project was completed. By building a 256.5 km long railway track, the project contributes to socio-economic development and integration between Kazakhstan, Turkmenistan and Iran. Improved connectivity and transport infrastructure will help expand trade within the region as well as with the Gulf countries, the Middle East, and Europe.



Bereket-Etrek Railway Project, Turkmenistan



CLEAN AND RENEWABLE ENERGY



STRATEGIC PRIORITIES

In the energy sector, the Bank supports progress towards MCs' Nationally Determined Contributions (NDCs) and SDG 7 (Affordable and Clean Energy) to: (i) provide reliable, resilient, affordable and sustainable access to electricity (which is currently limited to half of the population in the LDMCs); (ii) increase financing for clean energy infrastructure to facilitate MCs' efforts to decrease their carbon footprint;

and (iii) ramp up climate finance to support the mitigation and adaptation initiatives of the MCs. This will support the Bank in delivering its annual climate action target of 35% of commitments by 2025. The Bank will seek to attract and promote private sector participation, particularly for renewable energy projects and enhancing energy efficiency.

PROJECT APPROVALS

In 2021, the Bank approved six energy sector projects with an allocation of US\$227 million, in Guinea, Morocco, Nigeria, Pakistan, Senegal and Togo.

Table 11: Planned Results of Approved Projects: Energy

Result Indicator	Expected Results
Households connected to electricity (number)	24,574
Installed energy generation capacity using non-renewable sources (MW equivalent)	120
Installed energy generation capacity using renewable sources (MW equivalent)	1,021
Transmission /Distribution lines installed, upgraded or rehabilitated (km)	1,317

COMPLETED PROJECTS

The projects completed in 2021 contributed to connecting nearly 35m households with the electricity grid, increase in installed electricity generation capacity by 24,400 MW, and over 2,000 km of electricity or gas transmission lines.

Table 12: Results of Completed Projects: Energy

Result Indicator	Achieved Results
GHG emissions reduced (tons, CO2 equivalent)	82,674
Households connected to electricity (number)	34,960,000
Installed energy generation capacity using non-renewable sources (MW equivalent)	5,978
Installed energy generation capacity using renewable sources (MW equivalent)	18,450
Length of Oil/Gas pipes installed (km)	312
New Business opportunities created due to energy access (number)	2,500,000
Oil refining capacity increased (tons)	4,700,000
Oil/Gas Transmission Capacity increased (m3)	56,329,000
Substations, Installed, upgraded or Rehabilitated (MVA)	70
Transmission /Distribution lines installed, upgraded or rehabilitated (km)	2,011



Reverse Linkage Project for Developing Utility-Scale Renewable Energy Projects in Djibouti and Niger

In 2021, the Bank has approved US\$0.28 million to support a reverse linkage project for developing utility-scale renewable energy projects in Djibouti and Niger. This regional project aims to develop affordable, reliable, clean and sustainable supply of electricity by developing utility-scale renewable energy interventions, while ensuring know-how transfer through the reverse linkage mechanism. This project falls under the IsDB-Masen initiative which was launched in December 2020 and aims to develop utility-scale renewable energy projects in Sub-Saharan Africa. This initiative builds on the unique and rich experience of Masen in developing renewable energy projects and the willingness of Masen to transfer its know-how and expertise in Africa.

- ▶ **In Egypt, the South Helawn Power Plant Project** was completed. The project operates through a steam power plant with 1,950 MW capacity.
- ▶ **In Egypt, the Damietta West Power Plant** was completed. The project converted an existing 500 MW power plant into a 750 MW Combined Cycle power plant by adding four heat recovery steam generators, one 250 MW steam turbine generator, and other associated auxiliary equipment. The project benefits about 37,000 workshops, and 20 large furniture factories, which collectively employ over 500,000 workers and meet 80% of the furniture needs in Egypt.
- ▶ **In Uganda, the Grid Rural Electrification Project** was completed. The project aimed to improve living standards in the rural areas of Uganda by extending the coverage of national electricity grid. The project developed 1,106 km medium voltage lines, 678 km low voltage lines, 715 transformers (combined capacity of 34.1 MVA), while creating infrastructure for 70,000 new connections in the Uganda's rural areas.



Capacity Expansion and Efficiency Improvement of Damietta West Power Plant Project, Egypt



Rural Grid Electrification Project, Uganda



URBAN DEVELOPMENT



STRATEGIC PRIORITIES

To better serve the growing urban population in MCs (SDG 11 Sustainable Cities and Communities), the Bank supports integrated urban planning to build green and sustainable urban infrastructure favoring mass-transit, renewable energy, as well as the provision of accessible and inclusive

public spaces and urban services. In addition, the Bank continues to address the challenge of improving services to under-served populations, such as those living in slums with dilapidated infrastructure and limited access to services.

PROJECT APPROVALS

In 2021, the Bank approved one urban project in Benin with an allocation of US\$58.6 million.

Table 13: Planned Results of Approved Projects: Urban Development

Result Indicator	Expected Results
Households with access to improved sanitation (i.e. latrines, sewage system) (number)	15,000



Waste treatment plant with balancing pond- Sanimas IsDB - 2018



Waste treatment plant with decorated manhole covers - Sanimas IsDB - 2018

COMPLETED PROJECTS

In Indonesia, the SANIMAS community-based sanitation project was completed in 2021. The project helps tackle health issues induced by open defecation and poor sanitation by providing community-based sanitation infrastructures, through demand-responsive approaches, in 1,800 locations of 58 cities across 13 provinces. The total cost of the project was US\$117.00 million in which the Bank financed US\$100.00 million.

Table 14: Results of Completed Projects: Urban

Result Indicator	Achieved Results
Shelters/houses built, upgraded or rehabilitated (number)	29,177



Waste treatment plant with decorated manhole covers in a garden area - Sanimas IsDB - 2018



WATER & SANITATION



STRATEGIC PRIORITIES

The Bank supports improvements in access to safely managed water supplies (SDG 6 Clean Water and Sanitation) by establishing, expanding and upgrading infrastructure. This includes: (i) contributing to improved water services cost recovery; (ii) increasing water system efficiency; (iii) increasing waste-water treatment; (iv) mainstreaming the

principle of 'waste-water as a resource' through a circular economy process operating in any other sector; (v) building the resilience of water systems; (vi) expanding sanitation network coverage; and (vii) regulating stand-alone sewage disposal facilities.

PROJECT APPROVALS

In 2021, the Bank approved six water and sanitation projects with an allocation of US\$217.3 million in Bahrain, Bangladesh, Cot d'Ivoire, Guinea, Maldives and Senegal.

Table 15: Planned Results of Approved Projects: Water and Sanitation

Result Indicator	Achieved Results
Households with access to improved sanitation (i.e. latrines, sewage system) (number)	116,800
Households with access to potable water supply systems (number)	4,177,590
Households with access to regular solid waste collection services (number)	810,007
Sewerage network installed or upgraded (length in KM)	14,250
Water supply Network installed or upgraded (length in kilometers)	31

COMPLETED PROJECTS

In 2021, projects completed in water and sanitation sector resulted in 634 km of water supply network installed or upgraded, 615,000 households benefited from access to improved sanitation, 1.1million households connected to potable water supply systems, and 143,000 households with access to solid waste services.

Table 16: Results of Completed Projects: Water and Sanitation

Result Indicator	Achieved Results
Households with access to improved sanitation (i.e. latrines, sewage system) (number)	615,101
Households with access to potable water supply systems (number)	1,109,666
Households with access to regular solid waste collection services (number)	143,000
Sewerage network installed or upgraded (length in KM)	19
Water supply Network installed or upgraded (length in kilometers)	634



Unsafe sanitary conditions - hanging latrines suspended over a ditch or canal

- ▶ **In Burkina Faso, Samendéni dam project** was completed with a storage capacity of US\$1.05 billion cubic meters. The hydro-electric power plant will generate an annual capacity of 18 GWH of clean energy.
- ▶ **In Egypt, agricultural subsurface drainage project** (phase 3) was completed. The Bank has previously financed the project's first and second phases with US\$21.5 million, resulting in subsurface drainage system for 159,000 feddans in the Nile Delta region. In this third phase, the Bank contributed US\$32.3 million and supported the drainage system for an additional 90,000 feddans, benefiting 450,000 farm households. The project rehabilitated or constructed 3,314 km of laterals and 933 km of collectors, 20 civil structures including bridges, culverts and siphons, and in addition procurement of equipment for operation and maintenance procured.
- ▶ **In Uzbekistan, rehabilitation of irrigation and drainage networks** in Djizzakh and Syrdarya regions was completed. The project constructed six pumping stations, 15 km of canals, 292 km of drainage, and cleaning and reprofiling of 56 km of canals.



Tashsaka Irrigation Project, Uzbekistan



ICT AND DIGITALIZATION



STRATEGIC PRIORITIES

ICT is increasingly recognized as a tool for development and growth and as a means of empowering people, scaling up efforts in education, upgrading skills and productivity, and improving governance. The Bank supports the deployment of ICT across all sectors (e.g., education, health, financial services, agriculture, energy, infrastructure, trade, public

service delivery, and e-government) to help achieve SDG 9 (Industry, Innovation and Infrastructure) and higher productivity as well as achieve greater development impact. Digitalization of SMEs also constitutes an important area to further mainstream these aspects.

PROJECT APPROVALS

To mitigate the schooling disruption caused by COVID19, the Bank approved a US\$5 million project to digitalize schools in Sierra Leone targeting the promotion of digital learning for 403 schools, 150,000 students and 3,000 teachers in Sierra Leone.

The Bank is supporting two Reverse Linkage, telemedicine projects, between Nigeria (recipient) and Pakistan (provider), and between Somalia (recipient) and Egypt (provider). The projects will provide medical equipment, upgrading the ICT infrastructure, organizing training programs for medical staff, and providing telemedicine services.

Table 17: Planned Results of Approved Projects: ICT and Digitalization

Result Indicator	Expected Results
Subscribers of Internet /Mobile/ Land Line Phone increased (number of persons)	154,165

Table 18: Results of Completed Projects: ICT and Digitalization

Result Indicator	Achieved Results
IT systems/equipped provided (number)	118
Length of Fiber Optics Network built (length in km)	5,340
Subscribers of Internet /Mobile/ Land Line Phone increased (number of persons)	60,000,100



B. PILLAR 2: INCLUSIVE HUMAN CAPITAL DEVELOPMENT



UNIVERSAL HEALTHCARE AND SERVICES



STRATEGIC PRIORITIES

The Bank continues to address the urgent needs to mitigate the continuing impact of the COVID-19 pandemic on health systems and strengthen national health systems, services and institutions to be better prepared for future pandemics. The Bank helps MCs in better management of pandemics and facilitating equitable access to COVID-19 vaccines through support for their production, procurement, and distribution. To address the challenge of low health

service coverage in many LDMCs, the Bank focuses on the following, with the dual aim of also targeting SDGs 2 and 3: (i) ensuring affordable quality health services for all; (ii) improving primary healthcare performance; (iii) contributing to tackling the effects of the pandemic; and (iv) building critical health infrastructure, especially in LDMCs due to public sector resource constraints.

PROJECT APPROVALS

In 2021, the Bank approved five health sector projects with an overall allocation of US\$172.3 million in Benin, Chad, Cote d'Ivoire, Guinea and Pakistan. Several health projects were approved to help countries mitigate the adverse effect of Covid-19. The Bank contributed US\$72.5 million towards the IVAC Covid-19 Vaccine Support for Pakistan.

Table 19: Planned Results of Approved Projects: Universal Healthcare and Services

Result Indicator	Expected Results
Health facilities constructed or upgraded or equipped (number)	1,766
Health personnel trained (number)	3,006,800
Number of beds added to health facility(ies) (number)	1,500
People benefiting from outpatient services (number, per annum)	32,743,262
Preventive healthcare - Number of people reached through awareness campaigns (number)	1,185,924

COMPLETED PROJECTS

The projects completed in 2021 have benefited 83 million people from outpatient services, 25 million people through preventive healthcare campaigns. More than 680 health facilities were constructed, upgraded or equipped, 3 million health personnel were trained, and 881,000 persons were provided long-lasting insecticidal nets.

Table 20: Results of Completed Projects: Health

Result Indicator	Achieved Results
Health facilities constructed or upgraded or equipped (number)	680
Health personnel trained (number)	3,007,455
Number of beds added to health facility(ies) (number)	1,880
People benefiting from outpatient services (number, per annum)	83,029,266
Preventive healthcare - Number of Long-Lasting Insecticidal Nets (LLINs) distributed (Malaria)	881,000
Preventive healthcare - Number of people reached through awareness campaigns (number)	25,698,882

Avian Influenza Control project in Egypt

The Avian Influenza Control project in Egypt, completed in 2021, has supported Egypt's capacity to minimize the risk of Avian Influenza virus to animals or humans and control the spread of the disease. The project has helped Egypt build local vaccine manufacturing capacity for Avian Influenza virus, with a capacity to produce 225 million doses per year and has help the country substitute imported vaccines.



Avian Influenza Control Project in Egypt



RESILIENT AND QUALITY EDUCATION



STRATEGIC PRIORITIES

The Bank supports education infrastructure, education capacities and service delivery in order to contribute to SDGs (Quality Education). While targeting the most vulnerable and deprived communities, the Bank supports provision of education for out-of-school children as well as promote e-learning. The Bank's support to the education sector remains anchored in the theme of "learning for

human development" and focuses on: (i) investments in early childhood, basic, and secondary education supported by digitalization with a view to ensuring that every child has an uninterrupted 12 years of education; and (ii) ensuring equitable access to quality education in low-income countries targeting deprived communities, especially girls.

PROJECT APPROVALS

In 2021, the Bank approved nine education sector projects with an allocation of US\$237.3 million, in Burkina Faso, Cote d'Ivoire, Gambia, Guinea Bissau, Iraq, Mauritania, Sierra Leone, Tajikistan and Togo.

COMPLETED PROJECTS

The education projects completed in 2021 have benefitted 1.2 million students, trained 3,500 teachers, and built or rehabilitated 854 classrooms and 178 educational institutions.

Table 21: Planned Results of Approved Projects: Education

Result Indicator	Expected Results
Accommodation - Residence rooms built or upgraded in hostels and accommodation in educational institutions	260
Classrooms built or upgraded in primary/secondary education (number)	16,040
Educational institutions built, upgraded or equipped (number)	264
Students accommodated in educational institutions (number, per annum)	1,000
Students benefited (number, per annum)	179,084
Teachers/Faculty/staff trained (number)	8,875

Table 22: Results of Completed Projects: Education

Result Indicator	Achieved Results
Classrooms built or upgraded in primary/secondary education (number)	854
Educational institutions built, upgraded or equipped (number)	178
Students accommodated in educational institutions (number, per annum)	260
Students benefited (number, per annum)	1,221,513
Teachers/Faculty/staff trained (number)	3,514

Reverse Linkage Program: African Alliance for Vocational Training

In 2021, the Bank approved US\$17.15 million to support Guinea Bissau in the development of the vocational education system through Reverse Linkage. The Moroccan Office of Vocational Training and Labor Promotion (OFPPT) will help Guinea Bissau increase access to and improve the quality, equity, and relevance of the Vocational Training System in Guinea Bissau. This project falls under the "African Alliance for Vocational Training," which aims to support 14 IsDB African MCs namely, Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Djibouti, Gabon, Guinea Bissau, Guinea, Mali, Mauritania, Niger, Senegal and Togo.

Education Support for Syrian Refugees

The Bank continued to support the education of Syrian refugees in Jordan, Lebanon Turkey and Iraq and create pathways for youth from education into decent employment opportunities. The Bank has signed a new co-financing agreement with International Islamic Charity Organization (IICO) to enhance curriculums for the Syrian refugees' children in neighboring countries. Nearly 1400 students are benefiting from vocational training and has enabled nearly 450 students to find jobs.

- ▶ **In Bangladesh, madrassah education project** enhanced the infrastructure of 95 madrassas prone to cyclones and floods. The project has helped update the curriculum, constructed 279 new classrooms, provided furniture and ICT equipment to the schools, and trained 386 teachers. The project benefits over 6,000 students per year and has resulted in improved primary and secondary completion rates in the target areas.
- ▶ **In Indonesia, higher education project** through completing the \$256m project, benefiting 242,000 students in their higher degrees. The project has constructed or rehabilitated 98 educational institutes and provided training to 1,761 faculty members.
- ▶ **In Gambia, bilingual education** resulted in the construction of 222 classrooms in 70 madrassah schools. The project has benefited nearly 30,000 students and trained more than 1,300 teachers.



IsDB supported rebuilding madrassas in flood affected regions of Bangladesh



Providing shelter for the poor at Al Taqwa Village, Cameroon



Students at Jamili Babou Islamic School, the Gambia



Students at Darsilami community school, the Gambia



SMALL AND MEDIUM ENTERPRISES AND JOB CREATION



STRATEGIC PRIORITIES

The Bank supports the MCs in the area of skills development for enhanced employability in productive jobs and marketable skills, with special attention to women and youth. This will include an emphasis on technical and vocational education and training in skills in high demand. The Bank's work contributes to SDGs 8 (Decent work and Economic Growth) and 10 (Reduced Inequalities).

Table 23: Planned Results of Approved Projects: MSMEs and Job Creation

Result Indicator	Expected Results
Market centers established, upgraded or rehabilitated (numbers)	1,801
People employed (number)	217,531
People trained (number)	69,438
People with access to microfinance increased (number)	4,500
Small/medium enterprises established or promoted (number)	225



Creating Employment as part of the Economic Empowerment Program in Sudan

STRATEGIC INITIATIVES

Major initiatives under the economic empowerment portfolio include: (i) the strengthening of economic resilience of vulnerable enterprises (SERVE) program with projects in Djibouti, Jordan, Palestine, Uzbekistan, and Jordan, with cumulative approvals of US\$91.40 million; (ii) the economic empowerment fund for Palestinian people (EEFPP) with a fund size of US\$500 million, of which US\$215 million is already mobilized; and (iii) economic empowerment fund for Uzbekistan worth US\$100 million, with 35% participation from the Government of Uzbekistan, 20% from the IsDB, and 45% from the private sector, expected to generate 102,000 jobs by supporting 34,000 MSMEs (50% women and youth).

Table 24: Results of Completed Projects: MSMEs and Job Creation

Result Indicator	Achieved Results
Market centers established, upgraded or rehabilitated (numbers)	102
People employed (number)	267,043
People trained (number)	188,901
People with access to microfinance increased (number)	201,300





RESILIENCE TO FRAGILITY, DISASTER RISK MANAGEMENT AND COMMUNITY DEVELOPMENT



STRATEGIC PRIORITIES

The Bank's strategy in addressing and mainstreaming these themes focusses on the following: (i) support the MCs to tackle the drivers of fragility and conflict by strengthening social cohesion, and undertaking risk analysis and strengthening resilience capacity (SDGs 1 and 2); (ii) improve disaster risk management by investing in early warning systems and supporting post-disaster recovery, and (iii) facilitate community development through capacity development of the Civil Society Organizations (CSOs) and their engagement in transformative programs to improve the socio-economic wellbeing of local populations, hard

to reach communities and other vulnerable groups. The Bank plans to build on the traditional financing modes and mobilize concessional resources to support fragile and conflict-affected MCs by setting up a dedicated financing facility.

The IsDB Tadamon CSO Pandemic Response Accelerator Program's partner NGOs are supporting vulnerable populations in fragile and conflict-affected communities, including Burkina Faso, Comoros, Djibouti, Guinea, Iraq, Jordan, Lebanon, Libya, Mali, Niger, Somalia, Sudan.

PROJECT APPROVALS

In 2021, the Bank approved grants for CSOs in Chad and Pakistan to (i) benefit 10 community schools and 200 households in Pakistan; and (ii) support 300 agricultural producers and 100 micro and small enterprises in Chad.



The IsDB Resilience Index

The IsDB Resilience Index, launched in 2021, is based on five critical dimensions of risk and vulnerability in the 57 MCs including: (i) forced displacement (ii) economy and livelihoods; (iii) health and pandemics, (iv) environment and natural disasters, and (v) human security. The tool assesses resilience of the MCs and identifies opportunities for the Bank's country engagement, strategic priorities, and project identification in the MCs.



C. CROSS-CUTTING AREAS

Islamic Finance Development

The Bank supports development of Islamic finance ecosystem, infrastructure, institutions and innovative Islamic financial instruments. (i) develop and offer MCs a range of innovative Islamic financial products and services (e.g., green, social, and impact sukuk) to fund its development programs, projects, and activities and facilitate balance sheet and off-balance sheet resource mobilization; (ii) support the development and deepening of the Islamic financial sector and markets in MCs through regulatory reforms and human capital development; and (iii) promote Islamic social financing tools (such as Awqaf, Zakat, and Sadaqa) in support of LDMCs. It also serves as the catalyst for Islamic Finance Sector development through the provision of a diversified and complete tailored package including equity contribution, lines of finance, guarantee funds and capacity building through a dedicated grant component as well as by establishing strong partnerships with other multilateral, bilateral and specialized institutions

“ The IsDB’s IFI equity portfolio comprises 28 Islamic financial institutions, spread across more than 20 countries, with a total disbursed amount of ID234 million (approximately US\$327 million).

The IsDB’s IFI equity portfolio comprises 28 Islamic financial institutions, spread across more than 20 countries, with a total disbursed amount of ID234 million (approximately

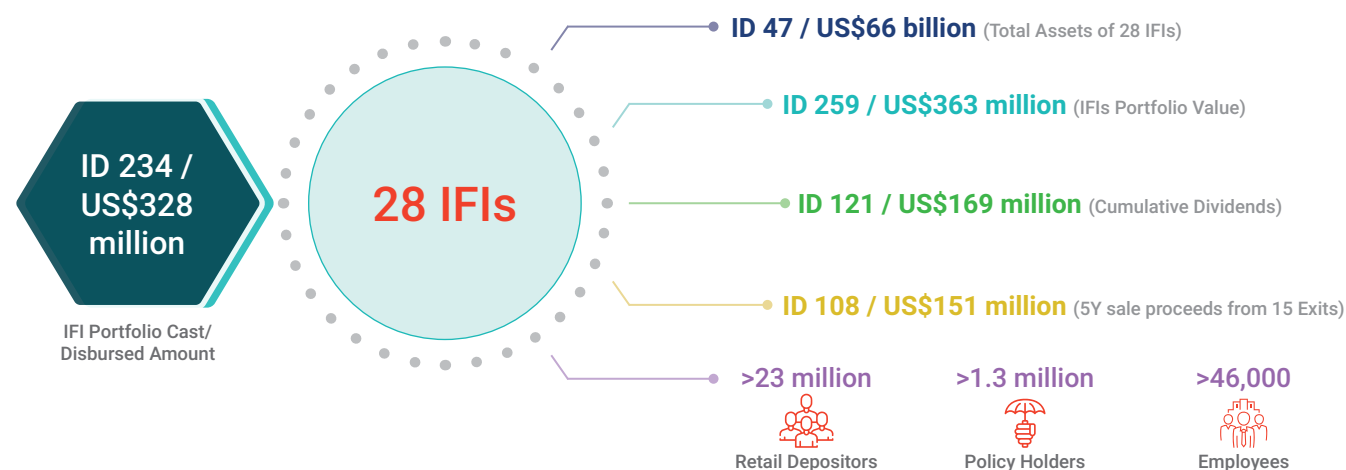
US\$327 million). However, with this small disbursed amount, the Bank’s investments are managing assets exceeding ID47 billion (US\$65 billion), i.e. a multiplier effect of 200x. The fair value of the IFI portfolio stands at ID259 million (approximately US\$362 million), whereas the Bank’s dividend income from IFIs so far stands at ID121 million (US\$169 million), including ID6.5 million (approximately US\$9 million) in 2021. Based on market conditions, in the last five years the Bank has processed 15 exit transactions generating ID 108m (approximately US\$151 million) sale proceeds, with ID18 million (approximately US\$25 million) generated from 3 transactions in 2021.

These 28 investee IFIs employ more than 46,000 staff and provide financial access to more than 23m retail depositors, and takaful coverage to more than 1.3m policy holders. At the end of 2021, 58% of the Bank’s equity portfolio is invested in 16 Islamic banks, followed by 21% in investment companies, and 10% in takaful companies.

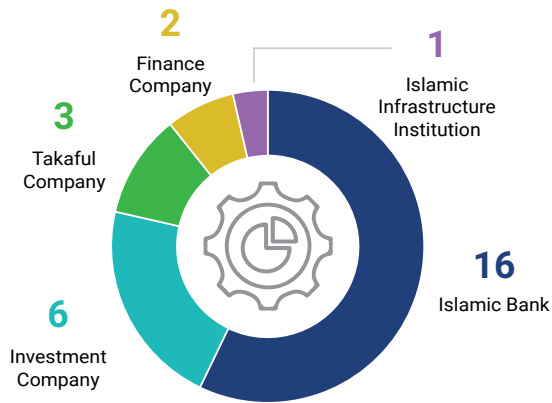
Largest amounts of investments are in the range of ID 1–10m. The largest exposures include Meezan Bank, Kuwait Turk Participation Bank, Bosna Bank International, and the Islamic Bank of Senegal. It is also to be noted that 7 Investments are fully provisioned, and these are under orderly liquidation or are inactive.

In terms of geographical distribution, 28% of the portfolio is in the Europe/CIS region, followed by 18% each in the GCC and Sub-Saharan Africa regions, 14% in South Asia, and 11% each in East Asia and MENA region (excluding GCC). A diversified distribution demonstrates the Bank’s commitment to develop the Islamic finance industry globally.

Figure 11: IFI Equity Portfolio Dashboard (YE2021)



Sector by number of IFIs



Investment Size Fair Value

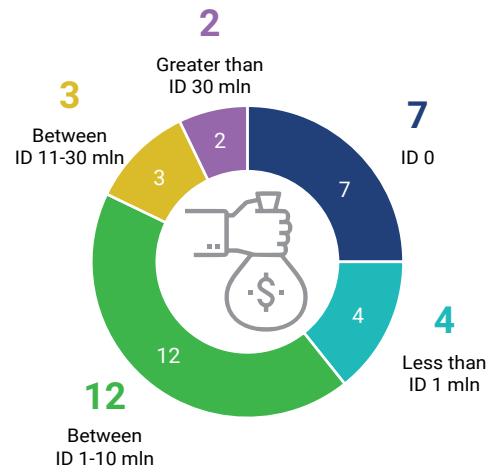
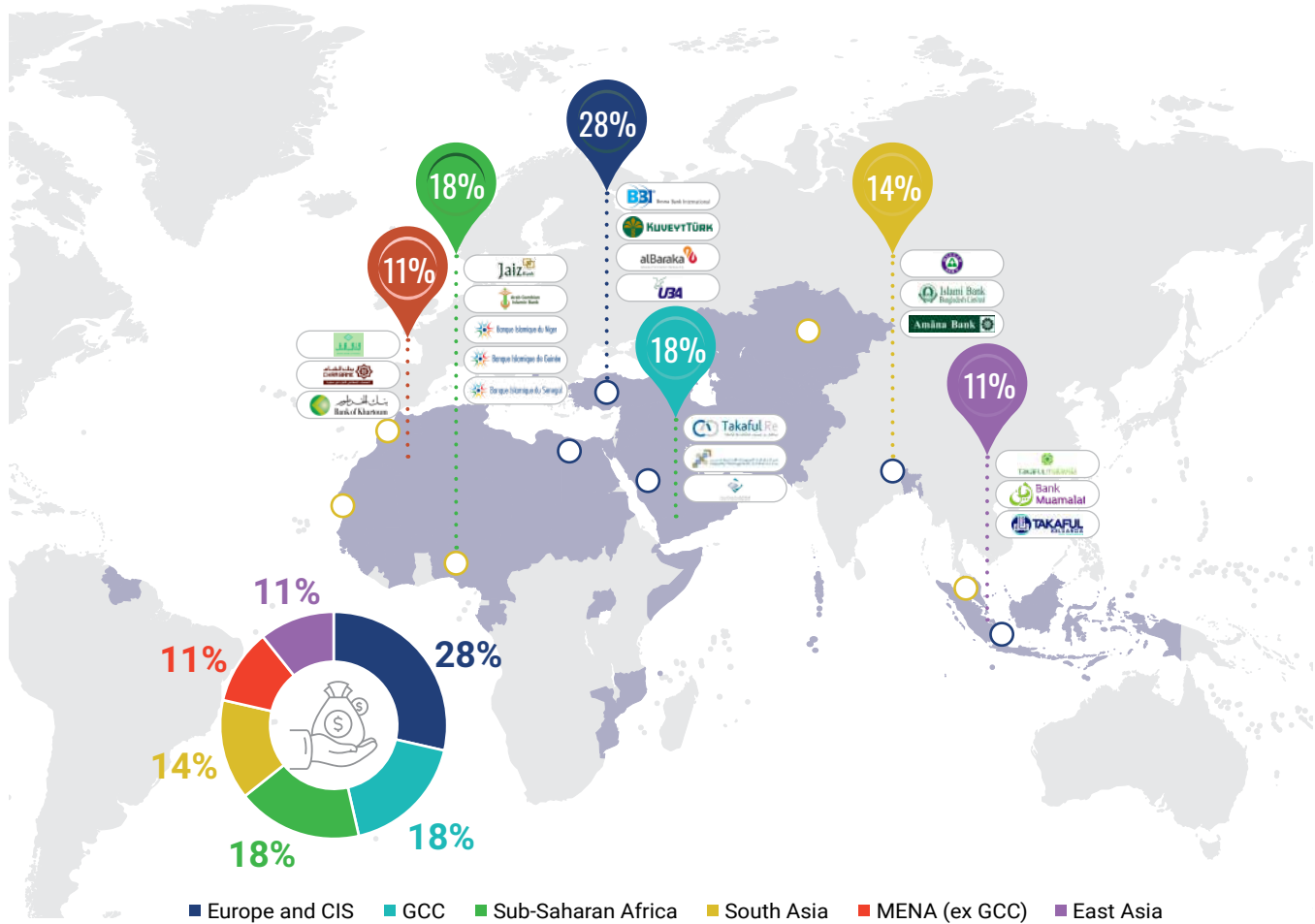


Figure 12: IFI Equity Portfolio Dashboard Snapshots



Climate Change

The Bank has committed to ensure 35% of its project financing towards climate change mitigation and adaptation, aligned with SDG 13 (Climate Change). The Bank will also seek to align its operations with the objectives of the Paris Agreement, while supporting a shift towards low GHG emissions and climate-resilient development paths in the MCs, and support operations that enhance alignment with the MCs' NDCs under the COP26/Glasgow Climate Pact. The Bank supports climate mitigation actions in the energy, transport, urban, manufacturing and agriculture sectors, which are major sources of GHG emissions. To facilitate sustainable growth, the Bank supports climate adaptation actions in the water, agriculture and natural resources, urban development and social development sectors.

In 2021, the Bank committed US\$684 million climate finance projects, representing 31% of the total approved allocations during the year. 40 projects were screened against physical climate risks to harness opportunities for low carbon development and mitigate the impact of climate change on vital sectors in MCs.

In 2021, the Bank engaged with the Green Climate Fund (GCF) to seek accreditation for mobilizing grants and concessional resources for climate action in MCs. The Bank also became a delivery partner of the GCF to provide readiness support to its MCs to access climate finance. The GCF has approved a US\$2.7 million IsDB readiness proposal for private sector climate action in Iraq, Bahrain, Lebanon, Jordan, and Palestine. The Bank was also identified as an implementing partner of the newly established UN-led Systematic Observations Financing Facility (SOFF).



Spring water harvesting at Radhkhin village – Had Gov. - SFD-LIWP

Women and Youth

The Bank supports the development needs of women and youth. The Bank focuses on: (i) increasing women's access to services and resources in line with SDG 5; (ii) mainstreaming women as key beneficiaries in Bank-supported development projects; (iii) promoting women's engagement, agency and participation through scaling up key programs such as BRAVE Women, WE-Fi, WiSE and EWASME; and (iv) fostering learning and capacity development among women and youth to promote entrepreneurship and job creation.



Economic Empowerment of Rural Women in Amezmi, Morocco

In Pakistan, the "Girls Read to Succeed" project implemented by Alif Laila Book Bus Society (ALBBS) was completed. The project has helped improve the reading skills of girls in primary classes to succeed in school and post-secondary education supplementing the efforts of the Government of Azad Jammu & Kashmir (AJK).

In Morocco, the Economic Empowerment of Rural Women in Amezmi project, implemented by Association ASSID pour le Développement Durable, was completed. The project enhanced the economic activities of 50 rural women aged 18-50 in Amezmi, with a focus on poor women and young girls who have dropped out of school.

The Bank approved the second grant US\$11.25 million under the Women Entrepreneurs Finance Initiative (We-Fi) for empowering West African women small and medium enterprises in rice value chains (EWASME) in Guinea, Niger, Senegal, and Sierra Leone.



Creating Sustainable Economic Opportunities for Youth Through Vocational Training and Employment Project in Jordan

In Egypt, She Trades project was launched to support women-owned enterprises in export value chains in the handicrafts sector, by enhancing their competitiveness and capacity to compete in local and regional markets. The project partners include the International Islamic Trade Finance Corporation (ITFC), the Aid for Trade Initiative for the Arab States (AFTIAS Program), and the International Trade Centre (ITC).

Capacity Development

Capacity development is a high priority for the Bank and is mainstreamed in interventions across all the priority sectors and themes. The Bank aims to: (i) develop focused capacity development interventions that are relevant, innovative, complementary, and aligned with MCs' priorities by using successful modalities such as Reverse Linkage; (ii) mobilize concessional resources – mainly in the form of financial grants through several modalities and funding mechanisms under a consolidated multi-donor "Umbrella" Trust Fund.

In 2021, a total of 19 Technical Cooperation Program (TCP) operations amounting to US\$0.5 million were approved,

benefiting 8 countries directly and 28 countries indirectly through regional activities. The TCP has provided training to more than 270 experts, built capacities of nine institutions in various priority areas, and deployed 25 experts in the MCs.

Under Reverse Linkage, the Bank connected the MCs among themselves and with countries from the Global South to tackle common development challenges. In addition to integrating reverse linkage in the Bank's regular operations, US\$1.5 million was allocated for six reverse linkage interventions in the agriculture, energy, health, vocational training, and water sectors. Countries benefited include Bangladesh, Djibouti, Jordan, Guinea, Guinea Bissau, Niger, Nigeria, Pakistan, Tajikistan, Tunisia, and Turkmenistan.

Under the framework of the joint technical capacity program with the World Academy of Sciences (TWAS), the Bank has contributed at addressing the adverse impacts of Covid-19 and boosting the MCs response and recovery to achieve the SDGs. After three years of implementation, the program has supported 73 young researchers from 15 LDMCs consisting of 52% female and 48% male.



Reverse-Linkage Cooperation: -Tajikistan Technical and Vocational

In Tajikistan, the Bank approved a reverse linkage project for strengthening the quality of technical and vocational education and training programs. The project activities include enhancement of curricula and training youth and women for enhancing their skills and employability. The project aims to build the capacities of 13,000 people including 9,000 youth and 4,000 unskilled women in mountainous and rural areas.

Reverse Linkage: Sharing Moroccan Energy Sector experience with Djibouti and Niger

The Bank is supporting the Moroccan Agency for Sustainable Energy (Masen), which is a renowned center of excellence from Morocco, to support Djibouti and Niger in developing affordable, reliable, clean and sustainable supply of electricity. The project will improve the capacity of Djibouti and Niger to develop bankable projects: (i) Djibouti Photovoltaic solar power plants with capacities between 10 and 30 MW, in the regions of PK20, between Mouloud and Dikhil, and between Goubet and Petit Bara; (ii) Niger Photovoltaic solar power plants with capacities between 10 and 20 MW in the regions of Dosso and Maradi.



The Alliance to Fight Avoidable Blindness (AFAB) project has benefitted patients in 13 African countries

Reverse Linkage Project on Trauma Management between Palestine and Afghanistan

The 57 IsDB member countries are diverse in terms of geographical location, per capita income, level of economic development but they all have a **wealth of knowledge, know-how and expertise to share with each other to tackle their development challenges.**

Amid the ongoing COVID-19 pandemic, the Bank worked with the Palestine Technical Cooperation Agency (PICA) to facilitate a mission of seven medical doctors from Palestine to Afghanistan to provide training on trauma and emergency management in May 2021.

The mission helped share experience and improve the skills and know-how of medical staff in Afghanistan by providing them with theoretical lectures, exposing them to live surgery transmission cases from the operating rooms and involving them in hands-on training.

Around 190 medical staff, including doctors, nurses and technicians, benefitted from the knowledge and expertise of Palestine experts. During the training, the visiting medical team from Palestine carried out joint surgeries and operations with four hospitals.

This Reverse Linkage collaboration between countries facing harsh situations confirms the spirit solidarity among IsDB member countries, especially during challenging times.



D. MUSLIM COMMUNITIES IN NON-MEMBER COUNTRIES

The Bank has established a Communities Outreach Division (previously known as Special Assistance Division), with aim to improving the well-being and living conditions of

Muslim Communities in Non-Member Countries (NMCs). The program promotes the development of the Muslim Communities in NMCs, specifically in the areas of education, health, and alleviates of the sufferings of communities afflicted by natural disasters.

Table 25: List of Approved Projects for Muslim Communities in Non-Member Countries

Country	Project Name	IsDB Contribution (US \$)
Sarajevo, Bosnia & Herzegovina	Provision of Dental School Laboratory Equipment for the University Sarajevo School of Science and Technology (SSST), Dentistry Programme	250,000
Philippines	Renovation and equipping of Lanao Doctors Hospital (LDH), Saray, Iligan City Lanao del Norte, Philippines.	250,000
Rwanda	Provision Access to Clean Water	150,000
Rwanda	Solar Home System for 100 Vulnerable Homes in Rwanda	150,000
Zimbabwe	Construction of Iwin Women's Training Centre, Hatcliffe Extension, Harare Zimbabwe	250,000
Zambia	The Construction of Women's Training Centre in Chisamba	250,000
Mauritius	Expansion of Primary School for Boys and Girls in Curepipe,	270,000
Kenya	Construction of Library for Raf International University, Kitengela,	270,000
South Africa	Expansion of WonderKids Academy in Durban	200,000
South Africa	Construction of Al Dawa wal Irshaad Education Center in Soweto, Gauteng province,	200,000
Tanzania	Construction of Al-Hikma Hospital	280,000
UK	Prince's Trust Phase III; to establish a 3-year program to support the Younger British Muslims in Education, Training and Employment.	1,000,000
Russia	Rehabilitation and furnishing of Maryam Sultanova Islamic College	200,000
USA	Expansion of An-Noor School for the Islamic Society of Greater Springfield, Springfield - Illinois, USA	200,000
Trinidad and Tobago	Expansion of school	200,000
Canada	Construction of Usman Shakir Mount Joy Islamic School, Markham, Ontario, Canada	200,000
Burundi	Renovation of many schools for Burundians refugees	250,000
Ethiopia	Provision of Access to water and sanitation system at the schools and health centers	120,000

Under the IsDB Group Strategic Preparedness and Response Program (SPRP) for COVID-19 Pandemic, the Bank has successfully completed the implementation of 11 operations

with a total budget of (US\$2.6 million) in nine (9) countries. Details are provided in table 17:

Table 26: List of SPRP Operations in 9 Countries

Country	Project Name	IsDB Contribution (US \$)
Kenya	Equipping Raf International University with ICT Tools	230,000
South Africa	The Establishment of the IDM Distance Learning School (DLS) by e-learning	100,000
R.D, Congo	Equipping Al Maktoom High school with ICT tools	100,000
Burundi	Establishing e-learning platform for the main High school in Bujumbura	100,000
	The Provision of Medical Equipment to two Medical Centers	100,000
Nepal	Provision of Medical Supplies, Equipment and House Food Basket Distribution to Muddi Mohram Memorial Welfare Trust	100,000
Philippines	Provision of Medical Supplies and Equipment to Tamparan Medical Foundation (TMFI)	200,000
Zimbabwe	The Provision of Medical Equipment for Al Shifa Primary Health Care Centre,	200,000
Trinidad and Tobago	Provision of Medicine and Food to the affected population	150,000
Philippines	Provision of House Food Basket Distribution to Tamparan Medical Foundation (TMFI)	60,000
Trinidad and Tobago	Food distribution (rice, oil, noodle, vitamins... etc.)	60,000





Beneficiaries of the Young British Muslims Support Program



Al-Mizan School, East London



Darul Uloom Dawatul Imaan School, Bradford



Abu Bakar Girls School, Walsall

E. KEY RESULTS FROM GRANT PROGRAMS

Following table summarizes results achieved from grant programs during 2021. Regional Cooperation and Integration Program

Grant Program	Core Result indicators	Target
NGOs and Civil Society program for 2021	Crop productivity increased (tons per hectare)	80
	Students benefitted (number)	6,000
	Water supply Network installed or upgraded (length in KM)	2
	New households connected to electricity (number)	1,950
	Installed energy generation capacity using non-renewable sources (MW equivalent)	120
	People trained (number)	1,420
	Associations established or actively promoted (numbers)	10
Emergency Relief Program for 2021	Classrooms built or upgraded in primary/secondary education (number)	54
Women, Youth Empowerment program for 2021	The capacity of public institutions (e.g., Ministry of Agriculture/livestock) built	1
	People trained (number)	435
	Rural (farm, non-farm or cottage industry) enterprises established or promoted (number)	12
Reverse Linkage program for 2021	The capacity of public institutions (e.g., Ministry of Agriculture/livestock) built	5
	Number of policies /regulations introduced or improved (number)	11
	Preventive healthcare - Number of people reached through awareness campaigns (number)	623,424
	Accommodation - Residence rooms built or upgraded in hostels and accommodation in educational institutions	6
	Students benefitted (number)	3,850
	Institutions built or upgraded or equipped (number)	43
	Teachers/Faculty/staff trained (number)	45
	Increased potable water treatment capacity (m3/day)	28,500
	Increased wastewater treatment capacity (m3/day)	85,500
	People trained (number)	249
	People employed (number)	10,650
	Annual capacity increase at maritime ports (tons)	1,000,000
Regional Cooperation and Integration program for 2021	Capacity of public institutions (e.g., Ministry of Agriculture/livestock) built	1
	Number of policies /regulations introduced or improved (number)	1
	Capacity of public institutions (e.g., Ministry of Agriculture/livestock) built	353

Grant Program	Core Result indicators	Target
Technical Cooperation Program for 2021	People trained (number)	385
	People employed (number)	1
	Health facilities constructed or upgraded or equipped (number)	4
	Classrooms built or upgraded in primary/secondary education (number)	27
	Students benefitted (number)	2,720
	Institutions built or upgraded or equipped (number)	16
NMC-outreach	Teachers/Faculty/staff trained (number)	58
	Households with access to potable water supply systems (number)	75,400
	Installed energy generation capacity using renewable sources (MW equivalent)	1,000
	People trained (number)	4,040
	People employed (number)	5

F. KEY RESULTS FROM OPERATIONS UNDER ISDB MANAGED FUNDS

The Islamic Solidarity Fund for Development (ISFD)

The ISFD was established in 2007 as a special fund with the dedicated purpose of financing productive and service projects and programs that help in reducing poverty in the MCs. ISFD has developed its 2030 strategy, which aims to transform the role of ISFD beyond financing project grants and loans, while investing in revenue-generating poverty reduction initiatives to promote sustainability.

“ In 2021, the ISFD allocated US\$43.4 million for 26 project and grant initiatives, thereby increasing the cumulative value of approvals to US\$773.2 million.

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Major partnerships in 2021 include:

- ▶ NGO Empowerment for poverty reduction program in partnership with UNDP

- ▶ Tadamon CSOs Pandemic Response Accelerator program with the IFRC, Plan International, ICRC, Light for the World, and SPARK
- ▶ The Alliance to Fight Avoidable Blindness program with the Project Cure, and Light for the World.
- ▶ Education for Syrian Refugees program with Al Tamayoz Charity, the International Islamic Charity Organization, and the Humanitarian Excellence association.









ISFD is developing a partnership with UNHCR to establish a Global Islamic Fund for Refugees, which would create a sustainable source of financing for projects and initiatives that serve the needs of refugees and IDPs in the MCs.



The Alliance to Fight Avoidable Blindness (AFAB) has benefitted patients in 13 African countries

Following table list key results expected to yield from ISFD projects completed in 2021.

Table 27: SDGs Expected from ISFD Projects

SDG	Indicator	Result
	Shelters/houses built, upgraded or rehabilitated (number)	160
	Area irrigated (hectares)	700
	Health facilities constructed, upgraded or equipped (number)	338
	Health personnel trained e.g. doctors, nurses, paramedics, technicians (number)	3,005,214
	Number of beds added to health facilities (number)	1,280
	People benefiting from outpatient services (number, per annum)	80,471,051
	People reached through preventive healthcare awareness campaigns (number)	12,690,712
	Classrooms built or upgraded in educational institutions (number)	114
	Educational institutions built, upgraded or equipped (number)	2
	Students benefited (number, per annum)	18,000
	Teachers/Faculty/staff trained (number)	191
	Households with access to safe water supply systems (number)	45,000
	Households connected to electricity (number)	10,000
	Transmission /distribution lines installed, upgraded or rehabilitated (kilometer)	1,404
	Market centers established, upgraded or rehabilitated (numbers)	44
	People trained (number)	9,320
	People with access to microfinance increased (number)	17,700
	Local/rural roads built, upgraded or rehabilitated (kilometer)	50

Lives and Livelihoods Fund (LLF)

The Bank established the LLF in 2016 to maximize affordable concessional financing for critical human development projects in the LDMCs. Established as a leading south-south cooperation fund, the LLF partnership has expanded to include the Abu Dhabi Fund for Development, Bill and Melinda Gates Foundation, Foreign Commonwealth and Development Office of the United Kingdom, ISFD, King

“ The LLF supports priority projects at concessional rates, grants and technical assistance grants for project preparation. Building on a strong pipeline of projects, the LLF Impact Committee has approved concessional financing of US\$1.5 billion (2016-2021). ”

Salman Humanitarian Aid and Relief Center, and Qatar Fund for Development.

The LLF supports priority projects at concessional rates, grants and technical assistance grants for project preparation. Building on a strong pipeline of projects, the LLF Impact Committee has approved concessional financing of US\$1.5 billion (2016-2021).

The LLF portfolio includes 37 health, agriculture and basic infrastructure projects in 22 IsDB MCs, targeting the most vulnerable. The fund has disbursed more than US\$343 million to date, with promising results on the ground.

In 2021, the LLF approved six projects with an allocation of US\$66.35 million in Bangladesh, Benin, Chad, Cote d'Ivoire, Maldives and Togo.

The LLF impact committee has recently launched a Results Based Management (RBM) tool to strengthen the LLF's technical capabilities and to maximize delivery and measurement of development results and their impacts. Work on the enhanced RBM model for LLF projects in Abuja and Dakar is now underway. A variety of tools, guidelines, dashboards, processes, etc. are expected to be developed as a part of the exercise.



Malaria Elimination in Senegal: IsDB and LLF investment making gains in protecting the most vulnerable

Malaria Elimination in Senegal: IsDB and LLF investment making gains in protecting the most vulnerable


Malaria remains a public health challenge in Senegal, with high mortality among children, women and vulnerable adults. The disease imposes a high burden on poor households as well as the state and central governments. In 2018, the LLF provided US\$32 million to the Government of Senegal to help expand its national program's reach to the regions with high prevalence of malaria infections.

The project activities include vector control and case management, communication for behavioral and social change, acquisition of commodities, and strengthening surveillance and response systems for disease elimination. The project results include: 2.5 million long-lasting insecticide-treated bed-nets provided to communities; 80,000 households benefitted from indoor residual spraying; 1 million rapid diagnostic tests for detection and case management; 30 health facilities provided with, and trained on, lab equipment including PCR testing; and, hundreds of communities engaged in behavior change and social mobilization activities.

As a result, the incidence of malaria cases in the target regions has decreased by 32%; deaths due to malaria decreased by 48%, and with improved case management and treatment, the case fatality rate dropped by 41%; and, the preventative coverage to minimize the risk of malaria in pregnant women rose by 39%.

LLF projects completed in 2021 expects to yield the following results.

Table 28: Expected Results of Approved LLF Projects

SDG	Indicator	Result
	Health facilities constructed, upgraded or equipped (number)	90
	Health personnel trained e.g. doctors, nurses, paramedics, technicians (number)	3,974
	People benefiting from outpatient services (number, per annum)	8,047,1051
	People reached through preventive healthcare awareness campaigns (number)	9,000,000

Awqaf Properties Investment Fund (APIF)

The Awqaf Properties Investment Fund (APIF) is an impact investment fund, launched by the IsDB in 2001, with the mandate to finance the development of real-estate properties that can generate resources to ensure the sustainability, financial independence, and continuity of the social development of non-profit organizations. In 2020, the Bank increased the authorized capital of APIF from US\$100 million to US\$500 million, with an aim to progressively reach a volume of US\$2 billion within 10 years.

At the end of 2021, the APIF portfolio includes 55 projects in 28 countries. These projects collectively support education, health, youth development, and charitable relief operations.

“ In 2021, the Bank approved four APIF projects with a total amount of US\$16.6 million. Two of these projects are in Saudi Arabia, one is in Senegal, and one is in Tanzania.

In 2021, the Bank approved four APIF projects with a total amount of US\$16.6 million. Two of these projects are in Saudi Arabia, one is in Senegal, and one is in Tanzania.

In line with the APIF's vision, in 2021 the fund mobilized additional investments in new or existing projects by US\$18.75 million, compared to US\$21.59 million in 2020. The Fund has also received three grants with a total value of around US\$0.3 million in support of its projects.

Launch of SAR 1b Awqaf Financing Fund, KSA

Recently the Bank has established the Awqaf Financing Fund, KSA (AFF-KSA), which is dedicated to financing Awqaf Projects in Saudi Arabia. The authorized capital of the AFF-KSA is SAR 1b (approx. US\$267 million), including 10% participation each by the IsDB and the General Authority for Awqaf of Saudi Arabia.

























Students learning at the IsDB-BISEW orphanage in Bangladesh



Following table provides few examples of APIF portfolio and its impact on the community.

Figure 13: Examples of APIF Portfolio and Its Impact on The Community

Waqf Beneficiary Institutions		Number of Long-Term Beneficiaries	Total Number of Beneficiaries	Proportion Funded by Waqf	Other/ Notes	SDGs
IsDB-BISEW (Bangladesh)		7,000 completed IT and vocational training and placed in jobs; all other beneficiaries are in long-term-oriented programs	43,000	Full	92% job placement for program graduates, many in life-changing career jobs	   
Fujairah Welfare Association (UAE)		6,000 empowered via vocational training, workshops, and Productive Families Program	9 Million	Partial	50,000 annual sponsorships (orphans, students, families, special needs?; and many one-time spot interventions)	     
Towfiq Welfare Society (Somalia and Kenya)		20,000 orphans, students, and instructors supported	400,000	Partial	Operate social infrastructure institutions, including 7 schools and 1 university with its hospital	    
High Authority of Waqf (Senegal)		12,500 students in the major daras (Quranic schools) to benefit	12,500	Partial	64 daras (Quranic schools) to be supported	  

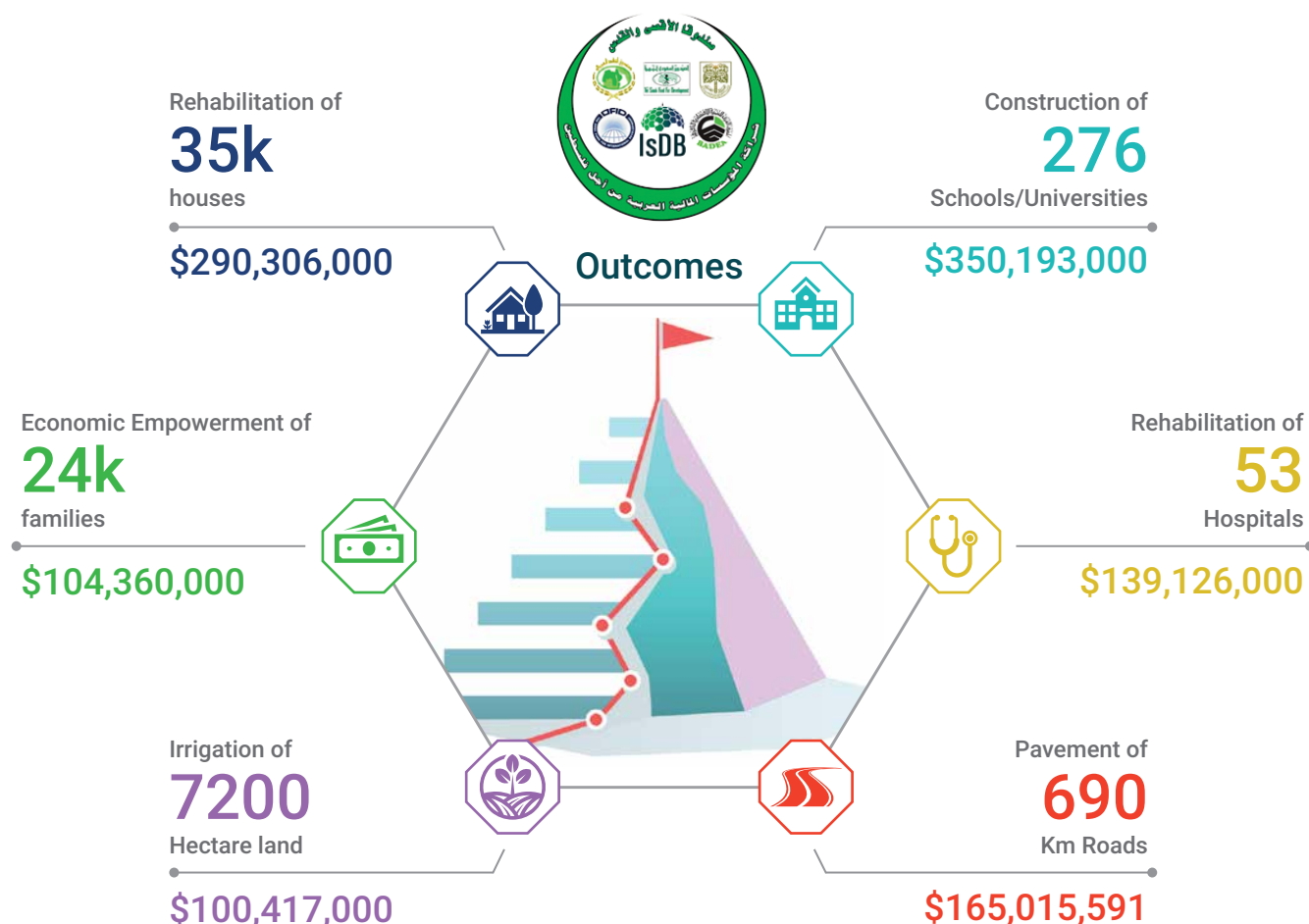
Trust Funds

The Arab League's emergency Arab Summit meeting, held in Cairo, Egypt in October 2000, decided to establish the Al-Aqsa Fund to support the socio-economic development and reconstruction of Palestine. The IsDB is entrusted the

management of this trust fund, 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 is over US\$2 billion, which includes new approvals in 2021 of approx. US\$59 million.



Figure 14: Key Results of Al-Aqsa and Al-Quds Fund Projects



King Abdullah bin Abdulaziz Program for Charity Works (KAAP)

The Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Program for Charity Works (KAAP) is a trust fund founded in 2007 by the late King Abdullah bin Abdulaziz Al Saud. The Bank manages the trust fund in coordination with the King Abdullah Humanitarian Foundation (KAHF). The trust fund aims to alleviate the suffering of needy people and victims of natural disasters and conflicts by: (a) building resilience in fragile and needy communities; (b) tackling poverty in fragile and needy communities; and (c) human Capital Development through access to quality education.

KAAP has supported several projects, with cumulative approvals of US\$693 million. KAAP supports sectors namely, health, education, life and livelihood, microfinance, and humanitarian aid.

KAAP has supported several projects, with cumulative approvals of US\$693 million. KAAP supports sectors namely, health, education, life and livelihood, microfinance, and humanitarian aid. High-level results achieved through various programs assisted by KAAP since its inception, include.

- ▶ 1.3 million people in the Muslim communities in Asia supported
- ▶ 115,000 refugee students including providing education
- ▶ 330,000 people, cattle or vehicle affected by the Sidr Cyclone in Bangladesh provided shelters
- ▶ 340,000 people provided access to microfinance
- ▶ 41,000 students access quality education during the cyclone.
- ▶ 13,257 orphans affected by the Indonesian Tsunami provided sponsorship and quality education
- ▶ 500,000 people, including 5,000 students, in Somalia benefited through construction of deep wells and schools, resulting in improved access to water and quality education

- ▶ 277,000 patients benefited through mobile medical units in seven countries
- ▶ 1300 university students provided higher education at the King Abdullah Girls Campus at Islamic University, Niger

KAAP has also participated in responding to country needs during the COVID-19 pandemic. It has extended over US\$7 million Grants assistance to 16 MCs in Asia and Africa. These interventions ranged between providing Personal Protective Equipment (PPE), PCR tests, public awareness programs, or allowing students schooling during the pandemic.



Students benefiting from KAAP project in Somalia



Mobile clinics in Kyrgyzstan

Construction and furnishing of the King Abdullah Campus for the Islamic University in Niger has started operations in 2021



On March 29, 2021, the President of the Republic of Niger, H.E. Mahmoduo Issoufou officially inaugurated the King Abdullah bin Abdulaziz University Campus in Niger, a Waqf (endowment) project funded by the King Abdullah (Fael Khair) Program and administrated by the IsDB.

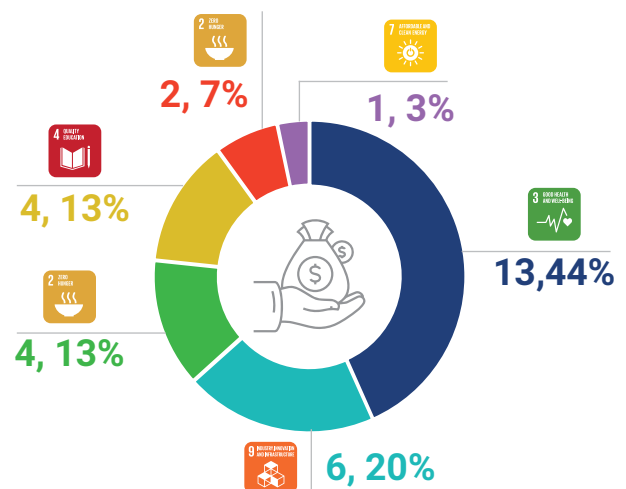
The project aims to empower women students by providing a friendly and modern education environment and living space at the Islamic University of Niger. The King Abdullah Campus, which accommodates 2,600 students, consists of five colleges: College of Mass Communication; College of Management and Computer Science; College of Sharia; College of Nursing; and College of Arabic Language. The campus facilities include classrooms, laboratories, library, mosque, restaurant, and sports facilities. The Government of Niger allocated a land of area 117,324.5 m² for the project. The total built-up area is about 64,500 m². This campus contributes to supporting education in Niger, as well as the surrounding countries. The project attends to the aspirations and needs of the Sub-Saharan African communities. It also promotes the role of women in socioeconomic development and their contribution to human development, while preserving their Islamic values, through enhancing the quality of higher education for women and linking it with the job market.

Transform Fund

The Bank established the Transform Fund to provide a steady flow of financing for science, technology and innovation initiatives in the MCs. The fund supports innovators and the business community in developing innovative solutions to the development challenges facing their communities, through boosting skills, sourcing ideas and knowledge transfer.

In response to the Covid-19 pandemic, the Transform Fund dedicated its 4th Call for Innovation to support the IsDB MCs' response to COVID-19 pandemic, with the aim of building a stronger, more resilient, and prosperous future. The Call complements the IsDB Group's initiatives coordinated by the Strategic Preparedness and Response Facility by leveraging on innovative solutions.

Figure 15: Initiatives Supported by IsDB Transform Fund



The call resulted in an allocation of US\$6.5 million, including 20 grants to innovative pilots and capacity building initiatives, and 10 grants for scaling up and commercialization of innovative technologies. The solutions originated from 22 countries and benefited more than 20 IsDB MCs. Half of the recipients were women. In terms of contribution to SDGs, 13

grants contribute to SDG-3 (Good Health and Well-being), 6 grants to SDG-9 (Industry, Innovation and Infrastructure), 4 grants to SDG-2 (No Hunger), another 4 to SDG-4 (Quality Education), 2 to SDG-6 (Clean Water and Sanitation), and 1 to SDG-7 (Affordable and Clean Energy).

G. THE COVID-19 RESPONSE PROGRAM

The BED approved the extension of the SPRP in April 2021. Which was initially approved in April 2020. The extension of the SPRP includes, in addition to the two current components, a third component, namely the IsDBG Vaccine Access Facility (IVAC) that aims to support MCs' access to COVID-19 Vaccines. Through the extension of the Program, the IsDBG has increased the financing commitment from US\$2.27 billion in April 2020 to US\$4.43 billion, out of which US\$770 million would be the volume of business insured by ICIEC.

The approved Bank's package for COVID19 mitigation expected to benefit a total of about 59 million beneficiaries out of which: (i) 2.7 million people will be provided vaccination through 1,522 newly established vaccination centers; (ii) 48.8 million people will be sensitized through awareness campaigns on COVID-19 transmission and prevention; (iii) 9.7 million households, facing acute food insecurity, will be supported with food rations to fulfill their nutritional needs; (iv) 308,000 jobs will be created for revival of priority value-chains and economic sectors; (v) 31,700 health workers will be provided with capacity building support to manage COVID-19 response; (vi) 15,000 microenterprises or households will benefit from micro-finance services; (vii) 40,000 students will benefit from e-Learning programs during COVID-19; and (viii) 18,300 small or medium enterprises (SMEs) will be provided with financial assistance.

AI-driven COVID-19 Research in Tajikistan



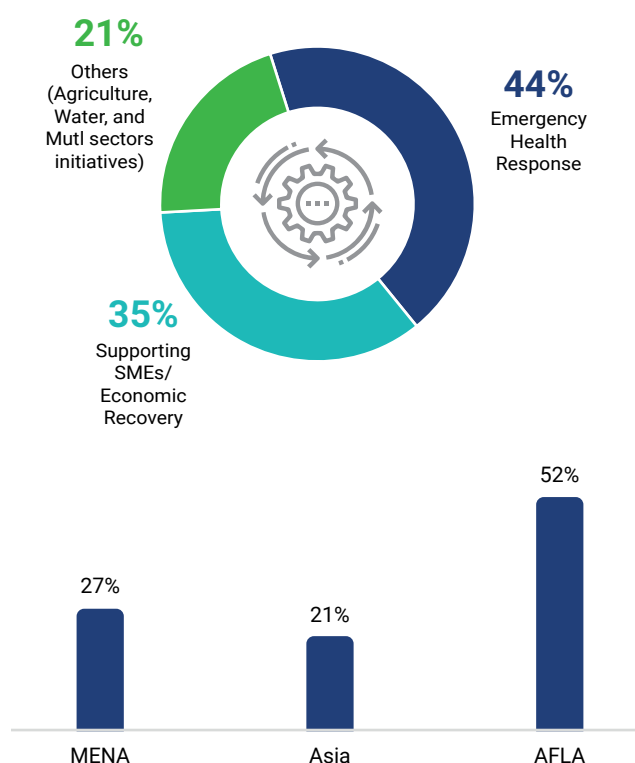
IsDB Transform Fund supported Tajrupt, a 2018 Transform Fund winner from Tajikistan focusing on computer science education and artificial intelligence (AI) research capacity, has recently partnered with Microsoft to build a machine-learning algorithm for healthcare amidst the COVID-19 pandemic. He has launched Tajrupt.ai (TAI) which is Central Asia's first artificial intelligence lab that trains machine learning (ML) education and entrepreneurship to high-school and engineering students through its supervised ML curriculum incorporating statistics, calculus, and programming.

TAI has also partnered locally to implement AI to minimize financial sector shocks: Use of machine learning can "better predict losses and defaults than traditional models in the presence of a negative shock to the aggregate credit supply," – a context indicated by Bank of International Settlements, that matches Tajikistan's current situation with economic effects of COVID-19. In this regard, TAI has partnered with two leading financial institutions in Tajikistan to deploy AI in their operations in order to create ML forecasting credit scoring products to improve the banking creditworthiness of potential borrowers. Without the original Transform funding to establish this Institute, these businesses would never have emerged.



The IsDB Group responded promptly to support Member Countries (MCs) in addressing the COVID-19 pandemic. The Bank has initially approved US\$2.3 billion for the Strategic Preparedness and Response Program (SPRP) to address the immediate and medium to long term challenges faced by the MCs due to the Pandemic. The IsDB Group's total commitments under SPRP increased to US\$4.6 billion in April 2021.

Figure 16: SPRP Allocation by Sectors & Regions



At the end of 2021, the Bank has approved US\$3.36 billion and disbursed US\$1.20 billion. This financing was allocated for 48 projects. The projects financed by IsDB target (i) Emergency Health Response (44%); (ii) supporting SMEs/economic recovery (35%) and (iii) allocations in Agriculture, Water, Sanitation, and Hygiene. In terms of regional breakdown, 27% of financing was approved for Middle East and North Africa (MENA), 21% for Asia and 52% for Africa-Latin America (AFLA).

Among the 13 SPRP operations, approved in 2021, 9 were for the Refilling of the re-purposed projects amounting to US\$111 million, while 2 were IVAC projects amounting to US\$80 million, and 2 economic empowerment projects were approved for US\$38 million.

H. LESSONS FROM PROJECT COMPLETION REPORTS (PCRS)

In 2021, the Bank staff completed 19 PCRs, 15 covering sovereign projects and four covering public-private partnership projects. Three projects were rated highly successful, 16 were rated successful and no project was rated partially successful or unsuccessful.

Six PCRs were completed for the energy sector projects, followed by three for agriculture and rural development, three for water and sanitation sector projects, two for health, two for education, and one each for transport, urban and finance sectors.

Average performance scores for all the projects assessed in 2021 stands at 0.79, registering a marginal improvement compared to the average score for the previous three years (0.77). The energy sector received the highest score (0.90), followed by education sector (0.83), agriculture and rural development sector (0.83), water and sanitation sector (0.81), finance sector (0.81), transport sector (0.75), urban sector (0.72), whereas the health sector projects received the lowest average score (0.64).

Figure 17: Project Completion Reports Trend & Rating (2018-2021)

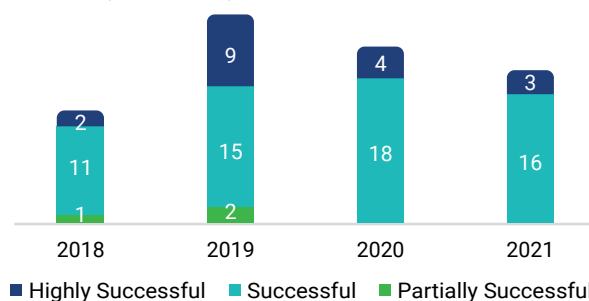
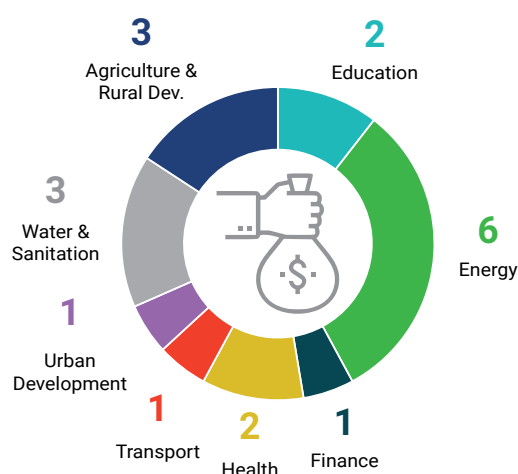


Figure 18: Sectoral Distribution of PCRs (2021)





Water Supply Expansion Project KMS3 - Senegal

Overview of the rainwater harvesting reservoir for irrigation
(Low water level during dry season)

Figure 19: PCR Project Performance Assessment Scores (Scale: 0-1)

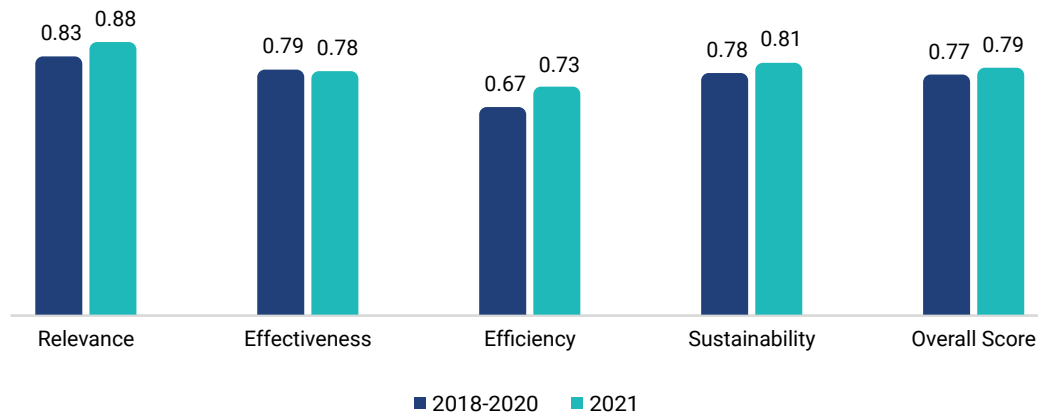
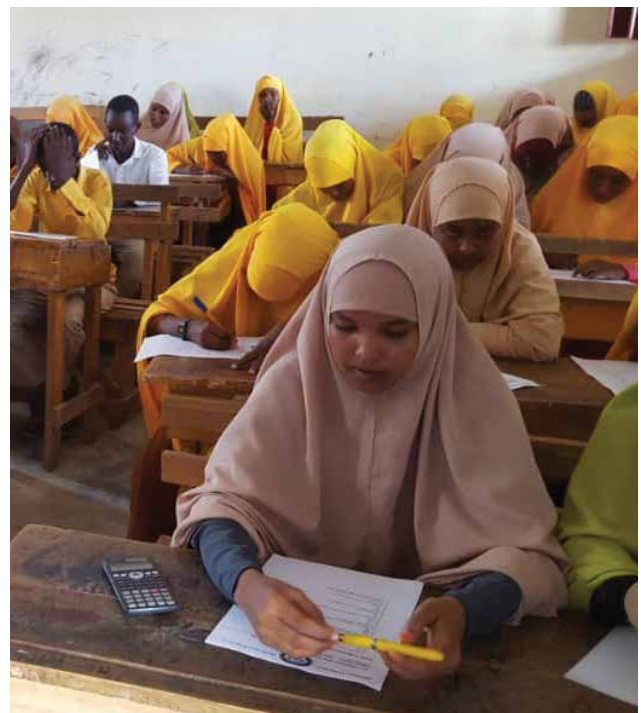
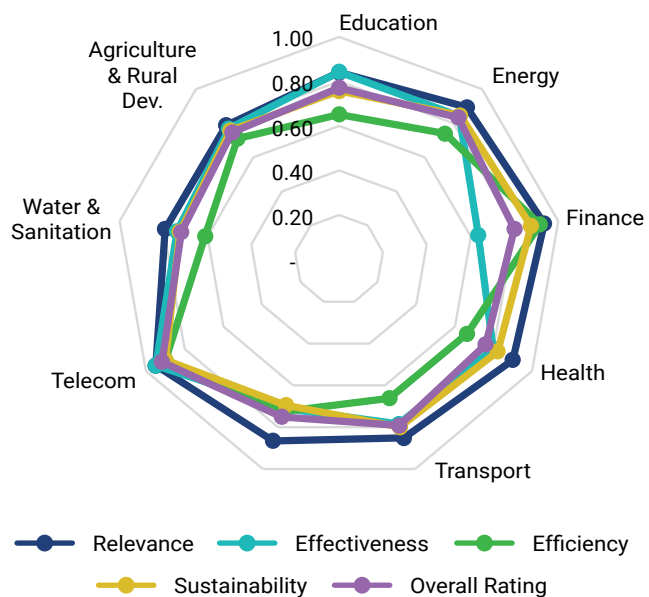


Figure 20: PCR Project Performance Assessment Scores by Criteria



I. LESSONS FROM OPERATIONS EVALUATIONS

The Operations Evaluation Department carries out program and project evaluations following the standard evaluation

criteria of the Organization of Economic Cooperation and Development (OECD-DAC). This section summarizes the key lessons drawn from recent operations evaluations:

Preparation of quality-feasibility and risk-assessment studies

reparation of quality-feasibility and risk-assessment studies can improve project implementation efficiency and thus help to avoid project delays or re-scoping. Weak feasibility studies generally lead to project delays, cost overruns, and inefficiencies in project implementation, and vice versa. Well-grounded feasibility studies can help in avoiding re-scoping of projects during implementation.

Clarity of financing agreements and adherence

Clarity of financing agreements and adherence to the implementation of such agreements can lead to efficient project implementation.

Having a competent and experienced Executing Agency

Having a competent and experienced Executing Agency, selecting technically qualified and financially capable contractors, and establishing proper communication channels among project stakeholders are pivotal to ensuring the smooth and successful implementation of a project and the timely delivery of its outputs. A lesson learned from the evaluations conducted during 2020 highlighted the critical role that a technically competent Executing Agency (EA) can play in delivering a successful project. In some instances, EAs with limited technical capacity or lack of familiarity with IsDB procedures faced considerable challenges that led to project implementation delays.

Having a well-defined programmatic approach

Having a well-defined programmatic approach with adequately defined priority areas with specific indicators and clear targets improves development effectiveness. The lessons learned from the evaluations conducted during 2020 indicate that development outcomes are best achieved within the context of a comprehensive framework that is guided by sound and evidence-based needs assessments.

Government commitment

Government commitment through mobilization of national counterpart funding and fulfillment of its obligations is critical to the successful implementation of projects.



In 2021, the Operations Evaluation Department undertook a real-time evaluation of the IsDB Strategic Preparedness and Response Program for Covid-19. Lessons learnt from the

Bank's experience of implementing pandemic and epidemic prevention and control programs are summarized below:

Institutionalizing emergency response guidelines and processes to effectively improve the Bank's agility and responsiveness to emerging crises.

The IsDB has recently adopted a Disaster Risk Management and Resilience Policy as well as emergency procurement procedures in the aftermath of the Ebola crisis and is to continue further enhancing to full suite of emergency guidelines and operational procedures.

Emergency response operations require rapid response guidelines and processes to effectively achieve response objectives.

In addition to ensuring quality at entry, accountability, and transparency, the crisis-specific rapid response policy frameworks and operational procedures with greater delegation of authority to decentralized regional hubs will provide needed flexibility at the operational-level to facilitate prompt action and efficient use of financial resources during emergency situations.

Harmonization of donor support and its alignment with country needs is crucial during emergencies.

Harmonized support for emergency interventions from the donors aligned with the country's specific needs will improve complementarity and avoid duplication and missed opportunities. Therefore, there is a need for greater dialogue among the donors and the beneficiary countries to achieve effectiveness and efficiency

Partnering with specialized UN agencies and other international and regional organizations present on the ground would improve effectiveness and expedite project implementation.

As evidenced, such partnerships with these implementation partners and agencies speed up the delivery of emergency interventions through leveraging on their expertise, presence, and capacities, which plays a critical role in providing needed support in emergency situations such as construction and equipping the health facilities/ treatment centers and in procuring and distributing medical supplies.

Adequate financing for pandemic preparedness and response

Adequate financing for pandemic preparedness and response requires that it is more explicitly included in the corresponding institutional mandates of the development organizations.





Chapter 4

Organizational Performance (Level 3 & 4)

The Chapter 4 (Level III and IV) examines the performance and results at the organizational level and assesses the internal efficiencies of the Bank to ensure quality delivery of operations in an effective manner.

A. OPERATIONS EFFICIENCY

This section presents the Bank's operational performance at the end of 2021. The Bank's portfolio includes sovereign, non-sovereign projects and grants and technical assistance operations.

Sovereign projects are IsDB financed operations that are implemented by an entity of the Government and are guaranteed by the Government of a Member Country.

Public-private partnership projects are arrangements where the private sector supplies assets and services that traditionally have been provided by the government. In addition to private execution and financing of public investment, PPPs have two other important characteristics: there is an emphasis on service provision, as well as investment, by the private sector; and some risk is transferred from the government to the private sector.

Grants and technical assistance projects, where the beneficiary may be a government, non-government or intergovernmental entity. The beneficiary assumes responsibility for project execution and financial management; such operations do not require repayment. Such projects may be implemented as stand-alone projects, or in conjunction with a sovereign project as an additional grant or TA component.

Active Portfolio

The Bank's active portfolio⁶ has remained steady in recent years and stands at US\$26.1 billion at the end of 2021. This includes sovereign and non-sovereign projects and equity investments financed by the Ordinary Capital Resources (OCR) valued at US\$24.2 billion, and technical assistance, grants and trust funds valued at US\$1.959 billion.

The active portfolio comprises 1,064 projects, of which 410 are financed through the OCR (including sovereign and public-private partnerships). The remaining 654 are financed through grants, special funds and trust funds, such as the Waqf Fund, Awqaf Property Investment Fund, Al-Aqsa and Palestine Trust Fund, Economic Empowerment Fund, STI Transform Fund, LLF, ISFD, and KAAP.

The largest concentration of IsDB financing is in transport sector (22.3%), followed by energy (18.7%), water, sanitation and urban services (17.1%), agriculture (16.3%), health and social services (9.7%), education (8.7%), and remaining (-7.2%) in finance, information and communication technology, trade, industry and mining projects. **See Figure 22.**

Given the Bank's focus on the LDMCs, 42.9% of the active portfolio is concentrated in the Sub-Saharan Africa region, followed by 29.6% in Asia, Latin America and Europe region, 23.6% in the Middle East and North Africa, and 3.9% in the Non-Member Countries or regional projects. **See Figure 23.**

⁶ The active portfolio is defined as the sum of the approval amounts of all the operations financed by the Bank, which are approved but not yet completed, cancelled or terminated, as of 31 December of the reporting year.

Figure 21: Active Portfolio at Year-End (US\$ million)

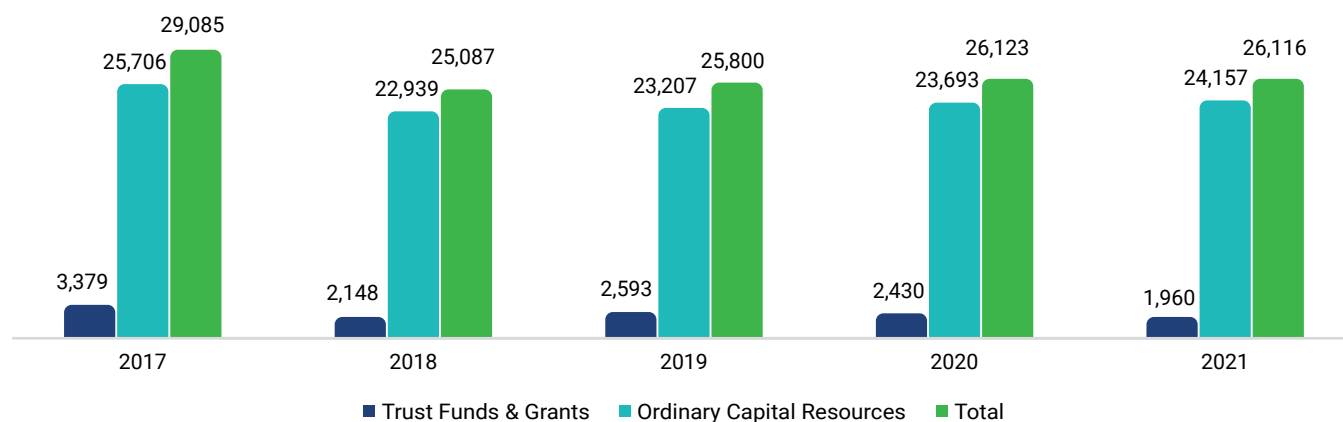


Figure 22: Active Portfolio by Sector

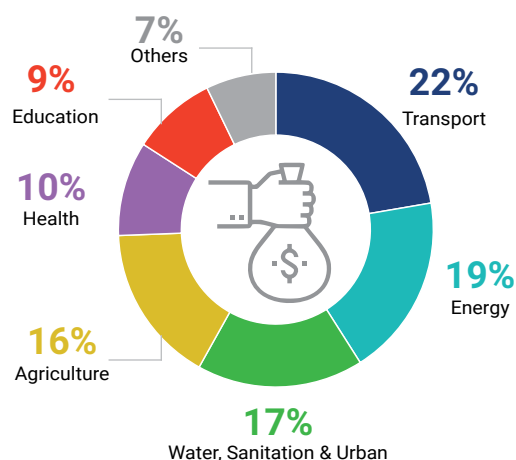
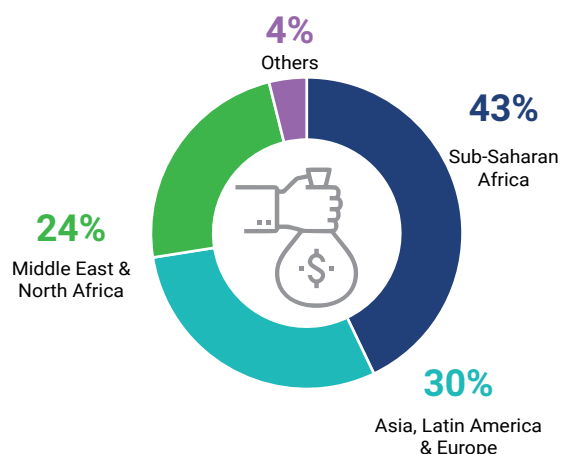


Figure 23: Active Portfolio by Region



Project Approvals in 2021

The value of project approvals, which was reduced to US\$1 billion in 2018 due to the financial sustainability measures, has seen a steady increase to US\$2.1 billion, including US\$2 billion of OCR and US\$137 million of grants, trust funds and special funds.

In 2021, most the project approvals (34%) were for transport sector, followed by agriculture (14%), Water, Sanitation & urban Services (14%), education (12%), energy (11%), Health (10%), whereas the remaining (4%) were in other sectors.

See Figure 24.

Consistent with the Bank's priorities to focus on the LDMCs, 59.6% of the approvals were for projects in the Sub-Saharan Africa Region, followed by 30.2% in the Asia, Latin America and Europe Region, 10.1% in the Middle East and North Africa Region, and 0.1% in other regions. **See Figure 25.**

In terms of the modes of financing, 80% of the approvals are based on installment sale, followed by loans (9%), leasing (5%), Istisna'a⁷ (2.7%), and equity (less than 1%). **See Figure 26.**



⁷ This is an Additional Financing of already approved project under Istisna'a Financing.

Figure 24: OCR Approvals in 2021 by Sector

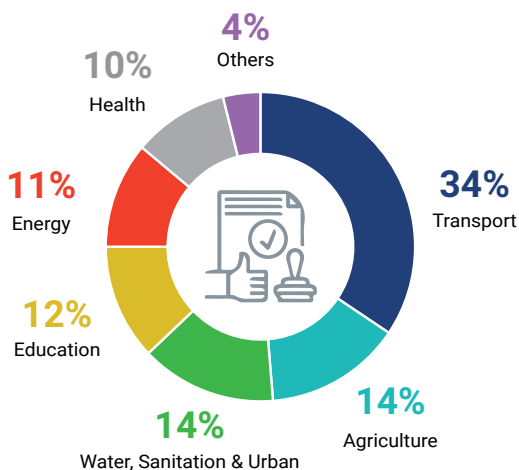


Figure 25: OCR Approvals in 2021 by Region

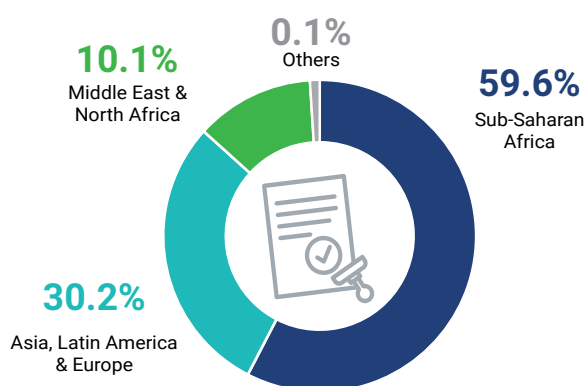
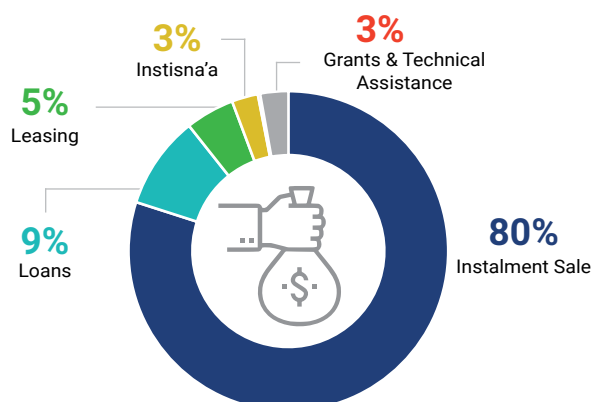


Figure 26: OCR Approvals in 2021 by mode of Financing



OCR Disbursement

In 2021, the Bank made OCR disbursements worth US\$2.3 billion, which was slightly lower than 2020. The disbursement ratio, which is the ratio of disbursements made during the year and the cumulative undisbursed commitment (CUC) at the beginning of the year, has dropped from 22.8% in the last

two years to 21% in 2021. Assuming average project duration of five years, the Bank aims to maintain a disbursement ratio of at least 20%.

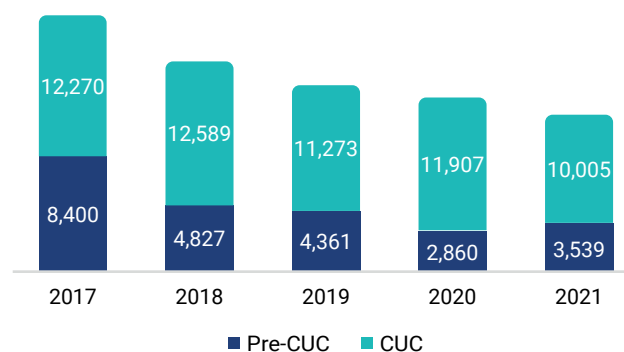


Cumulative Un-Disbursed Balance

The cumulative undisbursed balance (CUB) is a part of the active portfolio which is yet to be disbursed. It includes two components. The first component is the pre-cumulative undisbursed commitments (pre-CUC), defined as the value of projects that have been approved by the Bank and have yet to be declared effective. These projects may be awaiting signature, or completion of conditions for the effectiveness. The second component is the cumulative undisbursed commitment (CUC), defined as the undisbursed amount of all the active projects that are effective, and either disbursing or not disbursing.

During the last few years, the value of CUB has steadily declined due to reduced project approvals, reduction in the project start-up delays, improved procurement timelines, more effective implementation supervision, and a steady increase in projects' disbursements.

Figure 27: Cumulative Undisbursed Balance by Year



Portfolio Age (OCR Projects)

The project lifecycle includes the following stages: identification, preparation, appraisal, approval, signature, effectiveness, implementation and monitoring, and completion. To measure the efficiency of its operations, the Bank uses the financial ratios as well as the timeliness of project implementation.

In the last few years, the Bank has made efforts to reduce the start-up delays with reduction in the average duration and number of projects that are delayed from their approval to signature, signature to effectiveness, effectiveness to first disbursement, and first disbursement to completion.

While there is a consistent improvement across all the indicators, the average duration from approval to signature and from effectiveness to first disbursement registered increases in 2021 due to projects that experienced above-average time-lags.

Table 29: Portfolio Ageing Trends

Indicator	2017	2018	2019	2020	2021
Approval to Signature (% of projects signed within 6 months of approval)	67%	41%	79%	55%	69%
Signature to Effectiveness (% of projects declared effective within 6 months of signature)	48%	40%	54%	60%	53%
Effectiveness to First Disbursement (% of projects with first disb. within 6 months of effectiveness)	28%	37%	36%	52%	55%
Average Age of Active Portfolio (from Approval to year-end) (years)	7.7	7.5	6.9	6.5	6.3
Approval to Completion (years)	7.5	10.9	8.2	8.4	7.8



Co-financing

In 2021, the Bank accorded priority to projects that were at advanced levels of readiness and had greater partnerships among the development partners (co-financiers) to help the MCs economies to recover from the pandemic. As a result, the Bank was able to leverage US\$2.60 billion, which was considerably higher than the co-financing ratio in recent years. As a result, the leverage ratio, which is the ratio of co-financing amounts to IsDB approvals, has increased from 0.67 last year to 1.17.

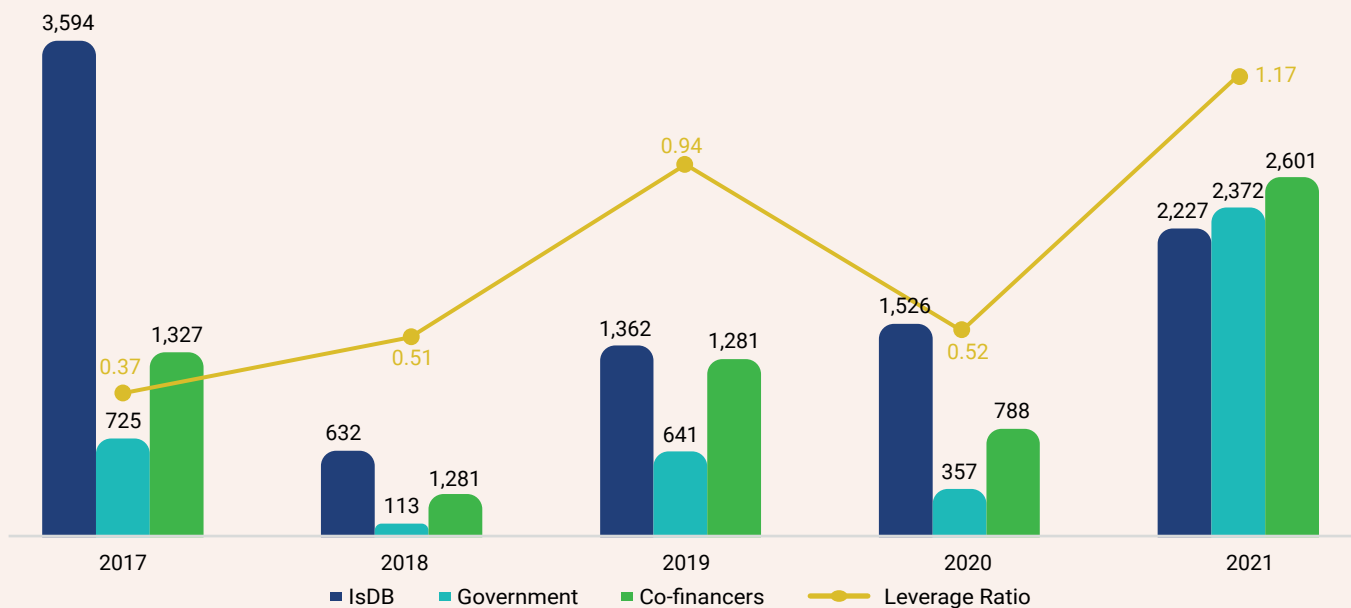


B. PROGRESS TOWARDS IMPROVING OPERATIONAL EFFICIENCY

The fundamental objective of operations resides in its ability to effectively and efficiently monitor and report on the performance of the active portfolio through the Regional Hubs (RHs) using a multipronged approach involving: (i) active project supervision through PIASRs; (ii) Country Portfolio Performance Reviews (CPPRs); (iii) cross-departmental task force to focus on portfolio improvement; (iv) measuring and managing results in the form of quality at the exit of projects, and (v) development of IT dashboards for continuous monitoring of the quality of the portfolio for effective management. The Bank continues to reinforce the operationalization of these instruments to enhance operational efficiencies of interventions in the MCs for sustainable development to achieve MC developmental aspirations.

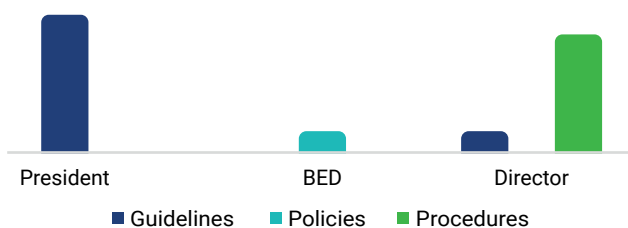
Policies, Bank Procedures, and Guidelines:

During the year 2021, 15 Guidelines, Policies and Procedures were published which were approved by the BED, President, and Directors on data privacy, remote working arrangements, financial assets write-offs, resource optimization, document and record control procedure, in addition to, budget planning, and processes and other various guidelines, policies and

Figure 28: OCR Approvals vs. Co-Financing (*OCR amounts includes amounts off multiyear projects)

procedures. These Guidelines, Policies, and Procedures provided the roadmap to the Bank Operations, enhance the efficiency of the decision-making process, streamline the Bank's Internal Processes, moreover, strengthen the governance, control, and risk management of the Bank.

Procedures, business processes, and the authority levels of the Delegation of Authority (DOA) to facilitate and expedite operational interventions in the MCs in a consistent manner across all RHs.

Figure 29: Approval of Guidelines, Policies and Procedures

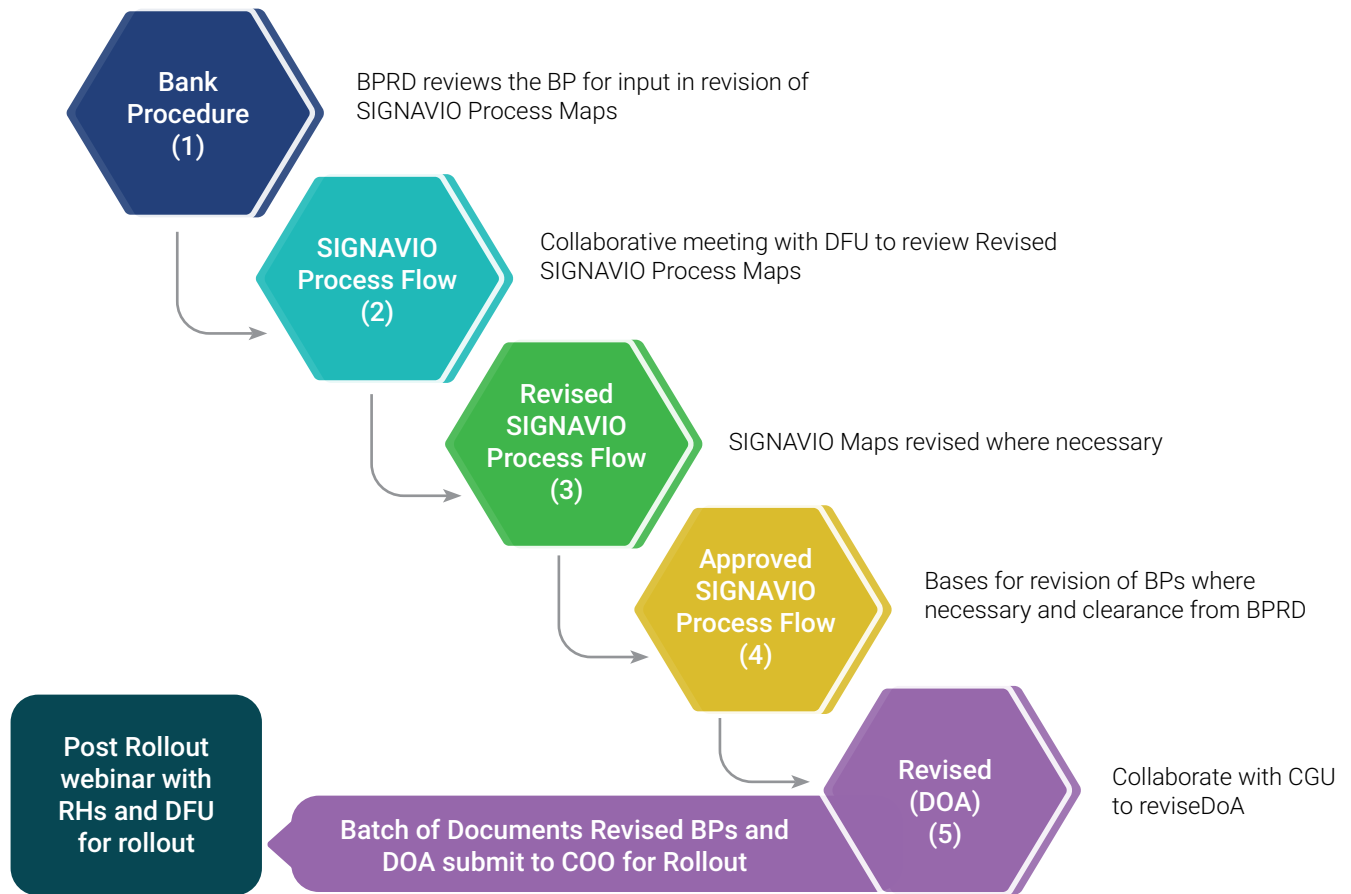
Review of Operational Policies, Bank Procedures and DOA for Sovereign Projects

The Bank has completed the comprehensive review and alignment of the Bank Procedures, Business Processes mapped in the SIGNAVIO system, and Delegation of Authority (DOA) consistent with the organizational structure. This facilitates the reinforcement, streamlining, and expediting implementation and closure of projects by the RHs and DG-CP staff.

The main objective of this exercise is to ensure consistency of both the interpretation and operationalization of Bank



Figure 30: Review Methodology of BPs and Revision of SIGNAVIO & DOA

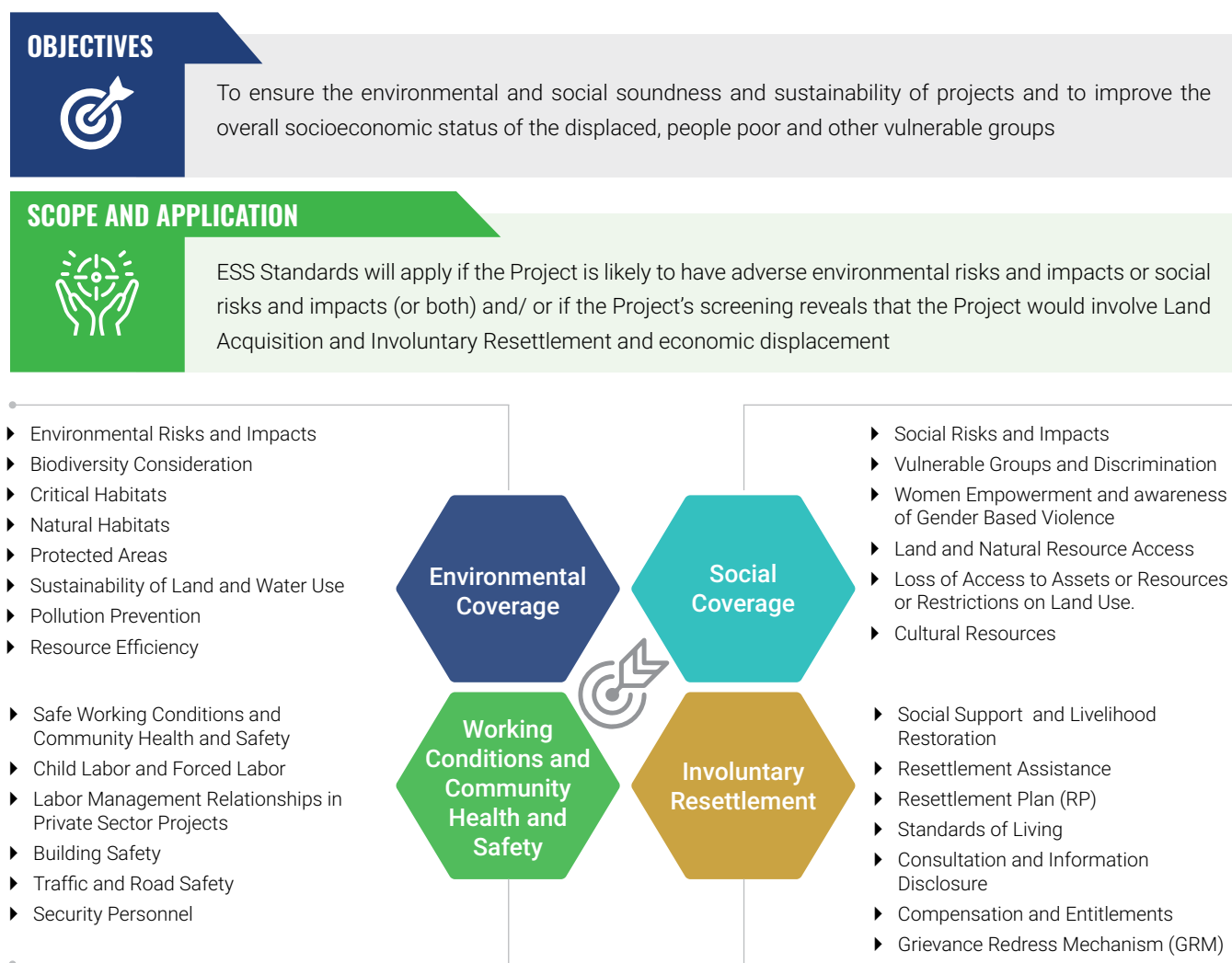


Development of Environmental & Social Safeguard (ESS) Policy

The Board of Executive Directors (BED) had approved the first ESS policy in the Bank. Based on the policy developed the Bank Procedures and the ESS Standards. 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 Shari'ah and national laws and posing greater social and environmental risks to the MCs.

Awareness webinars sessions were organized for the Bank's staff for the dissemination of information and knowledge relating to the context, content, and the general requirements of the ESS policy and the application of the ESS Standards in operations. The Bank has been working with the MCs teams to integrate the ESS aspects into the project design. In this regard, support is provided in the review of the ESS documents, and to ensure its integration of the project documents.

Figure 31: ESS Policy Objectives & Scopes



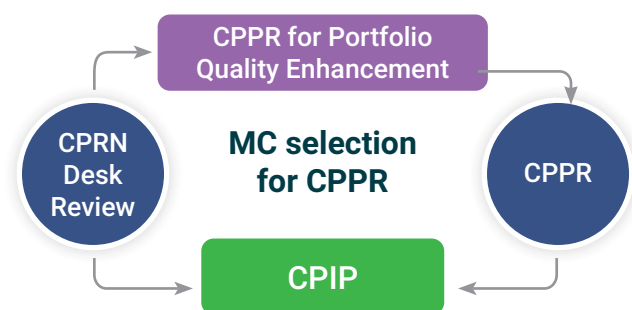
Country Portfolio Review Note (CPRN)

The Country Portfolio Review Note (CPRN) is additional to the entire process of preparation of CPPR for the MCs

to improve the portfolio quality. It is primarily a Desk Based Annual Performance Assessment of the Country Portfolio to i) Review performance of the portfolio of projects, and ii) Assess whether projects are aligned with initial objectives.

The main objective of the CPRN is to i) enhance the quality of the portfolio of projects in the MCs, ii) assess the performance of each project against overall development objectives, iii) select countries to undertake CPPR, based on the qualitative and quantitative Country Selectivity Framework, and iv) assess availability & quality of arrangements & institutions for monitoring & evaluation of portfolio performance.

Figure 32: Formulation of CPIP to Address Project Implementation Issues



Institutionalization of PIASRs

The Project Implementation Assessment and Support Report (PIASR) is being used as a key operations planning, performance monitoring, and improvement instrument during the implementation stage of the project. As per the 2021 PIASR plan, a total of 240 PIASRs were planned for delivery by the RHs, and 238 PIASRs were completed, marking an achievement of 99%. The PIASRs are reviewed in 2 stages; (i) completeness of PIASR; and (ii) Assessment of PIASR

To further enhance quality at implementation of the projects, PIASR guidelines were updated. The updated guidelines cover i) PIASR detailed processes and procedures for planning and implementing the PIASR plan, ii) PIASR template and, iii) PIASR Guidance note with clear roles and responsibilities and timeline to plan, implement, monitor, and provide feedback.

Two webinars were conducted to share findings of the assessments and recommendations with the view to enhancing the importance of using PIASR as a principal tool for project implementation. Overall PIASR has been found as an effective tool to enhance project implementation performance, as 60% of the annual disbursements were contributed through implementing action plan agreed during the PIASR preparation.

C. ORGANIZATIONAL PERFORMANCE

Corporate Performance indicators

The Strategy Realignment exercise was initiated in the latter half of 2021 and was approved by the BED in February 2022. The strategic priorities are designed to respond to the demands and needs of the MCs, including those expressed at the Governors' Roundtable and in the President's inaugural statement to the 46th Board of Governors (BoG) meeting held in Tashkent.

GVC based MCPS 2.0: The President's 5-Year Program (P5P), which was relevant until the first half of the year was anchored around the Global Value Chain (GVC) based approach. One of the challenges that the Bank faced in 2021 included the lack of approvals for the GVC based MCPS 2.0 and the PPP financing. The low number of MCPS documents approved (2) posed even a greater challenge for the year as there were 7 MCPS documents that were initiated in the past two years (but not completed) and 11 new MCPSs were planned to be initiated for 2021. This slow approvals of the MCPS documents also led to a lack of project identification, preparation and approvals for the annual Operations Work Program.

However, a corrective action was taken and as a result, the Bank's Management decided to reallocate financing from the GVC based MCPS 2.0 Financing (US\$1 billion) to Public Finance (US\$1.2 billion) resulting in the overall revised target of US\$2.2 billion for the Public Finance projects. A Crash Program was launched which resulted in the approval of US\$1.98 billion for the Public Finance reflecting an achievement of 90% of the revised target for Public Finance (US\$2.2 billion), whereas 79% of the overall Bank's approval target (US\$2.5 billion) was met.

A declining PPP portfolio: Pipeline of PPP projects were identified, though, none of these projects were materialized for eventual financing in 2021, therefore, there is no approval made for Component-C (PPP financing) of the Operations Plan. Based on analysis conducted by the PPP Division, a) business process, b) pricing, c) tenor, d) ticket size, and e) risk rating methodology was identified as main issues hindering the Bank ability to provide PPP financing.

Proactive country engagement: Efforts to be made continuously to remain engaged with the MCs to identify good quality pipeline throughout the year on standby to be graduated into the Work Program for financing.

Portfolio concentration: Overdues & debt sustainability issues of certain MCs as well as high portfolio concentration within few MCs should be given due consideration in prioritizing projects in the WP.

Concessional resources mobilization efforts to be intensified: More concessional resources are expected by the MCs to cope with the effect of the pandemic. While efforts should be made to utilize the available concessional resources to support development needs of the LDMCs, demand from highly indebted MCs is also increasing and needs to be re-looked with a more comprehensive view of all financing modalities available at the disposal of the Bank.

Workload Assessment: It is important the Bank ensures having an efficient and effective workforce, which also need to be reflected in the sense of cost rationalization. Even though, various efforts have been made to improve the cost efficiencies as highlighted in the next section, however the Personnel Costs are the major cost drivers of the administrative expenses. Hence, Workload Assessment needs to be completed as that will be an important step in the right direction to establish the right size of the Bank, based on a more structured methodology and approach.

Financial Performance:

The OCR's net income of ID108 million in 2021 is lower by 7% when compared against the 2020's net income of ID116 million. The 14% decrease is due to a number of mutually

compensating effects of the Bank's core business, including decline in reference rates impacting earning potential of IsDB's treasury and project assets.

Decrease in reference rates (average. 6-M Libor of 0.20% in 2021 vs. average. 6-M Libor of 0.69% in 2020) drove both reference rate linked assets and external funding sources down. It positively affected rates on sukuk issuances made in 2021 resulting in decrease in OCR's financing costs by ID12.1 million to ID265.6 million (ID277.7 million in 2020).

Organizational Performance:

The Administrative Expenses per US\$1 million ratio has improved consistently over the course of the past three years, which is due to increase in the approvals and improved administrative expenses.

There are more than 200 KPIs cascaded from the President's level all the way to the Business units' level. These KPIs ensure that the Bank's critical areas have been captured adequately and these are monitored and reported on in a regular manner.

All the KPIs are captured via an online tool (Objectives, Key Results -OKR), whereby the KPIs are assigned to the relevant business units. The updates are provided in the OKR, whereby BPRD reviews and independently assesses and validates the updates. The outcomes of the actual score of these KPIs is monitored on a live dashboard.



Strategic Initiatives:

There are more than 250 strategic initiatives planned for the year. Some of the major strategic initiatives are listed below:

i) Building Partnerships, Sectoral and Thematic policies:

Improving Cities Efficiencies through a tool for Rapid Assessment of City Energy (TRACE) Pilot Project “Objective 2: Building Resilience and Tackling Poverty”



Inclusive urban upgrading towards post-COVID sustainable human settlements in the Arab region.

Development of a GIS tool for the Transport networks “Objective 2: Building Resilience and Tackling Poverty”



Development of a GIS tool for the Transport Networks and facilities in the Arab region. This initiative is to formulate a strategic vision for the development of multimodal transport system that enhances regional connectivity and integration between the Arab countries and between the Arab region and the rest of the world. The Transport GIS tool will serve as an operational tool to monitor the implementation of existing agreements of transport networks and establishing a full picture of the actual performance of networks and facilities. This will lead to the identification of missing transport links and the projects that need to be developed at the regional level to enhance regional integration.

Bridge the digital divide between rich countries and IsDB MCs: “Objective 2: Building Resilience and Tackling Poverty”



Collaboration on ICT Infrastructure Platform/initiatives by Global Infrastructure Hub/ITU/UN Agencies, and making efforts to bridge the digital divide between rich countries and IsDB member countries. (Governors round table in Tashkent).

Women and Youth Empowerment Capacity Building “Objective 2: Building Resilience and Tackling Poverty”



In line with the medium and long-term priorities of inclusive human capital development and tackling rising poverty, the program aims at enhancing the capacity development of the Member Countries and IsDB internally.

Mainstreaming Regional Cooperation & Market Integration “Objective 3: Driving Green Economic Growth”



Following the outbreak of the COVID-19 pandemic and its negative economic and social effects, development disparities widened, and pressures increased on donor countries and international organizations to strengthen regional cooperation and integration to meet the new development challenges and promote economic recovery in a post-COVID era.

Scaling up of existing Tadamon programs under the Civil Society Practice for partnership and resource mobilization “Objective 3: Driving Green Economic Growth”



The program aims at scaling up the existing programs such as NGO Empowerment for Poverty Reduction Program and Tadamon program by:

- ▶ Organizing two donor steering committee events;
- ▶ Follow-up of the implementation of on-going program;
- ▶ signing of cooperation agreements with partners; conduct workshops with partners to mobilize resources; and
- ▶ Oversee the overall implementation and management of the Tadamon platform online.

Implementation of Climate Action Plan 2020-2025 “Objective 3: Driving Green Economic Growth”



The program oversees the implementation of the CC Action Plan, including thorough partnership development and strengthening, mainstreaming of climate change in the IsDB operations by:

- ▶ Participation at COP27 to be held in Egypt and expected to organize at least 15 side events and launch critical programs;
- ▶ Organizing a new flagship event at IsDB Annual Meeting in Egypt on CC; and
- ▶ Facilitate and participate with the senior management of the Bank at flagship international events on Climate Change.

Green Growth and Transition to Green Economy “Objective 3: Driving Green Economic Growth”



The program will help to implement the third pillar of the Climate Action Plan 2020-2025 which corresponds to one of the key strategic priorities for the Bank in the coming years. All sub-programs will be co-financed with external partners mainly. The main KPIs would be:

- ▶ Supporting the implementation of NDCs in select MCs through provision of technical assistance and advisory support;
- ▶ Continue to develop and engage in dialogue with the MDBs on setting up a Low carbon emission climate resilient strategies (LTS) and Just Transition;
- ▶ Support the mobilization of Private Sector for climate action including the development of Islamic climate finance for SMEs.

Operationalization of IsDB's alignment of its operations with the objectives of the Paris Agreement in coordination with other stakeholder departments “Objective 3: Driving Green Economic Growth”



The program will implement actions initiating the piloting and further operationalization of IsDB's Paris alignment through the development of new tools and strengthening of existing tools and processes, while setting key capacity development actions towards that objective. The main KPIs under the program are:

- ▶ Development of a GHG accounting tool for Bank operations;
- ▶ Operationalization and set-up of the Bank wide Physical Climate Risk Management System with IMDT and RMD;
- ▶ Drive the familiarization process of all RH OTL staff with Paris Alignment principles and dissemination of guidance documents and materials.

Developing National Ecosystems for SSTrC “Objective 3: Driving Green Economic Growth”



In 2022, the Regional Cooperation and Integration (RCI) Department will accelerate the deployment of the Capacity Development Program for Enhancing National Ecosystems for South-South and Triangular Cooperation (SSTrC) in several

member countries. While enhancing the ecosystem in some of the MCs (Egypt, Tunisia, Morocco, Palestine, Indonesia, Malaysia, Senegal, Nigeria, Comoros, Guinea, Azerbaijan), the RCI Department will focus on: (a) Implementing the Capacity Development Program for Enhancing National Ecosystems for SSTrC; (b) Mobilizing financial and technical resources; and (c) Advocating for the ecosystem concept and generating new technical knowledge.

Partnership Activities

- ▶ IsDB President & UN Deputy S.G. explored cooperation on Islamic Social Finance
- ▶ IsDB President attended G20 Tourism Ministers Meeting
- ▶ H.E. the President attended the Central Asia Regional Economic Cooperation (CAREC) Program.
- ▶ IsDB President addressed Heads of States Dialogue on Transforming Agriculture in Africa
- ▶ IsDB and UNITAR joined forces to Strengthen Capacities and Save Lives.
- ▶ IsDB President attended World Economic Forum's Country Strategy Dialogue on Saudi Arabia
- ▶ IsDB and UBT Signed MoU to Promote Higher Education in MCs
- ▶ IsDB President Participated in 14th Asian Financial Forum of 160+ Thought Leaders
- ▶ The Madinah Chamber of Commerce and Industry (MCCI) in cooperation with the Islamic Development Bank (IsDB) Group, the International Islamic Trade Finance Corporation (ITFC) and the International Trade Centre (ITC), organised the first ever 'International Virtual Exhibition for Madinah Dates' under the Aid for Trade Initiative for Arab States (AfTIAS) supervised by ITFC.
- ▶ IsDB President participated in 'Skilling the Global Workforce' Discussion under WEF.
- ▶ Arab Coordination Group and OECD joined forces to Promote Partnership to Tackle COVID-19 Repercussions in the MCs.
- ▶ GMPFC approved US\$12 million in new Grants to support children in Bangladesh, Jordan, and Pakistan.
- ▶ IsDB and UNESCO launched report on Strengthening National STI Ecosystem in Mozambique.
- ▶ The '2021 Global Forum on Development Pathways for Conflict Prevention and Peacebuilding' was hosted by the United Nations Development Program, UNDP and H.E. the President participated in it.

- STI held a webinar on the Intellectual Property Program with the objective of supporting the STI ecosystem in the MCs.

ii) Maintaining AAA Rating and Financial Governance

2022 - Dues - Regional Hub Outreach Activities "Objective 2: Building Resilience and Tackling Poverty"



Workshops will be held in three Regional Hubs for Paying Agencies of MCs and IsDB Regional staff on the New pricing methodology of the Bank. The beneficiaries will include Paying Agencies of MCs and IsDB Regional staff.

2022 - Disbursements - Publish and disseminate IsDB Disbursements Handbook 2021 "Objective 2: Building Resilience and Tackling Poverty"



Design and publishing of 2nd Edition of the Disbursement Handbook incorporating the amendments to the content of the guidelines as well as the related forms and templates.

Manage & Develop Partnership with Financial Institutions "Objective 3: Driving Green Economic Growth"



Part of Treasury Department's mandate is to manage the relationship with IsDB's correspondent banks and to maintain an active and smooth channeling of its incoming and outgoing payments. Therefore, the Treasury Department may require to conduct visits to new and existing correspondent banks to discuss the requirements for new account openings which normally takes place in coordination with IsDB's compliance team, since the account opening process with any bank is becoming more and more challenging due to the surge of compliance restrictions adopted by all banks in their KYC onboarding processes.

Build Capabilities for New On-Balance Sheet Resource Mobilization "Objective 3: Driving Green Economic Growth"



The objective of this Program is to 'explore and develop new instruments to mobilize resources for IsDB-OCR from the market (short to medium-term).

Diversifying IsDB Sukuk Investors "Objective 3: Driving Green Economic Growth"



The objective of this Program is to 'expand the investor base for IsDB Sukuk by diversifying and deepening engagement with new investors from different regions, in addition to maintaining relationships with existing investors'

ERM Project "Objective 2: Building Resilience and Tackling Poverty"



The Enterprise Risk Management (ERM) project is one of the major underlying projects, which encompasses Asset-Liability Management (ALM) reporting tools, Fund Transfer Pricing (FTP) and Liquidity analysis, capacity to generate financial projections, calculate stress testing matrices, model project disbursements, etc.



iii) Governance, Compliance, Control, Performance:

Legal Risk and Dispute Management “Objective 2: Building Resilience and Tackling Poverty”



Consultancy services for urgent and unplanned matters/ issues of the Bank including but not limited to opinion, policy, framework, guidelines, manual, investments, disinvestments, sukuk, branding, resource mobilization etc.

Solutions Engineering and Entrepreneurial Design (SEED) Program “Objective 2: Building Resilience and Tackling Poverty”



The SEED Program aims to develop approaches, tools, manuals, and IT/fintech solutions in collaboration with partners in order to enhance the quality and effectiveness of

the design and implementation of Economic Empowerment Operations (Funds, Institutions, and Programs) in MCs. The outcome of the SEED Program will be the development of an eco-system that will enable financial institutions to practice and champion Economic Empowerment best practices. These solutions will serve as industry standards which will enhance the confidence of donors in the sector and play a major role in mobilizing resources.

Supporting Halal industry growth “Objective 3: Driving Green Economic Growth”



Providing comprehensive ecosystem development support for two MCs to create enabling market environment and promoting intra-investment and trade.

iy) Human Capital Development, IT Systems:

Cloud Information Protection Implementation “Objective 2: Building Resilience and Tackling Poverty”



Engage a specialized cloud services partner to design and implement an Information Protection solution for data in the Office 365 cloud. This is required in order to address an internal audit observation related to cloud governance - this is tied to availability of the classification scheme.

Developing of ASD strategy “Objective 3: Driving Green Economic Growth”



Since ASD wasn't among the last reform practice and new structure was established within the current internal efforts, ASD would like to hire one of the big four companies to review the complete department structure, resources, functions, services, and system.

Support to Decentralization “Objective 2: Building Resilience and Tackling Poverty”



The Decentralization business model will be only and only effective, if appropriate Human resources, Information Technology infrastructure, efficient, friendly work environment and proper staff wellness programs are put in place. Since this transformation journey started all Admin Complex Departments and Units provided full support at the leadership and technical level.





Chapter 5

Conclusion

The IsDB has worked closely with the Member Countries to address the challenges posed by the COVID-19 pandemic, helping restore growth and making them resilient to future shocks.

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As the world economy is gradually emerging from the unprecedented downturn caused by the COVID-19 pandemic, it is imperative for the Bank to stay focused and identify priorities to restart the economies of the Member Countries each with their specific developmental needs.

Although the MCs have begun recovering in 2021, with the GDP growth projected to pick up through to 2023, this recovery will take longer for lower income MCs with less diversified economies as well as fragile economies.

Over the coming few years, IsDB aims to focus on three overarching, interconnected strategic objectives: (i) boosting recovery; (ii) tackling poverty and building resilience; and (iii) driving green economic growth.

While major strides have been taken to contribute to the achievements of the SDGs, the IsDB Member Countries still have a long way to go if they are to reach the SDG targets by 2030. In 2021, the Member Countries' overall SDG Index score stands at 61, suggesting that IsDB as a group is just over sixty percent to achieving the 17 SDGs.

The IsDB aspires to focus on infrastructure and sustainable human development in the next few years, which has been well-embedded in the IsDB's Strategy 2025. As the Bank aspires to move towards the implementation of this updated strategy, the Annual Development Effectiveness Report (ADER) helps us monitor and report on the development effectiveness of the Bank's interventions, performance and results achieved on the ground and the standing of the Bank in the international development landscape.









8111 King Khaled St, Al Nuzlah Yamania, Unit 1
Jeddah 22332-2444, Kingdom of Saudi Arabia
T: (+966-12) 636 1400 F: (+966-12) 636 6871
E: ldbarchives@isdb.org W: www.isdb.org

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