Annual Evaluation Report (Inside).pdf 1 10/21/18 7:50 PM

Annual Evaluation Report 2017

OPERATIONS EVALUATION DEPARTMENT

IsDB
البنك الاسلامي للتنمية
Islamic Development Bank

Woman Entrepreneur, Tajikistan

TABLE OF CONTENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACKNOWLEDGEMENTS

This report was prepared by a team led by Mohammed Jalaludeen Issahaq and comprised of Javeed Ahsan, Adamou Sanda Mayaki, Amin Yusuf Abdullahi, Mustapha Jammeh, Ahmed Warfa, and Nabeel Kasmani. It benefited from the overall guidance of Anasse Aissami, Director, OED, Ahmed Ag Aboubacrine, Lead Evaluation Specialist, and Abdel–Hameed M. Bashir, Lead Evaluation Specialist.

Dr. Intizar Hussain, Lead Evaluation Specialist, and Amin Yusuf Abdullahi, Evaluation Specialist, peer reviewed the report, and Sidi Aziz Hilali provided necessary administrative support.

We would like to express our deepest appreciation to all staff members of OED who conducted the evaluations and provided inputs for the completion of this report. A special gratitude is due to Mohameden M. Sidiya, former Director of OED (formerly Group Operations Evaluation Department), who provided direction and guidance and helped the department undertake all of its activities during the period under review.

Furthermore, we would also like to acknowledge with much appreciation the crucial role of the staff of all departments and entities of the IsDB Group who cooperated and provided useful information and insights necessary for the preparation of this report.

ACRONYMS AND ABBREVIATIONS

AADT	Annual Average Daily Traffic
AER	Annual Evaluation Report
AfDB	African Development Bank
APIF	Awqaf Properties Investment Fund
ARD	Agriculture and Rural Development
AsDB / ADB	Asian Development Bank
BCC	Berber Cement Company
BED	Board of Executive Directors
BSTDB	Black Sea Trade and Development Bank
CAE	Country Assistance Evaluation
CCD	Co-operation & Capacity Development
CDD	Capacity Development Department
CFA	West African CFA Franc
CGO	Country Gateway Office
COP21	The Annual Conference of Parties
CPD	Country Programs Department
DAC	Development Assistance Committee
DED	Detailed Engineering Design
DoA	Delegation of Authority
DWT	Dead Weight Tons
EA	Executing Agency
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
FER	Road Maintenance Fund
FIRR	Financial Internal Rate of Return
FPDC	Financial Product Development Centre
G	Gregorian Year
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GGC	Gambia Groundnut Corporation
GOE	Group Operations Evaluation
GPEDC	Global Partnership for Effective Development Cooperation
GPS	Good Practice Standards
GWh	Gigawatt hour
H	Hijra Year

ACRONYMS AND ABBREVIATIONS

HDE	Human Development
IaDB	Inter-American Development Bank
ICD	Islamic Corporation for the Development of the Private Sector
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
ICT	Information and Communications Technology
ID	Islamic Dinar
IsDB	Islamic Development Bank
IsDBG	Islamic Development Bank Group
IFAD	International Fund for Agricultural Development
IFE	Islamic Financial Engineering
IMF	International Monetary Fund
INF	Infrastructure Department
IPP	Independent Power Plant
IRTI	Islamic Research and Training Institute
ISFD	Islamic Solidarity Fund for Development
ITAP	Investment Promotion Technical Assistance Programme
ITFC	International Islamic Trade Finance Corporation
km	kilo meter
kV	kilo Volt
KWh	Kilowatt-hour
LFG	Landfill Gas
LOF	Line of Financing
M&E	Monitoring and Evaluation
MC	Member Country
MCPS	Member Country Partnership Strategy
MCPS IR	Member Country Partnership Strategy Implementation Review
MDB	Multilateral Development Bank
MENA	Middle East and North Africa
MoU	Memorandum of Understanding
MTBP	Medium Term Business Plan
MW	Megawatt
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NMC	Non-Member Country

ACRONYMS AND ABBREVIATIONS

O&M	Operation and Maintenance
OC	Operations Complex
OCR	Ordinary Capital Resources of IDB
OECD-DAC	Organization of Economic Cooperation & Development – Development Assistance Committee
OED	Operations Evaluation Department
OIC	Organization of Islamic Cooperation
ONEE	Moroccan Electricity and Water Utility Company
OPSD	Operations Policy and Services Department
PCR	Project Completion Report
PIASR	Project Implementation Assessment and Support Report
PIU	Project Implementation Unit
PL	Project Level
PMU	Project Management Unit
PPER	Project Performance Evaluation Report
PPP	Public-Private Partnership
QaE	Quality at Entry
SABIC	Saudi Arabia Basic Industries Corporation
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
SPO	Special Assistance Operation
TA	Technical Assistance
TAP	Technical Assistance Program
TIFERT	Tunisian Indian Fertilizers
UM5	University Mohammed V
UN	United Nations
UNEG	United Nations Evaluation Group
US$	US Dollars
VOC	Vehicle Operating Cost
WB	The World Bank
WBG	The World Bank Group
WP	Work Program

EXECUTIVE SUMMARY

The vast majority of the projects evaluated were found to be relevant to member countries' strategic priorities, with 95 percent of projects rated as Highly Relevant or Relevant (compared to 96% in 2016G). The proportion of highly relevant projects increased from 26 percent in 1437H to 32 percent in 2017G. With respect to effectiveness, 63 percent of the evaluated projects were found to be either Effective or Highly Effective (as compared to 70 percent in 2016G), with 37 percent rated as Less Effective. 5 percent of the projects are rated as Highly Efficient, 32 percent are rated as Efficient, while 63% are rated as Less Efficient. Moreover, the sustainability of 68 percent of the evaluated OCR projects were found to be Likely, while 32 percent of the projects were considered Less Likely to remain sustainable. This rating, however, represents an improvement over the previous year's rating of 52 percent and 39 percent, respectively, for Likely Sustainable and Less Likely Sustainable.

In Agriculture and Rural Development, four projects in Burkina Faso, Bangladesh, The Gambia, and Senegal were post-evaluated. These projects contributed to the socio-economic development of the beneficiary countries through increased access to irrigated land for food (an additional 40,000 ha) and rice yields in both irrigated perimeters that increased from 1.25 ton/ha before the project to 4.5 tons/ha afterwards. In addition, the overall earnings of landless farmers in the project area increased by 90% between 2006 and 2016 due to the availability of alternative sources of income, especially non-agricultural domestic earnings (livestock and poultry) in Bangladesh. Similarly, access to clean water supply systems has reached about 75% of the targeted population (11,250) in beneficiary communities in The Gambia, with a reduction in the incidence of water-borne diseases from 449 (2013) cases to 157 (2015) cases.

One Water and Sanitation sector project, Foreign Invest During 2017G, the OED conducted twenty post-evaluations of Ordinary Capital Resources (OCR) projects, nineteen of which were randomly selected. This year's OCR project evaluations span seven sectors and seventeen member countries. In addition, the Department conducted post-evaluations of a cluster of Special Assistance Operations in one country, two private sector interventions by ICD, and two special evaluations upon management request. With respect to higher-level evaluations, the Department has finalized three MCPS implementation reviews for Tunisia, Niger, and Kazakhstan and initiated an MCPS implementation review for Morocco. In addition, the Department has completed two Sector Evaluation Synthesis Reports in Health and in Water & Sanitation, that were launched in 2016. The number of Project Completion Report Evaluation Notes (PCRENs) increased from twenty-one during 2016G to twenty-five in 2017G.

Among the nineteen randomly-selected OCR projects evaluated, ten projects (53 percent) were rated Successful and nine projects (47 percent) were rated Partly Successful. No project was rated as either Highly Successful or Unsuccessful. The overall success rate (Highly Successful and Successful) of OCR projects decreased significantly in comparison with the last five years, during which performance ratings were all above 70 percent. This decrease was due mainly to a decline in the Efficiency and Effectiveness criteria ratings. Regionally, projects in Asia and Latin America were the best performing, with three out the four evaluated projects (75 percent) classified as Successful followed closely by Europe and Central Asia with 60 percent of the post-evaluated projects rated as Successful. Moreover, 67 percent of the post-evaluated projects in Sub-Saharan Africa were rated as Partly Successful. On a sector basis, transportation and energy sectors represent the majority (74 percent) of successful projects.

Insured (FII) for Muharraq Sewage Treatment Plant insured by ICIEC in Bahrain, was post-evaluated. The project contributed to private sector development in Bahrain and made significant changes in the public-private partnership (PPP) legal and regulatory framework for sanitation in Bahrain. It also reduced the flow overloads at Tubli STP, reduced odour nuisance, and enhanced sewers backing up.

Two projects in the transportation sector in Senegal and Turkey were post-evaluated, and a sector-wide evaluation of investments covering all member countries was undertaken. The Linguere-M Atam (Boula-Patouki) Road Project in Senegal provided a 226-km road network resulting in a 334% increase in Annual Average Daily Traffic (from 164 vehicles to 712 vehicles) and a reduction in average travel time from 180 minutes to 40 minutes, thus facilitating the population's easy movement and access to various social services. In addition, the Construction of Railway Tracks Project in Turkey achieved a substantial increase of over one million passengers between 2013 (3.78 million) and 2015 (4.83 million), resulting in positive socio-economic impacts in terms of employment creation, revenue generation, and overall economic development of the country.

In the energy sector, five projects, one each in Azerbaijan, Pakistan, Iran, Tajikistan and Turkey, were post-evaluated. These project outputs include: increased annual generation capacity of 6,814 GWh and an additional 2,242 MW of net-installed power. These projects contributed to production of surplus energy, thereby generating additional revenues and improving regional integration, and contributing to a 436,443-ton reduction in CO2 emissions.

During 2017, two health-sector projects in Indonesia and The Gambia were evaluated. Project outcomes include: increased access to medical education, 26,113 patients receiving treatment, and 950 temporary and 328 permanent jobs created. These projects also contributed to an increased detection rate of malaria cases, resulting in the prompt and effective treatment of malaria for many more patients, and a 40 percent reduction in malaria morbidity cases between 2011-2016. In the education sector, three projects in Malaysia, Lebanon, and Tunisia, and a cluster of special assistance projects in Tanzania, were post-evaluated, contributing to improved teaching and learning environments and increased learning outcomes of students. In particular, upgrading the University of Science in Malaysia contributed to the University becoming one of five leading research institutions in Malaysia, ranked 26th in Asian QS top fifty universities under fifty years old in 2015.

Four evaluations were conducted in the finance sector in Kazakhstan, Bahrain, the Kyrgyz Republic, and Tajikistan. The Microfinance Projects had 9,298 beneficiaries with a financing size ranging from US$2,000 to US$21,000. The projects had a demonstration effect on these beneficiaries resulting in improved financial literacy, cash flow management, marketing and promotion, customer service, and supply chain management. The projects also contributed to increasing income and employment opportunities as well as financial inclusiveness.

In the industry and mining sector, three evaluations were undertaken in Sudan, Pakistan, and Uzbekistan. The White Nile Sugar Project in Sudan is currently providing direct or indirect employment for 25,000 people. In addition to the installation of the sugar processing plant, the project contributed to improved health of beneficiaries in the catchment area because it increased their access to potable water, health facilities, and quality education through construction of schools, clinics, wells, and houses for displaced families. Similarly, the Maple Leaf Cement Factory (MLCF) Project in Pakistan positively impacted downstream industries through a working synergy with many transport companies, implementing an IT tracking system accessible by both clients and transporters.

Lastly, as part of the higher level evaluation, the OE Department conducted three Member Country Partnership Strategy Implementation Reviews (MCPS IR) in 2017G. The main cross-cutting findings of these reviews related to the long-standing issue of start-up delays and low disbursement levels, particularly in the case of Kazakhstan.

The review of the Niger MCPS shows that 38.4 percent (US$307.42 million) of the IsDB Group's commitment (US$800 million) was approved during the implementation period. Of this amount, 24.3 percent (US$74.7 million) was disbursed. This disbursement rate is comparable to the portfolio disbursement rates of other multilateral donors in Niger. Important to note is that more than half of the disbursed amount came from trade financing by ITFC, which historically exhibits a higher disbursement rate due to the nature of its operations.

In relation to Tunisia MCPS, the review found that 67 percent (US$1.17 billion) of the IsDB Group's commitment (US$3.3 billion) was approved during the implementation period. The review also showed that MCPS achieved a limited effect (17 percent) on the business growth. Although the projects approved during the MCPS period were in line with the country's development priorities, the implementation of most lagged far behind schedule.

Regarding the Kazakhstan MCPS implementation review, the amount approved under the MCPS- Partnership Framework Agreement (PFA) (2011-2017) period represents 78 percent of the total financing for the country since IsDBG began operations in 1993. It was found that, during the MCPS-PFA period, the IsDB Group approved US$1.732 billion (86.6 percent of the planned amount set in the PFA) to ICIEC insured US$103 million worth of businesses (import and export) while IRTI organized four research activities and five training programs. However, in terms of disbursement rate, only ITFC and ICD (Equity) have had substantial disbursements at 73.77 percent and 17.52 percent, respectively.

The main reasons for the low disbursement rate in all three countries during their respective MCPS periods include: (i) lengthy government processes for the declaration of effectiveness in Niger (about seventeen months on average for Niger and about twelve months on average for Tunisia), (ii) limited knowledge of IsDB procedures for executing agencies, (iii) IsDB slow responsiveness in issuing non-objection requests, and (iv) absence of field presence and scarce supervisory missions to the country to foster communication and assist the relevant agencies in procurement processes.

The main lessons learned from the evaluations conducted by the OE Department in 2017 can be categorized under three main themes: (A) Lessons from Project Level Evaluations, (B) Lessons from the Microfinance Support Program Evaluation, and (C) Lessons from Fael Khair Program Evaluation.

At the project level, two overarching themes emerged: (i) the importance of taking into consideration beneficiary concerns and needs and (ii) coordination mechanisms during the implementation. Lessons from the Microfinance Support Program were: (i) Islamic finance principles make financing more attractive to potential clients, (ii) the success of micro-credit schemes to the poor depends on gradual increases of financing amounts and timeliness of disbursement, especially when the average loan size is small, (iii) flexible repayment structures and increased financial awareness boost financial inclusion, (iv) a legislative framework on Islamic finance needs to be in place before commencement of microfinance projects to ensure compliance with Islamic finance principles in financing, and (v) building capacity of microfinance institutions should support the drafting of standard legal financing agreements in line with the principles of Islamic finance.

Similarly, lessons learned from the Fael Khair Program include: (i) duplication of functions affects program efficiency, (ii) the lack of an appropriate road map for the Fael Khair Waqf is likely to affect its sustainability, and (iii) adopting one design (one size fits all) for all beneficiary communities limits program effectiveness.

Recommendations emanating from these evaluations and supported by fact-based evidence were addressed to IsDB Group Departments and Members to undertake necessary strategic and operational actions. The OED is following up on the status of their recommendations, which will be reported to the Board through the final draft of the present report.

Renewable Energy Project, Turkey

CHAPTER - I : INTRODUCTION

A. Background and Objectives
B. Evaluation Planning, Methodology and Criteria
C. Enabling and Dissemination Activities
D. Organization of the Report

CHAPTER - I : INTRODUCTION

A. Background and Objectives

The Operations Evaluation Department (OED) provides objective and independent evaluation of the development effectiveness of IsDB interventions. The aim of the operations evaluation exercise is to help the Bank maximize the development results of its interventions by providing independent, impartial, and evidence-based analysis of the relevance, efficiency, and effectiveness of its operations and of the sustainability of the results achieved. The evaluations also draw practical lessons learned from these operations and provide specific recommendations that are applied to enhance future interventions by the Bank. To ensure its independence and autonomy, the OED reports directly to the Board of Executive Directors.

IsDB Group's Operations Approvals in 2017

During 2017, the IsDB Group approved 325 operations totaling US$9.97 billion (ID 7.15 billion) compared to US$10.5 billion (ID 7.6 billion) in the previous year (2016), a 5.3 percent decrease.

In terms of Group members' shares in total approvals in 2017, ITFC accounted for the largest share at 52.15 percent (ID3.53 billion or US$4.9 billion). In decreasing order by percent, it was followed by: IsDB Ordinary Capital Resources (IsDB-OCR) operations at 37.53 percent (ID 2.51 billion or US$3.53 billion); ICD at 9.65 percent (ID 637 million or US$907 million); APIF at 0.41 percent (ID 28 million or US$39 million); and UIF at 0.26 percent (ID 16 million or US$24 million). In addition, ICIEC provided insurance coverage for trade and investment worth ID 5.2 billion (US$7.5 billion). In terms of growth in net approvals in 2017, ICD and ITFC recorded 44 percent and 42 percent growth, respectively, while UIF recorded a 48 percent decline, OCR a 32 percent decline, and APIF an 18 percent decline.

With regard to regional distribution[1] of approvals, Asia and Latin America received 27 percent (ID 1.81 billion or US$2.53 billion), Sub-Saharan Africa received 26 percent (ID 1.74 billion or US$2.42 billion), the Middle East and North Africa received 24 percent (ID 1.57 billion or US$2.2 billion), and Europe and Central Asia received 20 percent (ID 1.37 billion or US$1.9 billion). The rest went to non-member countries and special projects.

In terms of country approvals, the top five recipients of IsDB Group financing in 2017 were Egypt at 13.5 percent (ID 967.6 million or US$1.35 billion), Turkey at 10 percent (ID 734 million or US$1.03 billion), Pakistan at 10 percent (ID 732 million or US$1.02 billion), Bangladesh at 9 percent (ID 649 million or US$900.6 million), and Kazakhstan at 4.3 percent (ID 314 million or US$432.5 million).

Between 1976G and 2017G, IsDB Group net approvals totaled 8,223 projects and operations amounting to US$128.7 billion. This amount excludes ICIEC's insurance commitments of US$36.6 billion and business insurance operations of US$43.7 billion. Of these approvals, IsDB-OCR accounted for 45.8 percent, ITFC for 31.3 percent, and ICD for 3.8 percent, with approval of other funds accounting for the remaining 19.1 percent[2].

Development Effectiveness and Results

The current global consensus is that donor agencies and recipient countries need to ensure that aid resources are used as effectively as possible in attaining collective goals and should be accountable to each other for demonstrating that results produced are in accordance with the Paris Declaration on Aid Effectiveness.

In 2015, the global community adopted the seventeen Global Goals for Sustainable Development to improve people's lives by 2030, which will be used by United Nations (UN) member states to frame their development agendas and policies. In March 2016G, during the 47th Session of the United Nations Statistical Commission, the complete set of 230 global indicators and a robust framework intended for follow-up and review of progress at the global level towards achieving the seventeen SDGs were finalized. As we enter the era of Sustainable Development Goals, around 767 million people still live on less than US$1.90 a day and 815 million people – one in nine – still go to bed on an empty stomach each night. Even more – one in three – suffer from some form of malnutrition[3]. Estimates by the intergovernmental committee of experts on sustainable development financing have put the cost of providing a social safety net to eradicate extreme poverty at about US$66 billion a year, while annual investments in improving infrastructure (water, agriculture, transport, power) could reach up to a total of between US$5 and 7 trillion globally (UN General Assembly 2014)[4].

B.Evaluation Planning, Methodology and Criteria

Planning Process

The Operations Evaluation Department discharges its duties and conducts evaluations and disseminates findings and lessons learned from its evaluations based on an Annual Work Program (WP) approved by the Audit Committee of the Board of Executive Director. The OE Department's Annual Work Program for 2017 was prepared in accordance with the provisions of its three-year rolling Work Program for the period 2016-18,

1. This is based on the IsDB classification of its 57 member countries into four (4) regions: Asia and Latin America; Sub-Saharan Africa; Europe and Central Asia; and Middle East and North Africa regions.
2. IsDB Annual Report 2017G data are from the Data Resources and Statistics Division, ERPD, Chief Economist Complex.
3. FAO, IFAD, UNICEF, WFP, and WHO. 2017. The State of Food Security and Nutrition in the World 2017. Building resilience for peace and food security. Rome, FAO.
4. UN (United Nations) General Assembly. 2014. "Report of the Intergovernmental Committee of Experts of Sustainable Development Financing" Report A/69/315. UN General Assembly, New York, August 15.

which highlights its strategic priorities, its human resource requirements, and the budgetary resources needed to implement the Work Program. The planning process is fully aligned with the IsDBG Score Card Results Framework developed in line with the IDBG 10-Year Strategy.

(Selection of Completed Projects under Ordinary Operations for Post-Evaluation)

As per the practice of the past six years, the OE Department uses random selection to identify OCR projects to be post-evaluated. The long list of projects eligible for post-evaluation was prepared based on the following criteria:

Time factor: Projects completed during the period 2010-2014 (1431H-1435H) and approved after 2005 were considered relevant for post-evaluation in providing sufficient and accurate information to enhance the quality of post-evaluation reports. The reason for excluding projects that were completed after 2014 is that they would not have been in operation for a sufficient period to produce outcomes and impacts and to encounter sustainability issues. The objective of excluding projects that were approved before 2005 is two-fold: (a) data and information on implementation of these projects would be difficult to trace and (b) these projects were appraised much earlier, and so the project cycle has evolved significantly since, making lessons drawn from these projects less relevant to IsDB's current operational processes.

Exclusion of projects financed under lines of financing:
The projects financed under lines of financing are typically excluded as these are usually small projects. However, the lines themselves may be covered under thematic evaluations.

Exclusion of projects that have already been post-evaluated: All projects already post-evaluated or covered under special or thematic evaluation are also excluded.

Achievement of the OED 2017 Annual Work Program

During the year, the OED carried out twenty Ordinary Capital Resources (OCR) project post-evaluations across various sectors in seventeen different member countries. In addition, during the period, the Department conducted post-evaluations of two private-sector interventions by ICD, one evaluation of an ICIEC-insured project, and two special evaluations upon management request.
One Cluster Evaluation of Special Assistance Operations was also conducted.On the higher level evaluations, the Department finalized three MCPS implementation reviews, one each for Tunisia, Niger, and Kazakhstan, and initiated one MCPS implementation review (Morocco).

Additionally, the Department completed two Sector Evaluation Synthesis Reports in Health & Other Social Services and Water & Sanitation, which were launched in 2016. Similarly, the Department completed two program evaluations and initiated one thematic evaluation.

Compliance with Evaluation Good Practice Standards

In assessing public-sector projects, the Department followed the widely accepted evaluation criteria of the Organization of Economic Cooperation and Development - Development Assistance Committee (OECD-DAC), namely Relevance, Efficiency, Effectiveness, and Sustainability. The OE Department adheres to the Good Practice Standards (GPS) in both public and private sectors set by the Evaluation Cooperation Group (ECG), an international body formed by the evaluation departments of the Multilateral Development Banks (MDBs). The evaluation criteria assess whether IsDB interventions were aligned with the recipient country's priorities and development strategies, as well as with the IsDB's own vision and strategic agenda. The evaluation criteria also assess the extent to which the targeted results set at the appraisal stage were achieved, how efficiently the project was implemented in terms of resources and time expended to achieve the results, and the sustainability of the development results.

Similarly, in assessing private-sector projects, the Department used such criteria as financial and economic viability, contribution to the development of Islamic finance, conformity to accepted environmental and social standards, and addition of value to private-sector development.

Contribution versus Attribution

As development is a multi-faceted and multi-dimensional process, development results can hardly be attributed to a single intervention. Many intended or unintended factors contribute to achieving results. Therefore, in most cases, the achievements documented in this report represent the IsDB Group's contribution to the progress made through complementing the efforts of the recipient countries and their development partners.

Through the OE Department, the IsDB became a full member of the ECG on November 2010 after thorough review of its evaluation system and products by an independent consultant. ECG currently has ten permanent members: African Development Bank (AfDB), Asian Development Bank (AsDB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IaDB), International Fund for Agricultural Development (IFAD), International Monetary Fund (IMF), Islamic Development Bank (IsDB), Black Sea Trade and Development Bank (BSTDB), and The World Bank Group (WBG). Three institutions hold permanent observer status: Global Environment Facility Evaluation Office, Evaluation Network of the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC), and the United Nations Evaluation Group (UNEG).

Credibility of Evaluation Findings

In addition to complying with the GPS in conducting evaluation activities, the OE Department employs several measures to ensure the credibility of the information and data being used in evaluation exercises. First, due attention is given to evaluation design and active engagement with stakeholders from the early stages of the project. One of the most important measures is ensuring that evaluation findings go through several validation processes throughout the evaluation exercise. The first validation is carried out at the end of the evaluation mission during the wrap-up meetings with the executing agencies and government representatives; the second validation is carried out at the OE Department Weekly Meetings; the third validation is conducted through a rigorous peer review process where at least three OED evaluators review the draft evaluation report and provide their comments for improvement; the fourth validation is done by the concerned Department/Member of the IsDB Group; the fifth validation is done by sharing the report with the concerned beneficiaries for comments before the report is officially issued as a OE Department's evaluation product.

C. Enabling and Dissemination Activities

During 2017, the OE Department applied the public-sector projects evaluation guidelines and the related rating system and introduced the fine-tuned template for the public-sector Project Performance Evaluation Reports (PPERs). The OE Department also fully aligned its PCR review and validation notes template with the Operations Complex template of PCR. In addition, the Department produced a revised guideline on how to prepare a PCR review and validation note. Being a full member of the MDB's Evaluation Cooperation Group (ECG), the OE Department participated in ECG activities. The IsDB Group evaluation symposium is also being planned in 2018.
As a member of the ECG, Operations Evaluation Department staff participated in the 8th AfrEA Conference in Uganda in March 2017, the Semi-Annual Meetings of the ECG in Italy in June 2017 and November 2017, the 2nd Evaluation Week of the Asian Development Bank (AsDB) in China during September 2017, and the General Assembly of the International Development Evaluation Association (IDEAS) in Mexico during December 2017.
As a part of its ongoing efforts in dissemination of evaluation results to a wider audience during 2017, the OE Department printed five higher level evaluation reports, produced and printed twenty-two K-Series, issued three e-Newsletters, published six articles related to findings and lessons learned, and prepared four flyers. Twenty-six PPERs were also shared with the respective executing agencies in different countries. All these evaluation products are available on OED Intranet.

D. Organization of the Report

In addition to this chapter, the report includes three other chapters: Chapter II - Performance Analysis, Chapter III - Development Results, Chapter IV - Lessons Learned, and Chapter V - Recommendations and Management Response and Action. The following paragraphs highlight the main features of each chapter.

Chapter II introduces criteria-based evaluation and describes the performance of the post-evaluated projects over the past few years. Projects' overall development outcomes in the public sector were rated using a four-point scale, based on relevance, efficiency, effectiveness, and sustainability. The chapter brings together the experience accumulated by the Operations Evaluation Department in the area of project evaluation, drawing on good practice standards. Pertinent project performance issues, such as change of scope, delays, and sustainability, are discussed in addition to the performance of the Bank, the beneficiary, the contractors, the consultants, and the executing agencies. Moreover, sectoral and regional trends in project ratings are analyzed, and an overview of the higher-level evaluations is included.

Chapter III outlines the development results of the interventions evaluated in 2017. It discusses the outputs, outcomes, and impacts of the evaluated interventions in each sector. The sectoral results presented in the chapter summarize both project-level evaluations and higher level evaluations conducted during 2017. The chapter highlights success factors as well as development challenges.

Chapter IV focuses on the lessons learned from the evaluations undertaken during 2017. The chapter synthesizes these lessons in four cross-cutting learning themes that emerged from the 2017 evaluations. Finally, Chapter V provides a synthesis of the recommendations from 2017 evaluations and the feedback received from the concerned departments and IsDBG members.

CHAPTER - II :

PERFORMANCE ANALYSIS

A. Ordinary Capital Resources (OCR) Projects
B. Higher Level Evaluations
C. Other Evaluations

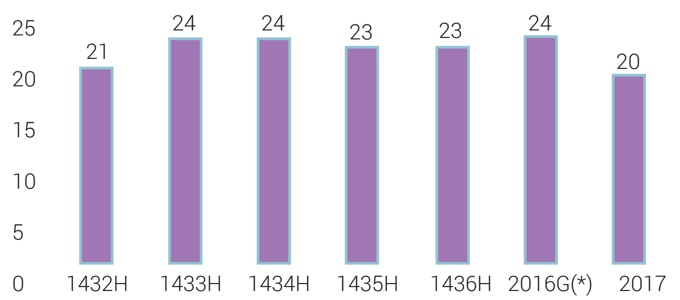
CHAPTER - II : PERFORMANCE ANALYSIS

A. Ordinary Capital Resources (OCR) Projects

I. Overview

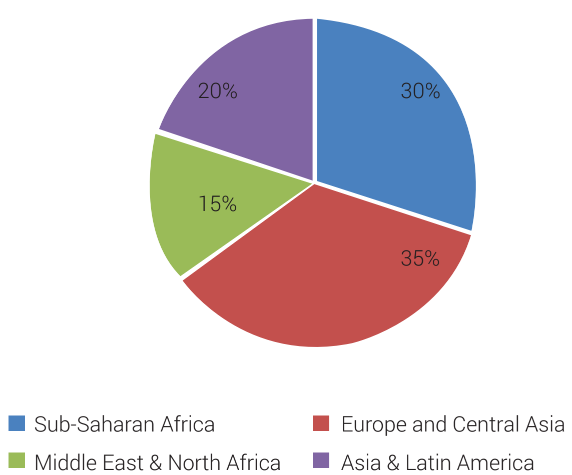
As shown in Figure 1, during 2017G, the Operations Evaluation Department (OED) conducted twenty post-evaluations of Ordinary Capital Resources (OCR) projects, four less than in the previous two years. The downward trend in number of projects evaluated is because the OED, in line with evaluation best practices, is shifting away from project-level to higher level evaluations. This year's OCR project evaluations spanned seven sectors and sixteen member countries with the majority located in Europe and Central Asia (35 percent) and Sub-Saharan Africa (30 percent) (Figure 2).

Figure 1: Number of OCR Project Evaluations during 1432H-1438H/2017G



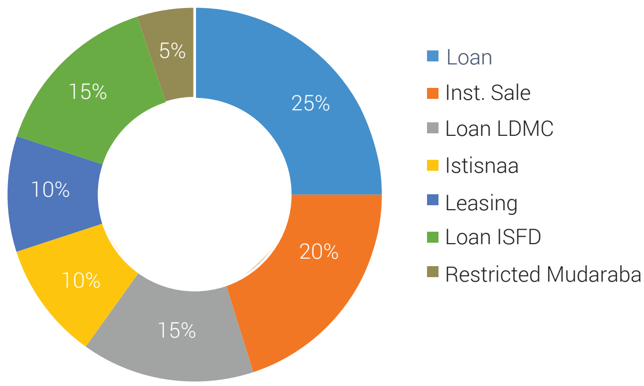
(*) The calendar of the annual work program shifted to the solar calendar beginning in 1437H.

Figure 2: Regional Coverage of Project Evaluations in 2017G



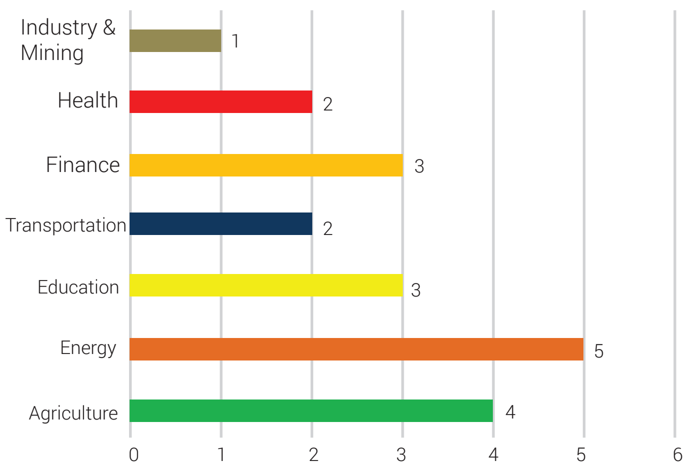
With respect to mode of financing used in evaluated OCR projects, loans accounted for the largest share, with 25 percent of evaluated projects. As shown in Figure 3 below, other financing modes, in descending order, were instalment sale (20%), and loans LDMC and loans ISFD (15% each).

Figure 3: Distribution of Projects Evaluated by Mode of Finance



With respect to sector distribution of projects evaluated in 2017G, the energy sector accounted for the largest segment with five projects constituting 25 percent of post-evaluations as shown in Figure 4. This was followed by the agriculture sector with four projects (20 percent) and finance and education, each with three projects and comprising 15 percent of all post-evaluations. Details on the main indicators for 2017G's post-evaluated projects are given in ANNEX A.

Figure 4: Sector Distribution of Project Evaluations in 2017G



In addition to OCR project evaluations, the OED carried out additional evaluations as indicated in Table 1 below:

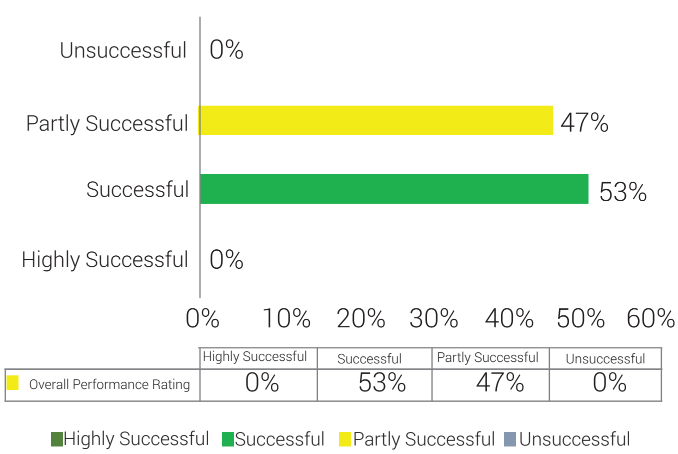
Table 1: Other Evaluations Undertaken during 2017G

Type of Evaluation	Number Undertaken
Program Evaluation (Microfinance)	1
Member Country Partnership Strategy Implementation Reviews (MCPS-IRs)	3
Private Sector Projects Evaluation (ICD-2 and ICIEC-1)	3
Cluster Evaluation of Special Assistance Operations (Tanzania)	1
Islamic Finance Technical Assistance (TA) Operations	1 (Initiated)
Sector Evaluation Synthesis (Water & Sanitation, and Health)	2
Special Evaluation of Fael Khair Program (Bangladesh)	1
Special Evaluation of Islamic Finance Laboratory (Morocco)	1
Project Completion Report – Evaluation Notes	25

II.Overall Assessment of OCR Projects

The following performance assessment covers only the nineteen randomly selected projects post-evaluated. Performance assessment of the evaluated projects financed under OCR financing was based on a four-point rating scale comprised of the following rating descriptions: Highly Successful, Successful, Partly Successful, and Unsuccessful. Among the nineteen OCR projects evaluated, ten projects (53%) were rated as Successful, and nine projects (47%) were rated as Partly Successful. Figure 5 shows the performance ratings 2017G's evaluated projects.

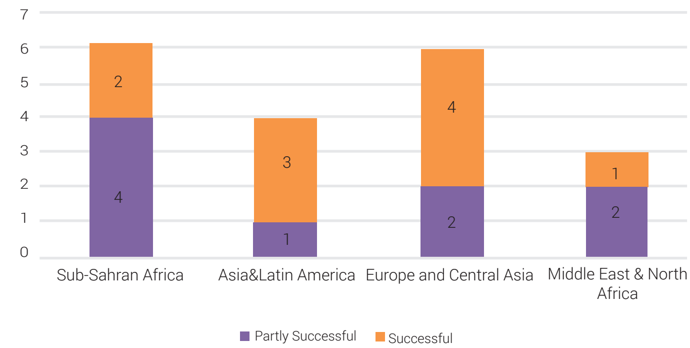
Figure 5: Overall Performance Ratings of Randomly Selected Evaluated OCR Projects in 2017G



A combined Highly Successful and Successful performance level of evaluated OCR projects decreased in comparison to those of the last five years. Whereas 2017G's combined success rating was 53 percent (with no project rated Highly Successful), those of the preceding five years were as follows: 2016G (71 percent), 1436H (78 percent) 1435H (74 percent), 1434H (78 percent), and 1433H (75 percent).

The decline in the combined Highly Successful and Successful performance level of evaluated OCR projects in 2017G was mainly due to a decline in the Efficiency and Effectiveness criteria ratings. Whereas in 2017, out of the nineteen randomly selected OCR post-evaluated projects, only one project each was rated as Highly Effective and Highly Efficient. Overall, 85 percent of the post-evaluated projects in 2017G recorded delays of more than six months. Similarly, 90 percent of the projects recorded cost variations, 36 percent of which were significant.

Figure 6: Success Rate of Evaluated Projects across Regions



As shown in Figure 6 above, projects in the Asia and Latin America region were the best performing with three out of four evaluated projects (75 percent) classified as successful. This was followed by Europe and Central Asia at 67 percent successful, and the Middle East and North Africa and the Sub-Saharan Africa regions with 33 percent each of post-evaluated projects rated as successful. The sector representing the majority of successful projects was the Energy sector. Annex-E contains the criteria-based ratings of all post-evaluated OCR projects.

Figure 7: Sector Performance Ratings of Evaluated OCR Projects in 2017G

A project in Tajikistan was deliberately selected as part of the Micro-Finance Program Evaluation.
The OED employs the following four-point scale as its criteria to measure a project's overall development outcome: Highly Successful: Score ≥ 85%; Successful: 60% ≤ Score < 85%, Partly Successful 30% ≤ Score < 60%; Unsuccessful: Score < 30%.

Table 2: Average Success Rating per Sector

Sector	Average success rating per sector
Energy	74%
Transportation	74%
Agriculture	64%
Education	62%
Finance	57%
Health	57%
Industry & Mining	56%
Average Ratings	**65%**

As shown in Table 2 above, the sectors with the highest average success ratings were Energy and Transport with average scores of 74 percent each. Industry & Mining had the lowest overall success rating (56 percent).

Two projects had the highest overall success rating with a score of 79 percent: The Railway Tracks Project (2TU-00147) in Turkey, which involved upgrading rail tracks totaling 888 km, and the Uch II Power Expansion Project (PPP) (2PAK0132) in Pakistan. The latter aimed at adding 404 MW (ISO) of generation capacity through the installation of a new Combined Cycle Power Plant (CCPP). The box below provides detailed description of these projects.

Box 1: Uch II Power Expansion Project, Pakistan

Pakistan was facing an acute supply shortage in the face of a growing demand for electricity. This project aimed at supporting Pakistan's economic development by increasing the country's power generation capacity through installation of an Independent Power Producer (IPP), a new Combined Cycle Power Plant (CCPP), thereby adding 404 MW (ISO) generation capacity. This was to supply low cost and quasi-clean 3,185 Gown/year energy generated by indigenous low BTU gas, which has no other alternative economic use because of its low heating value. The scope of the project included installation of two gas-fired combustion turbines, two heat recovery steam generators (HRSG), a single steam turbine, and other ancillaries.

The project has had a positive impact on the Baluchistan area, one of the least developed areas of Pakistan. In term of economic benefit, using indigenous low BTU gas, which has no other alternative economic use, was a significant value addition.

III.Criteria-Based Analysis

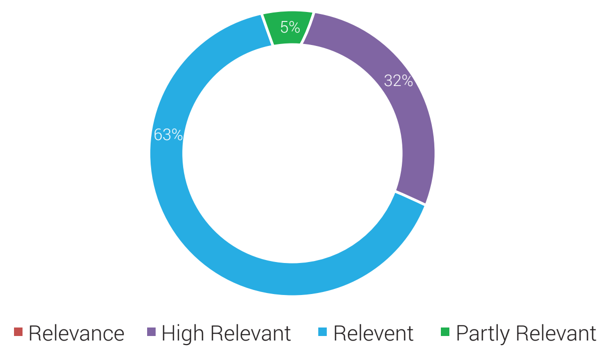
Projects were assessed based on the following internationally accepted evaluation criteria: (i) Relevance; (ii) Effectiveness; (iii) Efficiency; and (iv) Sustainability. In addition, stakeholder performance in the implementation of these projects was assessed separately.

Relevance

Relevance is defined as the extent to which development-intervention objectives are consistent with beneficiaries' requirements, country needs, global priorities, and partner and donor policies. It also provides an assessment of the relevance of technical options and solutions adapted to the beneficiaries' needs.

As illustrated in Figure 8, the vast majority of the projects evaluated were found to be relevant to member countries' strategic priorities, with 95 percent of projects rated Highly Relevant or Relevant (compared to 96 percent in 2016G). The share of highly relevant projects increased from 26 percent in 1437H to 30 percent in 2017G.

Figure 8: Distribution of 2017G "Relevance" Assessment



Effectiveness

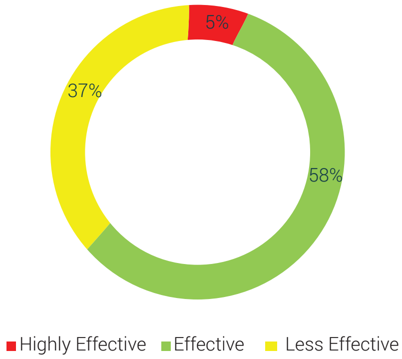
Effectiveness is defined as the extent to which the development interventions' objectives have been achieved, or are expected to be achieved, with these objectives' importance relative to one another taken into account.

The overall distribution of effectiveness assessments for post-evaluated projects, as shown in Figure 10, revealed 63 percent of the evaluated projects to be either Effective or Highly Effective (as compared to 70 percent in 2016G), 42 percent to be Less Effective. None of the projects was found to be Ineffective.

Scoring: Highly Relevant: Score ≥ 85%; Relevant: 60% ≤ Score < 85%; Partly Relevant: 30% ≤ Score < 60%; Irrelevant: Score < 30%

Scoring: Highly Effective: Score ≥ 85%; Effective: 60% ≤ Score < 85%; Less Effective: 30% ≤ Score < 60%; Ineffective: Score < 30%

Figure 9: Distribution of "Effectiveness" Assessment in 2017G



The project with the lowest effectiveness rate was in the Health sector: North Sumatra University Hospital Project with an effectiveness score of 40 percent. The hospital is currently operating at a low capacity due to lack of funds to hire qualified healthcare professionals.

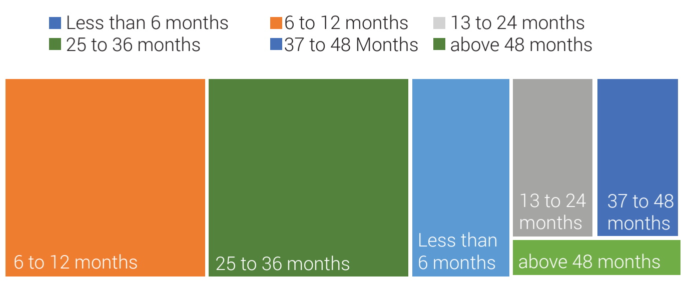
Efficiency

Efficiency is defined as a measure of how economically resources/inputs (i.e., funds, expertise, time, etc.) are converted into developmental results.

Implementation Duration

As shown in Figure 10 below, six projects (30 percent) were completed with an implementation delay of six to twelve months. Six projects (30 percent) were implemented with a delay of twenty-five to thirty-six months, and three projects (15 percent) with a delay of less than six months. Two projects (10 percent) had delays between thirteen to twenty-four months and two projects (10 percent) had delays between thirty-seven to forty-eight months. One project, Sidi Bouzid Higher Institute for Technological Studies in Tunisia, was delayed by seventy-two months. The reasons behind the delay were lengthy procedures that led to the re-launch of some bids, social unrest during the year 2011, and contractor inefficiency in restaurant construction.

Figure 10: Implementation Delays of Evaluated Projects in 2017G



Box 2: Upgrading the Higher Institute for Technological Studies, Side Bouzid, Tunisia

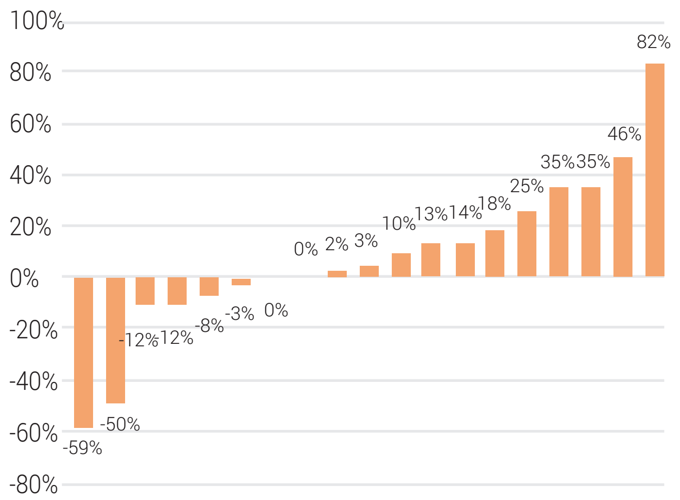
With about 14 percent of its people unemployed in 2006, Tunisia needed to expand technical education to equip students with high-demand skills, particularly in one of its most deprived regions, Sidi Bouzid, to enhance their employability in the job market. IsDB financed a project of US$18.37 million to upgrade the Higher Institute for Technological Studies (ISET) in Sidi Bouzid. One component was the introduction of three new departments: electrical engineering, mechanical engineering, and IT. The second was construction of common facilities, an administrative block, and hostel. The project also involved construction and equipping of a business incubator, workshop, and technological centre.

The project faced huge implementation and start up delays. It was originally envisaged to be implemented within three years (from July 2006 to July 2009) but completion was delayed for six years and was actually completed in October 2014. The main causes of the delays were related to (i) lengthy administrative procedures at government level in approving contracts for the work and supply of equipment, (ii) the re-launch of the bidding process in some cases, (iii) socio-political unrest relating to the revolution of 14 January 2011 whichdelayed project completion and (iv) the inefficiency of the contractor in charge of the restaurant component which delayed the project completion date even though the Institute and the student hostel had opened in February 2012 and September 2012, respectively, a delay of four years for those components

Project Cost

As shown in Figure 11, in 2017G, six of the evaluated projects (32 percent) experienced cost over-runs, with two of the cost under-runs rated as significant (less than 20 percent original estimates). On the other hand, eleven (11) projects experienced cost overruns (58 percent) with five of the cost over-runs rated as significant (greater than 20 percent cost variation). Annex-D presents complete details of all cost variations in projects evaluated in 2017G and the causes thereof.

Figure 11: Cost Variation in Evaluated Projects in 2017G



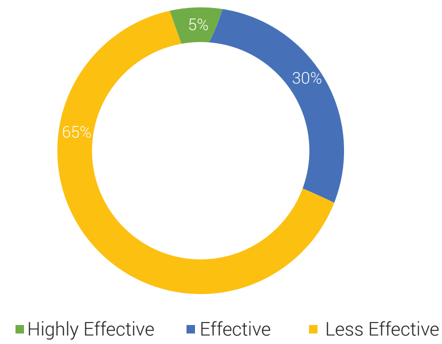
Box 3: Microfinance to Rural Areas Project, Kazakhstan

The Microfinance for Rural Areas Project was approved in 2010 with the objective of contributing to the efforts of the Government of Kazakhstan to achieve economic growth and poverty alleviation, particularly in rural areas. Specifically, the project was aimed to: a) help new small businesses emerge in rural areas; b) assist existing small businesses to expand; and c) introduce Sharia'h-compliant microfinance services with a focus on women and small-scale agrarian farmers.

This project had the highest cost-variation as the actual total project cost was US$22.15 million compared to an expected US$12.17 million. The increase in project cost was mainly due to the government development policy of supporting the project since the average size of the financing needed was US$21,000 as opposed to US$5,000, inaccurately estimated at appraisal. The government's contribution of the financing thus grew substantially from US$2.02 million to US$ 12 million, representing 54.2 percent of the project's actual total cost.

Figure 13 displays the overall distribution of efficiency assessments for post-evaluated projects during 2017. As can be observed, 5 percent of the projects are rated as Highly Efficient, 35 percent as Efficient, and 65 percent as Less Efficient.

Figure 12: Distribution of "Efficiency" Assessment in 2017G



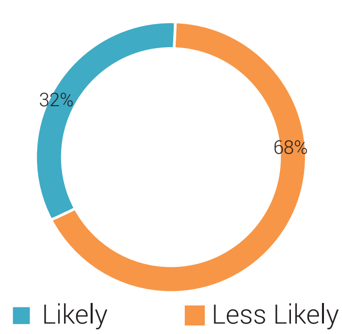
Sustainability

Sustainability is defined as the continuation of benefits from a developmental intervention after the intervention's completion. The concept encompasses the likelihood of continued long-term benefits and resilience to risk associated with future benefit flows resulting from the intervention.

Scoring: Highly Efficient: > 85%; Efficient: 60% < Score ≤ 85%; Less Efficient: 60% < Score ≤ 30%; Inefficient: Score ≤ 30%.

Sustainability of 65 percent of the evaluated OCR projects in 2017G was found to be Likely, while 35 percent of the projects were considered Less Likely to remain sustainable. Figure 13 displays the overall distribution of sustainability assessments for the OCR projects evaluated. The project with the highest sustainability rate (83 percent) was the University of Science of Malaysia project. Strong government support and high revenue generation and cost-recovery are cited as contributing factors in sustainability.

Figure 13: Distribution of "Sustainability" Assessment for Evaluated OCR Projects during 2017G



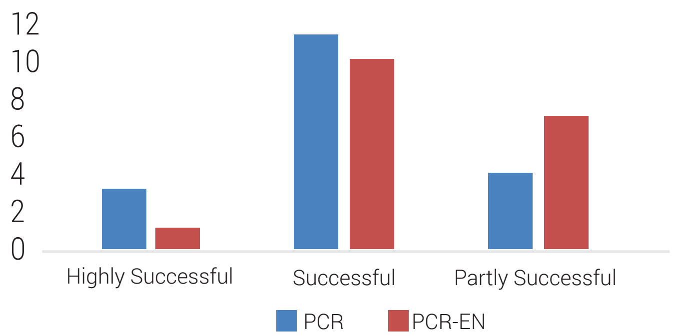
Overall, the majority of the projects evaluated in 2017G were rated Relevant, Effective, and Likely to be sustainable. However, there is room for improvement with respect to efficiency, as 63 percent of the evaluated projects were rated as Less Efficient.

IV.Project Completion Report Evaluation Notes

For each completed project, the Country Programs Complex prepares a project Completion Report (PCR), which the OED independently review through Project Completion Report Evaluation Notes (PCR-ENs). In 2017, OED undertook validation of twenty-five Project Completion Reports, of which eighteen have been rated to date. Of the eighteen PCR-ENs, one project (5 percent) was rated Highly Successful, ten projects (55.5 percent) were rated Successful, seven projects (39 percent) were rated partially Successful, and no project fell into the Unsatisfactory category. Thus, overall, 61 percent of the PCRs validated in 2016G were rated as either Highly Successful or Successful. Figure 14 below depicts the comparative distribution of project ratings based on PCRs and PCR-ENs.

Scoring: Most Likely: > 85%; Likely: 60% < Score ≤ 85%; Less Likely: 60% < Score ≤ 30%; Unlikely: Score ≤ 30%.

Figure 14: Comparison of Distribution of the Ratings of PCRs and PCR-Ens



B.Higher Level Evaluations

iMember Country Partnership Strategy (MCPS) Reviews

The GOE Department conducted three Member Country Partnership Strategy (MCPS) Implementation Reviews for Tunisia, Kazakhstan, and Niger for their respective MCPS periods during the year 2017G. The objective of the review was to assess the IsDB Group's performance at the country level to learn from experience and draw useful lessons and recommendations that can be used to improve the development of the new generation of MCPSs.

MCPS Implementation Review - Tunisia

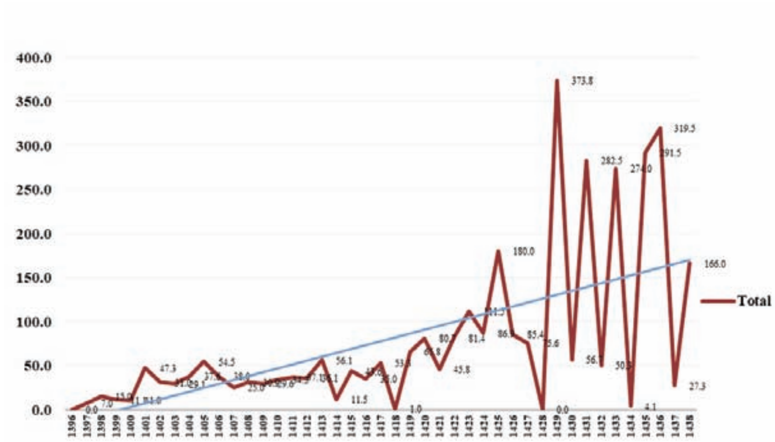
The Tunisia MCPS was based on three main pillars: (i) Reduction of Regional Disparities through Infrastructure Development, (ii) Regional Integration in the Maghreb Region, and (iii) Reverse Linkages between Tunisia and IsDBG Member Countries. In addition, the MCPS also included a crosscutting pillar on Job Creation. For the implementation period (2013-2015) reviewed, the IsDB Group committed US$1.17 billion, including an average annual financing amount of US$390 million (US$150 million/year for IsDB, US$100 million/year for ITFC, and US$40 million/year for ICD). ICIEC was to provide insurance coverage for US$100 million/year while IRTI had no specific commitment during MCPS formulation.

The MCPS was found to be instrumental in initiating a platform for active dialogue and engagement between IsDB Group members and the Government of Tunisia. The approved amount represents almost a quarter of the overall approvals since inception (US$3.3 billion) but only 67 percent of the IsDB Group's commitment of US$1.17 billion under the MCPS. The ICD-approved equity

participation of US$24.5 million was well below the MCPS commitments planned at US$120 million, representing 20.4 percent. ICIEC insured business activities amounting to US$266 million during the same period against the

planned amount of US$400 million. IRTI organized six training sessions on Islamic finance, banking, investment, and project management, benefitting about 280 participants.

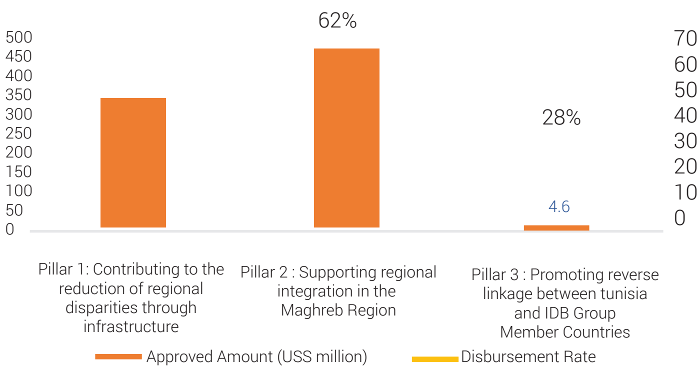
Figure 15: IsDBG Finance for Tunisia from Inception - US$ Millions (1977-2016)



Although the projects approved during the MCPS period are in line with the country's development priorities, the implementation of most lagged far behind schedule. For instance, out of the approved amount of US$781.5 million, US$301.5 million (38.58 percent) has been disbursed so far (mainly for trade operations). IsDB committed US$305.4 million for project financing, out of which only US$1.25 million was disbursed, indicating a disbursement rate of only 0.4 percent.

With regards to IsDB's disbursement by sector, the Education sector has a disbursed amount of US$1.25 million against an approved amount of US$4.4 million. The Energy (US$200 million), Agriculture (US$29.7 million), Finance (US$0.2 million), Water and Sanitation (US$71 million), and Capacity Building (US$0.2 million) sectors are yet to make any disbursement (see Figure 13). The low disbursement rate and slow implementation of IsDB operations are mainly attributable to prolonged government internal processes and IsDB's lengthy procurement procedures. On the government side, it takes an average of one year for the approved and signed projects to be declared effective. Procurement issues related to tendering for energy-related projects and delays due to complex ICB requirements for hiring consultants for Agriculture projects also contributed to slow implementation of projects. In addition, IsDB's slow responsiveness in issuing non-objection requests, lack of field presence. and absence of frequent supervision on the bank side exacerbated the situation.

Figure 16: IsDBG Pillar-Based Approvals Vs Disbursement (2013 - 2016)



Pillar 1:

Reduction of regional disparities through infrastructure: Reducing regional disparities through social and economic infrastructure is highly relevant to the country's needs and constitutes one of the main development objectives of the government following 2011's social unrest.

The projects approved under this pillar by IsDB and ICD are aligned with the objective of reducing regional disparities, especially in terms of access to water, agriculture services, and inclusive finance. Three projects—a water and sanitation project, an integrated rural development project, and a power plant project—were approved by IsDB under this pillar. So far, only one of these projects has been declared effective. The delay in effectiveness ranged between one to two years due to legislative instability and to high turnover within the executing agencies.

For the rural water supply project, IsDB approved US$77.8 million (of which US$15 million was a concessional loan) to finance the primary and secondary potable water network in the northern region of Bizerte Governorate. The project aimed at enhancing the accessibility of the rural population (175,000 persons in 675 rural communities) to potable water, while increasing the access rate to the water supply in the Governorate from 89 percent to 93 percent in 2019 and to 97 percent in 2030. However, the lengthy process of establishing the PMU and then recruiting a supervision firm caused a significant project start-up delay. Furthermore, a lack of familiarity with IsDB procurement procedures coupled with limited field missions further compounded the situation. Likewise, the Sfax Integrated Agriculture Development Project is facing a similar start-up delay.

ICD contributed to this pillar through institutional equity participation in Wifak Bank located in the underserved southern region for an amount of US$24.50 million.. ICD's investment in Wifak Bank has been efficient and the quality of the advisory services provided in transforming the bank from a leasing company to an Islamic Bank washighly satisfactory. The fully paid advisory services for Wifak Bank included provision of IT support, human resource development, marketing, liquidity management, and other banking services. Wifak plans to attain a 2 percent share of the banking market within five years.

Pillar-2:

Supporting Regional Integration: Regional integration remains high on the Government's development agenda, particularly with respect to its neighbours—Libya and Algeria. However, contrary to expectations, political instability and security issues in Libya have hindered the approval of any cross-border project. Nevertheless, this pillar is still relevant as it has helped secure oil and gas imports from Algeria). ITFC approved four operations under this pillar for a total amount of US$451.5 million, out of which three operations were declared effective, and US$299.9 million was disbursed. The disbursement rate for ITFC operations stands at about 62 percent.

ITFC's operational efficiency and flexibility in implementing the trade finance operations were highly appreciated. ITFC is renewing the financing agreement with STEG and STIR for the next three years with competitive financing conditions and multiple implementation modalities. However, the lack of synergy between IsDB entities in packaging and combining financing instruments (investment loans, trade financing, and insurance coverage), including grants for technical assistance and capacity development, were the main issues highlighted by clients and key stakeholders.

Pillar-3:

Supporting Reverse Linkages: The reverse linkage pillar is highly relevant to IsDB member countries in Africa as they benefit from Tunisian competencies and expertise. An implementation strategy to translate the strong and continuous cooperation between the IsDB Group and the Tunisian Technical Cooperation Agency (ATCT) is currently in place. The operations under this pillar include the mapping of Tunisian competencies and expertise, the cooperation program with Chad in bilingual education, the support for implementing a legal and regulatory framework for industrial zone development in Djibouti, and the mobile payment system in Mauritania. Besides these operations, two grant operations were approved for the Ministry of Vocational training and the Ministry of Investment, Development, and International Cooperation. According to their objectives, these operations are also relevant under the cross-cutting pillar described below. Overall, given the high commitment shown by Tunisian authorities for this pillar, more outcomes are expected from planned operations, particularly in terms of assisting Tunisian entities in networking and building cooperation platforms among the technical agencies in IsDB member countries.

Relevance

The Tunisian MCPS was developed amidst the disruptions of a post-revolution era with the aim of addressing grievances that precipitated the revolution. The pillars and strategic objectives of MCPS were relevant as it aimed at providing a quick response to the prevailing crisis. The launch of the strategy during the Tunisian National Investment Conference in 2013 confirmed the appropriateness of the ultimate objective of creating jobs even when a full-fledged development plan was absent and the majority of donor agencies had developed interim strategies.

However, the three (3) pillars lacked consistency in terms of their articulation of the ultimate goals of MCPS (reduction of regional disparities and job creation).

The infrastructure projects were relevant and consistent with the country's development strategy, given the new political context and the changing conditions, to reduce regional disparities, build optimal levels of human capital stock required to achieve sustainable growth, reduce youth unemployment, and achieve financial inclusion with the introduction of Islamic finance products. They were aligned to IsDB's 1440 H Vision and the Comprehensive Human Development and Poverty Reduction Strategy.

ITFC trade financing operations were highly relevant in helping the Tunisian Government during difficult times marked by a constrained budget deficit. ICD equity participation was also relevant as it aimed to support a regional bank operating in the remote area of the country by transforming it into an Islamic Bank and, hence, adding value to the Islamic banking sector in Tunisia. ICIEC insurance/re-insurance operations were also of added value in securing trade and financial transactions.

In sum, the MCPS pillars have embraced the main issues needed to respond to social unrest. These pillars have focused on reducing regional disparities, promoting job creation, and facilitating vocational training for education, promoting regional integration with initiation of investment across borders and use of Tunisian competencies, and enhancing the private sector, including promotion of Islamic finance.

Effectiveness

IsDB approvals (US$305.4 million) did not reach the target/planned commitments of US$450 million set for the MCPS period (2013-2015). These represented only 67.8 percent of the target commitments. Furthermore, there has been no significant implementation progress for the majority of the IsDB financed projects, particularly the projects under Pillar-I (Water Supply of Bizerte, the integrated agricultural development project in Sfax, and the Mornaguia power plant).

Cross-Cutting Pillar: Supporting Job Creation and Employability: Due to the importance of this pillar to the Tunisian Transition Plan, the IDB Group approved a series of diversified interventions (projects and lines of financing) to support vocational training and youth employability. A grant of US$4.42 million from the MENA Transition Fund was approved to support employability in the green economy and creation of green jobs. The project was found to be innovative and promising while developing a strong tripartite partnership with the United Nations system through UNOPS. It is now likely to yield results in terms of green job creation through vocational training, support to green-field, mature SMEs and greater gender equity.

In addition, IsDB provided support through an equity participation of US$2.00 million in the establishment of Zitouna Tamkeen, which offers microfinance funding to under-served populations. Zitouna Tamkeen started its operations by opening twenty-five branches and aimed at reaching 2.5 million beneficiaries. However, IsDB has been slow in disbursing its equity financing, consequently delaying the deployment of staff in the field. Meanwhile, ICD equity participation of US$24.5 million in Wifak Bank (of which US$23 million has been disbursed) has been efficient and effective. In addition, the advisory services provided by ICD to Wifak Bank added high value to the Islamic Banking sector in Tunisia.

Three other operations (totalling US$75.32 million) were approved before the MCPS, including ICD's Tunisia SME Fund (US$6.25 million) and the Vocational Education and Training for Employment and Youth Employment Support Program (YES) (US$50 million through BTS Bank)). Due to their importance in supporting job creation and youth employability, these operations are covered in this review.

The ICD's SME Fund was instrumental in generating at least 300 direct jobs in the health and agro-business sectors. All ICD operations were found to be effective, efficient, and innovative in supporting SMEs in urban and rural areas. The ICD financing windows contributed to reducing regional disparities and creating employment for youth, including men and women graduates in these project locations.

Under the YES program, the Tunisian Solidarity Bank (BTS) provided a Murabaha line of credit (and later on an Ijara) to fund 780 projects for new graduates to establish small enterprises, creating 1,563 jobs, mostly in remote areas. However, BTS's utilization of this line of credit faced difficulty due to non-familiarity with IsDB procedures and lack of flexibility regarding procurement rules and guidelines. As a result, the grant of US$230,000 provided to BTS for hiring a consultant in Islamic finance is yet to be utilized.

ITFC operations successfully reached target commitments and exceeded this target 2016 approvals are considered. These operations have contributed to supporting the Tunisian Government during a difficult period with a growing budget deficit, but ITFC clients found some financing conditions to be stringent.

ICIEC approvals have succeeded in reaching target commitments. The two (2) ICIEC lines of operations to COTUNACE and Al-Baraka Bank were highly effective, timely, and additional in re-insuring and covering business and country risks in favour of Tunisian firms in business transactions with other IsDB member countries.

ICIEC approvals have succeeded in reaching target commitments. The two (2) ICIEC lines of operations to COTUNACE and Al-Baraka Bank were highly effective, timely, and additional in re-insuring and covering business and country risks in favour of Tunisian firms in business transactions with other IsDB member countries. In addition, the TA Grants to MDICI (Foreign Investment promotion and project management) and MOF (assistance in Sukuk issuance), with respective approval amounts of US$0.2 million and US$0.15 million, have faced difficulties and were not implemented.

Overall, IsDB effectiveness of the MCPS interventions were less effective due to the lack of tangible achievements under Pillars I and 3, including a low impact on job creation and employability strengthening. By contrast, ICD, ITFC and ICIEC operations were rated effective.

Efficiency

Although IsDB Group interventions have relevant strategic objectives and sound technical and financial design based on their RRPs, some operations may lack sound preparatory studies and adequate readiness assessments for implementation, thereby causing serious delays in disbursements. In particular, during this year, IsDB-approved operations suffered from significant delays with respect to the first disbursement, which occurred between one and two years from approval due to the time needed to obtain Parliament's approval and high turnover of staffing of the executing agencies. The time interval between approval and effectiveness dates was estimated to be between four and five months, with an average actual time of eight (8) months, whereas the time duration between the effectiveness date and the first disbursement, with more than twenty-four months duration, constituted a deterioration in comparison with the pre-MCPS period.

The lengthy process of establishing PIUs and recruiting technical supervisory firms caused significant delays for start-up and first disbursements. In addition, IsDB Group's slow responsiveness in issuing non-objection requests (which took three to five months), lack of field presence, and absence of frequent supervision on the IsDB side exacerbated the situation.

Furthermore, IsDB interventions fell under a double track system (IsDB rules and regulations and national procurement rules), which added to the difficulty of complying with IsDB procurement rules and estimated timeline. Other development institutions such as the African Development

of the World Bank have definitely adopted National Procurement Systems after systematic assessment. For some projects, readiness reviews and due diligence at appraisal were not properly undertaken.

However, ICD, ITFC, and ICIEC operations were efficient, with few disbursement and implementation delays. Overall, the IsDB MCPS interventions were rated Inefficient while ICD, ITFC and ICIEC operations were rated Efficient.

Sustainability

Most IsDB-approved projects are still in their early stages of implementation or have not yet been disbursed. As such, assessing the sustainability of these projects is not yet possible. Nonetheless, based on the level of commitment of the Tunisian Government and of the stakeholders and beneficiaries, observed during field missions and visits, IsDB-financed operations will likely contribute to sustainable improvement of the living conditions of underserved segments of the population, alleviate poverty in targeted remote areas, and thus contribute to reducing regional disparities through construction of rural and feeder roads, providing access to markets and to such aspects of social infrastructure as safe potable water and electricity in targeted locations.

With regard to developing an enabling environment to introduce Islamic financing schemes and processes, Central Bank support for authorizing participatory Islamic financing ensures continued government support and commitment to poverty reduction and youth employment through MSMEs while private sector institutions and companies are heavily engaged in sustaining job creation, employment, and innovative employability initiatives in the transition to a green economy.

In terms of environmental and social protection, some visited ICD sub-projects investments, financed under the "Theemar Trust Fund" and located in remote areas, have engaged in social responsibility activities and ensured comprehensive safety and health conditions for their employees following environmental and social audits and installation of waste water treatment plants.

ITFC and ICIEC have built sustainable relationships while renewing and extending their agreements with their respective clients.

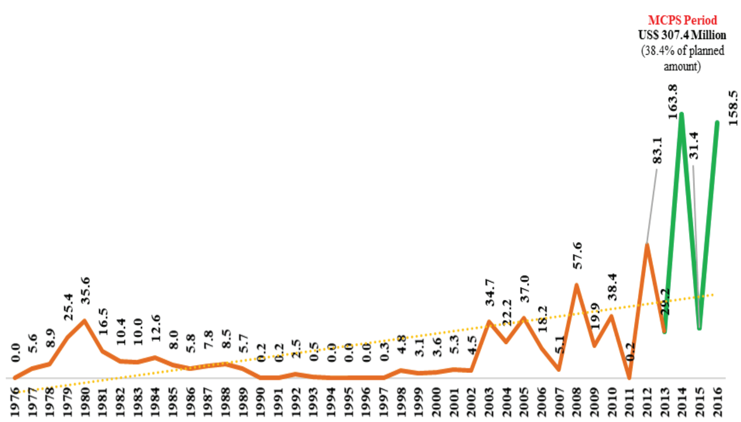
MCPS Implementation Review - Niger

The Niger MCPS included two main pillars: (i) Increasing Production and Productivity and (ii) Enhancing Trade and Economic Integration.
A third crosscutting pillar on Reverse Linkages between Niger and other IsDB member countries was considered inaddition to a set of initiatives aimed at boosting the Islamic finance industry in the country.

The MCPS was anchored in Niger's Economic and Social National Development Plan (PDES) for 2010-2015, and the MCPS strategic framework was fully aligned with the PDES goal of transforming the economy to create economic opportunities and generate sufficient budgetary margins to drive social improvement. A financing envelope of US$800 million was earmarked by the IsDB Group for the implementation of MCPS Niger.

The IsDB Group's portfolio in Niger amounted to US$885 million during the period 1976-2016. Growth of the IsDB Group financing portfolio from 1978 to 2011 was slow, but the trend in approvals increased steadily between 2012 and 2016 (see Figure 17 below). During the MCPS period (2012-2015), the IsDB Group approved seventeen projects (twenty-four operations) totalling US$307.42 million, including IsDB's approvals amounting to US$202.42 million, ITFC's US$40 million trade financing for the country's National Food Security Program (OPVN), and a US$65 million grant donation by a philanthropist (Fael Khair) for girls' higher education. In terms of sectors, the Transport and Education sectors accounted for the two largest shares, having 29 percent and 21 percent of all IsDB financing, respectively, followed by Agriculture (17 percent), Trade (13 percent), Energy (11 percent), Health (5 percent) and Water & Sanitation (4 percent). During the MCPS period, ICIEC insured three business activities amounting to EUR 52.7 million while IRTI and ICD did not undertake any activity in the country.

Figure 17: IsDBG Yearly Approval Trend for Niger (1977-2015) in US$ million



Out of the US$800 million planned financing by the IsDB Group, only 38.4 percent was approved during the MCPS period, thus falling short by US$492.58 million of the intended volume of approvals. Nevertheless, pointing to the positive results arising from the Bank's engagement efforts during the MCPS period, the IsDB Group was able to approve US$158.12 million for four projects in the Energy, Transport, Education, Islamic Finance, and Reverse Linkage sectors in 2016. The approvals included US$5 million for the Niger Islamic Bank (BIN) as part of ICD's global line of credit for its holding company (Tamweel Africa). All approvals were found to be in line with the country's development plan and consistent with IsDB Group priorities. Out of the US$307.42 million approved during the MCPS period, 24.3 percent was disbursed (US$74.7 million). Although this disbursement rate is on par with the portfolio disbursement rate of other multilateral donors in Niger, further improvement is needed to enable the country to achieve its economic development goals. Important to note is that more than half of the disbursed amount came from trade financing by ITFC, which historically has had a higher disbursement rate due to the nature of its operations.

The disbursement rate for IsDB-financed projects during the MCPS period stands at 13 percent. The main reasons for this low disbursement rate include: (i) lengthy Government processes for the declaration of effectiveness (about seventeen months on average), (ii) limited knowledge by some executing agencies of IsDB procedures; and (iii) absence of field presence and scarce supervisory missions to the country to foster communication and assist the relevant agencies in procurement processes. Three projects approved under the MCPS period—the Arlit-Assamaka Road, the Building Resilience to Recurring Food Insecurity Program, and the Support to the National Disease Prevention and Control Programs—in the Transport, Agriculture and Health sectors, respectively, are considered problematic due to their slow progress. Other factors that have hampered the successful implementation of MCPS Niger are as follows:

Niger's Readiness/Preparedness: Out of the planned financial envelope of US$800 million, only 38.4 percent was absorbed by the country due to: (i) lack of proper feasibility studies; (ii) non-approvals of PPP (Salkadamna and Zinder) for which US$365 million had been earmarked; and (iii) overestimation of private sector absorption capacity. These factors were exacerbated by IMF restrictions (i.e., its concessional funding requirement), a decrease in global oil prices, and the country's fragility (humanitarian needs for internally displaced peoples, refugees, and emergency relief).

Start-up Inefficiency: The Niger portfolio experienced inefficiencies at an early stage of implementation due to: (i) lengthy procedures for the declaration of effectiveness; (ii) slow appointment of project coordinators; (iii) limited capacity of PMU staff; and (iv) high staff turnover at the EA and PMU. As a result, most of the projects approved under the MCPS have faced delays.

Client-Donor Relationship Management: Overall, the quality of relationship management by IsDB Group has been poor. In addition to the lack of field presence of the IsDB Group in Niger, several issues still persist including: (i) slow responsiveness of the Bank; (ii) high rate of turnover of project officers at headquarters and the Dakar Regional Office; and (iii) limited project information sharing (project documents, disbursement statements and reimbursements, etc.) with the EA, the PMU, and relevant stakeholders. All these indicate that the remote management from both headquarters and Dakar causes enormous inefficiencies.

Pillar 1:

Increasing Production and Productivity: Seven OCR projects and two grant operations were approved under this pillar. The financing envelope of US$180.59 million was allocated to support Pillar 1 for a total of nine projects during the MCPS period. This amount represents a much lower amount than the US$629.6 that was planned million during formulation of the MCPS.

Out of these nine operations, three were approved in the Agricultural and Rural Development sector to boost domestic agricultural production in response to the chronic food shortages experienced in the country. In the Water and Sanitation sector, IsDB approved one project whose objective was to contribute to improved access to safe drinking water for the Nigérien population and its livestock. This project was considered a high priority in the prime minister's policy declaration, as the needs and demand for water supply in the country remain crucial.

One project in the Energy sector was approved during the MCPS. Despite numerous energy resources, Niger is among the lowest energy consumers in Sub-Saharan Africa, reflecting a low level of industrialization, suppressed energy demand, low electricity access, and an absence of viable long-term planning to optimize the use of the country's available energy resources. Thus, providing reliable and affordable energy services are a key development challenge for the Government of Niger, and it is in that perspective that the Gorou Banda Thermal Power Plant project was approved and successfully implemented.

In the Education sector, the primary challenges included an inadequate number of teachers at all levels of the system (primary, secondary, and tertiary), scarce and inappropriate learning and teaching materials, and a poor learning environment. One project was approved in this sector, namely the University Campus for Girls (donated by Fael Khair) for an amount of US$65 million.

Finally, in the Health sector, three projects, including two grant-based ones, were approved to strengthen primary health care (PHC), namely district hospitals, health centres, and community health posts. IsDB-funded projects under this pillar have met the expectations of the Niger authorities and population in terms of its focus on priority areas.

Out of the seven ordinary capital resource (OCR) projects and two grant operations approved under this pillar, only one project was fully completed (ARD sector – the Emergency Assistance to Drought Affected Member Countries in Sahel Region), and one is partly completed in the Energy sector (Gorou Banda Thermal Power Plant project, which still has two transmission line installations facing right-of-way issues).

Pillar 2:

Enhancing Trade and Economic Integration: In order to help Niger enhance trade and economic integration, six projects (three in the Transport Sector, two in the Trade Finance Sector, and one in the private sector) were approved during the MCPS period for a total of amount of US$126.85 million. Out of the six projects approved under Pillar II, three are completed (two in the Trade Finance sector and one in the private sector), and the remaining three (approved in the Transport sector) are under implementation.
In terms of regional integration, the Transport sector benefited from three projects—namely (i) Arlit-Assamaka Road, (ii) Sanam-Tabaram Road, and (iii) Tabaram-N'Karkadan Road—for a total amount of US$86.85 million compared to the US$65 million initially planned. None of the Transport sector projects is completed; they are all at an early stage of implementation. Worth noting is that the Kandadji Bypass Road project was approved in 2016 and is yet to be declared effective.

During the MCPS period, ICIEC has been active and effective in supporting investments in Niger through three operations. ICIEC insured Atradius Dutch State Business N.V. (one of the leading export credit agencies in the world) covering medium-term financing provided to the Government of Niger to construct a multifunctional central market in Zinder. The ICIEC insurance policy for this operation amounts to EUR 11.6 million. The new market (Zander Dolé Market) has been completed and is ready to be used. In addition, the ICIEC guaranteed the Letter of Credit (LC) issued by ECOBANK for the import of fibre optic cables from El-Sewedy Electric. The guarantee cover for the LC was EUR 7.1 million. Furthermore, ICIEC has underwritten a EUR 34 million line for a contract between STUDIO Tech audio-visual engineering (Belgium) and Niger's Inter-Ministerial Digital Committee (Comité Interministériel pour le Numérique du Niger) involving the supply, installation, and servicing of equipment related to the conversion of Niger's Television System from analogue format to digital.

ICD provided a line of financing in favour of the Islamic Bank of Niger (BIN) for an amount of US$4.5 million. ITFC approved two operations in favour of Niger for a total amount of US$40 million. The two approved and implemented operations aimed at ensuring food security that enabled hundreds of vulnerable households to have access to highly subsidised food, thereby limiting the number of rural dwellers venturing to neighbouring countries seeking a better living.

Cross-Cutting Pillar III: Reverse Linkages: Under this pillar, IsDB approved US$0.15 million in the form of grants as a seed fund to facilitate the approval of two projects totalling US$4.5 million (all grant) for the sole purpose of blindness control in Niger in partnership with a Turkish NGO (IHH - İnsani Yardım Vakfı) and the Turkish Cooperation and Coordination Agency (TIKA). In addition to the blindness control campaign, a third reverse linkages initiative, facilitated and co-financed by IsDB, whose aim is to support the Nigérien Agency for the Promotion of Rural Electrification (ANPENAPRE) via the National Office for Water and Electricity of Morocco, was approved in 2016. This is expected to enable a transfer of skills and technical know-how between Morocco and Niger towards improving access to rural electrification. All three projects under Pillar 3 remain relevant and are in line with the country's development plan as well as being consistent with the IsDB Group's priorities

Relevance

The MCPS Niger (2012-2016), based on two pillars and a crosscutting pillar targeting Axes I and II of PDES , was prepared through a participatory process that included an extensive dialogue with the Government of Niger and its primary development partners. This position was established through the MCPS Implementation Review for all stakeholders and partners meetings heldheld during that exercise. The relevant stakeholders were aware of the program and recognized the potential benefits of its outcomes. According to the IsDB Governor's Office,, 'all projects responded to the needs and priorities of the country and contributed to place the IsDB as Niger top development

Plan de Développement Economique et Social (PDES): The Nigerien National Development plan formulated in 2012 and implemented until 2015.

development partners in terms of the volume of project approvals.' The MCPS strategic framework, which was anchored in Niger's Economic and Social National Development Plan (PDES) for the period 2010-2015, was fully aligned with the PDES goal of transforming the economy to create economic opportunities and generate sufficient budgetary margins to drive social improvement.

However, some readily achievable opportunities were missed during MCPS implementation. For instance, at formulation, the MCPS highlighted support for (i) the Salkadamna Coal Power Plant and the Zinder Combined Cycle Power Plant, (ii) the livestock value chain, (iii) the effective implementation of remaining programs in vocational, literacy, and Koranic education, and (iv) technical assistance to SMEs/SMIs to develop bankable projects. However all of these projects have yet to materialize.

Effectiveness

Out of the US$800 million planned, only US$307.4 million (38.4 percent) was approved during the MCPS period, thus causing a US$492.58 million reduction in the intended volume of approvals. Amongst the many reasons for this failure to achieve the MCPS approval target are the following:

i.In 2011, during the period when the MCPS was being formulated, oil was discovered in Niger. Subsequently, extracting this oil has been difficult, causing oil prices to fall and so further changing the context of the country after MCPS formulation.

ii. Security issues changed in the period between MCPS formulation and its implementation. For instance, the country has been ravaged by an influx of refugees from Mali during the Libyan crisis, as well as social unrest triggered by attacks of Boko Haram in the Lake Chad basin.

iii. Financial regulation of Niger by the International Monetary Fund (IMF) contributed to the maximum possible amount that can be borrowed in relation to the country's GDP. IMF imposed strict financing threshold such as not allowing the approval of projects which have less than 35 percent grant element to be considered by the country.

iv. The financing requirement from the IsDBG through its private sector arm was overly optimistic and unrealistic. The readiness of the private sector to supply funding was not sufficiently assessed during MCPS formulation, and, in fact, most SMEs and private companies do not qualify for the level of investment that can be given by ICD and ITFC. Thus, a Sukuk for US$300 million could not be implemented during the MCPS period.

v.The level of awareness of some tailored uses of IsDB products seems to be quite low. For instance, an expected US$330 million in public private partnership (PPP) projects foreseen for the Salkadamna coal power plant and the Zinder combined cycle power plant did not materialize, in as much as there was awareness of PPP projects that were expected to be approved, the specific relevance and use were not well understood by the relevant stakeholders.

Out of the seventeen projects approved during the MCPS period, five have been completed: (i) the Emergency Assistance to Drought-Affected Member Countries in Sahel Region (the ARD sector), (ii) Gorou Banda Thermal Power Plant (the Energy sector), (iii) ITFC operations, (iv) the Reverse Linkage Operation between Niger and Turkey under the Framework of Alliance to Fight Avoidable Blindness, and (v) the Framework of Alliance to Fight Avoidable Blindness.

In the Trade Finance sector, the two operations approved by ITFC for a total amount of US$40 million involved the purchase of 54,000 tons of cereals (maize, sorghum, and millet) from Nigeria and Burkina Faso during periods of food shortages. The Government then sold these cereals to vulnerable population members at heavily subsidized prices of 40 percent less than their market prices. As a result of ITFC support, 540,000 vulnerable households benefitted from reduced food prices.

In the private sector, ICIEC-insured Atradius Dutch State Business N.V. (one of the leading export credit agencies in the world) provided the Government of Niger medium-term financing to construct a multifunctional central market in Zinder. The ICIEC insurance policy for this operation amounted to EUR 11.6 million. The new market (Zander Dolé Market), which has been completed and is ready to be used, has 2,200 shops that could create up to 3,000 permanent jobs. During the market's construction, at least 850 local workers were recruited. In addition, ICIEC guaranteed imports of strategic goods, i.e., fibre optic cables from El-Sewedy Electric, to Niger through a Letter of Credit (LC) issued by ECOBANK and having a guarantee cover of EUR 7.1 million. Furthermore, ICIEC underwrote a EUR 34 million line for a contract between Studiotech Belgium, an audio-visual engineering firm, and Niger's Inter-Ministerial Digital Committee (Comité Interministériel pour le Numérique du Niger) for the supply, installation, and service of equipment related to conversion of Niger's television system from analogue to digital format. (For details, please refer to case study in Annex V.) Similarly, the ICD's line of financing in favour of the Islamic Bank of Niger (BIN) is almost fully disbursed (US$4.5 million, or 90 percent).

Plan de Développement Economique et Social (PDES): The Nigerien National Development plan formulated in 2012 and implemented until 2015.

Efficiency

On average, financing agreements related to the projects approved during the MCPS period were signed within three months of the project approval date; Bank procedures allow six months for this approval. However, most of the projects approved experienced delays in their declaration of effectiveness. For example, the energy-related project involving the Gorou Banda Power Plant became effective one year after the signing of the financing agreement, while the Arlit-Assamaka road project was declared effective in two years and ten months after the signing of its financial agreement.

During the MCPS period, US$74.70 million, representing 23.3 percent of the total amounts approved, was disbursed; in contrast, the average disbursement rate of IsDB's intervention in other countries (i.e., Uganda and Senegal) during the MCPS period was only 15 percent. It should be noted, however, that most of the projects incurred delays in their implementation. Moreover, this disbursement rate is also comparable to that of other donors in Niger, and more than half of the disbursement amount came from trade financing by ITFC. However, the disbursement rate for IsDB projects during the MCPS period stands at 13 percent, which is below par when compared with other MDBs operating in the sector.

Sustainability

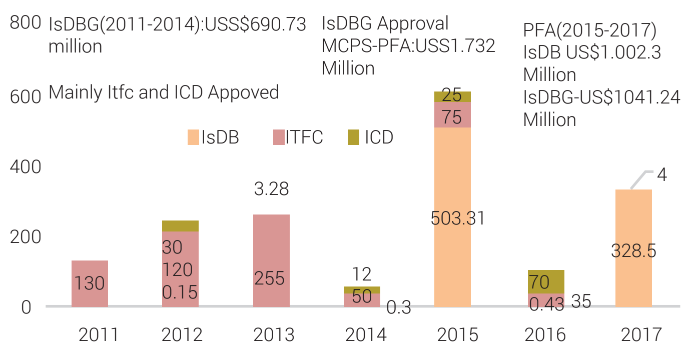
Most of the projects under the MCPS are still in the early stages of implementation, partly due to slow progress made in their implementation. Consequently, it is difficult to assess these projects' sustainability. Nonetheless, as the review revealed, existing provisional arrangements at the level of some ministries ensures these projects' sustainability. Therefore, the following may be anticipated for some specific projects. The Gorou Banda Power Plant project may be sustainable provided consumers' payment of electricity is continuous. In the same vein, the road projects are sustainable if the governmental body in charge of collecting taxes from road users is able to generate sufficient revenue to maintain the road infrastructure. Importantly, the sustainability of these projects depends on continued government support for their individual sectors through regulations and policies that favour development of these sectors, frequent consumer and customer patronage, and proper maintenance of the associated investment.

MCPS Implementation Review - Kazakhstan

The MCPS for Kazakhstan was anchored in the country's development priorities, as articulated in the Government of Kazakhstan (GoK) Vision 2030 Program. The MCPS, which was finalized in 2011 to be implemented until 2014, identified four pillars: (i) Increasing Country Competitiveness through Infrastructure Modernization (Transport, Energy, and R&D capacity building), (ii) Non-extracting Industry, Agriculture & Rural Development, (iii) Advancement of Islamic Finance, and (iv) Cross Border Cooperation and Trade. In addition, private sector development was identified as a cross-cutting theme for the IsDB Group's interventions. Before the completion of the MCPS period, a partnership framework agreement (PFA) was initiated by the Government of Kazakhstan (GoK) with the IsDBG in 2014 to be implemented from 2015 to 2017. The PFA was linked to the MCPS and was supposed to serve as the main framework of cooperation between the IsDB Group and GoK from 2014 onwards. Although the IsDBG did not earmark a financing envelope for the Kazakhstan MCPS (2012-2014) following the oil crisis the country faced during the inception of the MCPS in 2011, the IsDBG was to support the PFA implementation with an amount of US$2 billion.

During the MCPS-PFA period (2011-2017), the IsDB Group approved US$1.732 billion (86.6 percent of the planned amount set in the PFA) to Kazakhstan as follows: five (5) IsDB projects, five (5) ICD operations (two (2) equity and three (3) lines of finance), two (2) ICIEC operations, thirteen (13) ITFC operations, and four (4) technical assistance grants. In terms of sector distribution, the Agriculture sector received the highest approvals, accounting for 57 percent of the total approved amount, followed by the Transport sector (32 percent), the Islamic Finance Development sector (7 percent), and the Water & Sanitation sector (4 percent). ICIEC insured US$103 million worth of businesses (import and export) while IRTI organized four research activities and five training programs. The amount approved under the MCPS-PFA period represents 78 percent of the total financing for the country since IsDBG began operations in 1993.

Figure 18: IsDBG Approvals under the MCPS Kazakhstan and PFA (2011-2017)



Pillar-1: Increasing Country Competitiveness through Infrastructure Modernization

– At an overall level, the total approvals under the pillar stand at US$543 million, of which only US$200,000 have been disbursed. IsDB approved two road reconstruction projects: (i) the Aktobe-Makat road at US$205.6 million and US$9.5 million and (ii) the Atyrau-Border with Russia (Astrakhan) road. The financing plan for the Aktobe-Makat project has undergone revision due to devaluation of the local currency. Agreements of the two road projects are waiting ratification by the Parliament while the bidding documents are being prepared. The science and technology component under the MCPS received a grant of US$150,000 for Developing the Capacities of the Al-Farabi Kazakh National University in Phytochemical Development in 2016, but only $20,000 to date has been disbursed so far.

Pillar-2: Non-Extracting Industry, Agriculture & Rural Development

– At an overall level, total approvals under the pillar stand at US$1,068 million in Agriculture, Water and Sanitation, and Trade Finance. Out of the total amount approved, 52.1 percent has already been disbursed. The bulk of the US$ 557 million disbursement was from ITFC. In the Agriculture sector, the IsDB approved one project: Support the Agriculture Sector with total financing of US$70 million. However, this project was cancelled due to issues involving taxation and borrowing hard currency as well as a lack of guarantee from the KazAgro Holding Company to KazAgro Finance due to its upcoming privatization. In addition, IsDB approved two TA Grants: (i) the Preparation of Preliminary Institutional Framework Study for the OIC Food Security Organization for US$300,000 and (ii) the Preparation of Feasibility Study for Livestock and Dairy Development for US$280,000. The first TA is experiencing delays in effectiveness because the Ministry of Justice requested to re-sign the agreement at the level of the GoK and IsDB and not at the level of Ministry of Agriculture. The ratification of the second TA by the Parliament is expected by the end of 2017.

For the Water and Sanitation sector, two projects were approved:

(i) the Almaty Region Rural Water Supply Project with total financing of US$75.31 million and (ii) the Rehabilitation of Irrigation and Drainage Project at US$142.9 million. The Almaty Region Water Supply Project is not yet effective pending ratification by the Parliament.

In terms of the Trade Finance and private sector, ITFC and ICD approved a total amount of US$805 million. The ITFC approved its financing for the following:

(i) JSC "KazExportAstyk" (KEA) in five operations for a total amount of US$240 million and (ii) JSC "AIC Invest" in seven operations had total approvals amounting to US$230 million. On the one hand, ITFC's client, KEA, had a positive experience and achieved its company's results with the financing provided for the pre-export financing Murabaha operation, which consisted of buying wheat from them and then selling it locally and internationally. However, even though the first five operations were completed on time, AIC Invest has been defaulting in the repayment of one operation worth US$50 million. As such, the last approved operation worth US$ 75 million has been cancelled, and a legal case has been initiated to resolve the dispute.

ICD, on the other hand, approved US$40 million for Global Line of Financing for SMEs in Kazakhstan. However, Global Line was later cancelled due to a request by the National Bank of Kazakhstan, as commercial banks are not licensed to perform Islamic financing operations.

Pillar-3: Advancement of Islamic Finance

- The total approvals under this pillar are US$119.4 million from ICD operations and a TA Grant from IsDB. In terms of disbursement, 21.1 percent of approvals have been disbursed (US$25.3 million). ICD took an equity participation of 35 percent in the Kazakhstan Ijara Company (KIC) and 5 percent equity in Zaman Bank. In addition, ICD also approved lines of finance operations, but these have not yet been utilized by the local banks. IsDB, on its part, approved a TA Grant for the National Bank of Kazakhstan (NBK) for US$150,000 to develop the Legal Framework for Islamic Finance. approved a TA Grant for the National Bank of Kazakhstan (NBK) for US$150,000 to develop the Legal Framework for Islamic Finance. However, it was unilaterally cancelled by NBK due to poor performance of the consultant. At GoK's request, the amount was transferred to the Astana International Financial Center, which used it for a seminar on Sukuk hosted by AIFC in September 2017. The two equity operations for ICD to the Zaman Bank and KIC were instrumental in setting up Islamic Finance institutions in the country. Due to factors stemming primarily from regulations that limit the operations of Islamic finance institutions and from economic conditions, both the Zaman Bank and KIC are experiencing financial difficulties.

Pillar-4: Cross-Border Cooperation and Trade

- Two ICIEC Operations covering US$102 million investments were approved under this pillar including an insurance operation (during 2014-2016) covering a $81.3 million transaction involving import of capital goods from Japan (Mitsubishi and Hitachi) for the mining industry to Shubarkol Komir & Sokolov-Sarbay Mining Corporation in Kazakhstan. ICIEC also re-insured the transaction of LKZ “Locomitive” for a total of US$20.9 million from “KazakhExport,” a project that contributed to the export of ten locomotives from Kazakhstan to Azerbaijan. Both projects have gone well and contributed to enhancing trade and cooperation between Kazakhstan and Azerbaijan.

Relevance

As this was the first MCPS cycle for the IsDB Group in Kazakhstan, IsDB attempted to cover several priorities of the country's development plans. However, due to the budget surplus during rising oil revenues prior to 2014, there was no public-sector projects approved during the MCPS period (2012-14). Subsequently, after the downturn in global oil prices, the GoK initiated a PFA (2015-17) with the IsDBG to cover necessary project financing and budgetary shortfall. Overall, all approved projects during the MCPS-PFA period were in line with the objectives of the GoK, consistent with IsDB's Vision 1440H and its strategic thrusts, and covered the main sectors of the country's economy. However, there were some missed opportunities as well, particularly in Energy sector and in PPP financing.

Effectiveness

During the MCPS-PFA period, in terms of disbursement rate, only ITFC and ICD (Equity) have had substantial disbursements, at 73.77 percent and 17.52 percent, respectively. The disbursement rate of IsDB's operations, however, has remained very low due to recent project approval and start-up delays, mainly due to negotiations on IsDB financing agreements, optimization of financing plan, change of the executing agency, and the GoK's approval and ratification process.

Efficiency

ICIEC and ITFC operations and to a limited extent ICD were processed, approved, and disbursed efficiently. For instance, the LKZ “Locomotive” ICIEC reinsurance project was sourced and approved in a short period. With respect to public sector financing by IsDB, the portfolio is relatively new, with most operations having been approved only within the past two years. However, the projects are lagging behind schedule due to delays in the review of financing agreements by the Ministry of Justice and in ratification by the Parliament of Kazakhstan. Complex IsDB documentation for two-step financing are also causing delays as this includes review of four financing agreements (two each for Istisna'a and Ijara financing) by the Ministry of Finance and the Ministry of Justice and then ratification by the Parliament. In addition, the long delays at project start-up are having a knock-on effect at implementation. The feasibility study cost-estimates have been frequently found to be inaccurate, and the substantial devaluation of the local currency (KZT) since 2015 has necessitated re-adjusting the project cost estimates.

ITFC has also had a mixed experience on the country's commodities' market. ITFC financing for AIC Invest did not go as planned, and the company has defaulted on a US$50 million operation.

Overall, despite some notable interventions from IsDB in the Agriculture sector and high approvals from the entities, the IsDBG on the whole was unable to meet all its commitments set at the MCPS-PFA. The primary omitted targets that were specified under the original MCPS included the following: (i) PPP projects that are much needed by the GoK; (ii) adequate support in setting up the right conditions for the development of the Islamic Finance Industry; and (iii) support for the Energy sector. The first two were due to the lack of a regulatory and legal policy framework to support Islamic finance and PPP, whereas support for the Energy sector failed due to the fact that GoK strategy does not undertake foreign borrowing for projects involving the electricity grid network.

Sustainability

It is too early to assess the sustainability of all interventions. However, the overall sustainability of IsDB operations might be affected by GoK external borrowing limitations and concerns over debt servicing in 2018-2020, which will also have an impact on the next MCPS's borrowing volume. Although, as the MoF noted to the Implementation Review Mission, the GoK undertakes necessary steps to optimize budget expenditures and increase revenue. In addition, the GoK expressed a strong interest in financing in local currency as opposed to foreign currency, particularly for the LoFs for SMEs in agriculture. urthermore, it was noted that the GoK prefers direct external borrowing by national holdings, state-owned enterprises (SOEs), and regional governments. This decision can potentially affect IsDB financing level under the upcoming MCPS. Current conditions under this arrangement are as follows:

(i) under the direct lending to the MoF implies, the MoF is the borrower and ratification by the Parliament is required and **(ii)** financing a project through MoF Guarantee, which includes a 2 percent flat fee charged to the beneficiary, if the beneficiary is a private company.

Additional covenants are required for this type of borrowing. If the borrower is a public entity (SOE, etc.) then the fee is only 0.2 percent, and there is no need for ratification by the Parliament. Operating entities would be responsible for the repayment of borrowed resources, and the GoK would guarantee financing repayment. This arrangement raises a concern as to whether the operating entity would have adequate capacity to repay the borrowed amount and to efficiently implement projects and programs.

As part of its sector analysis, the OED prepared a synthesis report on all post-evaluated projects in the Water and Sanitation sector in member countries. Overall, the synthesized evaluated projects present a mixed performance, particularly in relation to the evaluation criteria of efficiency, effectiveness, and sustainability.

Relevance

Based on the review of PPERs, all the projects' goals and objectives were found highly relevant and consistent with member country development strategies as formulated in national or regional development plans (including multi-year public investment plans) or long-term sector development strategies or within their national emergency programs for mitigation of drought effects for water supply and salvation of livestock populations. All water supply and sanitation projects were aimed at enhancing the Government's efforts towards self-sufficiency in food production by improving living conditions and at reducing water-borne diseases and effects of arsenic contamination mainly through distribution networks. Thus, , building the main infrastructure of water production was to improve the health and environmental conditions of the population in the project area of influence. These projects were also highly relevant and aligned with IsDB Group poverty alleviation and human development policies and strategies by improving the living conditions of both urban and, in particular, rural populations by responding to the water needs of poor communities. Nonetheless, the lack of sound preparatory studies combined with non-comprehensive feasibility studies has led to significant changes in project scope and even substitution of villages/towns during project implementation based on changing hydrogeological conditions. These, in turn, have led to flawed design of the water systems to be implemented with no indication of targeted beneficiary villages, poor siting of boreholes, and lack of consideration for water quality and socio-cultural acceptability by the targeted population.

Efficiency

In relation to efficiency, about 29 percent of post-evaluated projects were rated efficient. However, there were significant cost variations (comparison of estimated and actual project costs) in the sewerage projects (+69.8 percent) in particular, with project cost underruns recorded in the integrated water supply and sewerage system. Only fifteen (15) out of thirty-seven (37) WATSAN post-evaluated projects included a cost-benefit analysis (CBA) at appraisal with an estimation of an economic internal rate of return (EIRR) or a financial internal rate of return (FIRR). At post-evaluation, only eight (8) projects included a re-evaluated CBA, as reviewing and re-evaluating the economic and financial benefits proved difficult, particularly for rural water supplies and for integrated water supply and sewerage system post-evaluated projects. The main reasons were the lack of availability of data and the need to undertake a thorough analysis of economic and social returns using actual costs and benefits as well as risk analyses to estimate the incurred costs due to environmental damage due to increased pollution and the need to implement mitigation measures.

Effectiveness

The major achievements of post-evaluated projects were rapid access to water points that reduced the time needed for women to fetch water, increased water consumption by herds together with day-long access to water and shortened distance to access water points, improved health conditions with decreased water-borne diseases and infant and livestock mortality, increased meat and milk production with improved food diet of the rural population. However, the reasons behind the insufficient outcome achievements of rural watersupply projects, in contrast with projects in other water sub-sectors, were mainly due to low implementation performance, lack of focus (dispersion of the project in the region) with insufficient awareness and lack of support of agricultural activities downstream, and the absence of specific enclosures for herd access to water points, thus posing health and hygiene issues. Overall, the majority (64 percent) of WATSAN post-evaluated projects were rated effective. Nonetheless, this performance displays significant variability among water sub-sectors, particularly for the rural water supply post-evaluated projects, which show a low effectiveness performance.

Sustainability

The sustainability of WATSAN post-evaluated projects was assessed to be either likely (50 percent) or less likely (44 percent) with 6 percent being highly likely to be sustainable. This likely to be sustainable rating results from adequate management capacity and well-staffed PIUs under the water authorities (general directorates for water resources or ministries) of successful WATSAN projects. These directorates and ministries proved to be strong partners of the IsDB over the whole implementation period of WATSAN projects.

However, the absence of a regulatory framework for waste water re-use and established systems to recover the costs from users, coupled with a difficult working and institutional environment, affected the executing agencies' performance in some countries (e.g., Bahrain, Lebanon, Syria, Yemen), where paying water fees regularly has not yet become systematic. In addition, there was no systematic assessment of the co-financiers' performance or of any joint work among co-financiers and other actors in the water supply and sanitation projects, although their complementary or parallel activities were mentioned or described. The parallel financing of some components of other donors' financed projects has positively and directly improved IDB-financed project or contributed to improving the overall performance of these projects.

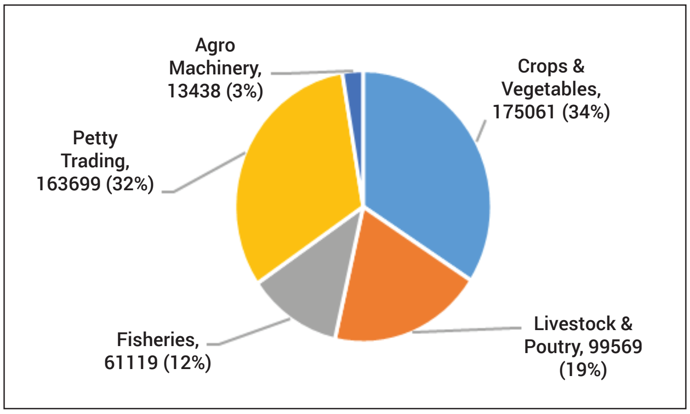
C.Other Evaluations

Special Evaluation of Fael Khair Program in Bangladesh

The Fael Khair Program was implemented in Bangladesh following the Cyclone Sidr that struck the southern coast of Bangladesh on 15 November 2007 with winds up to 240 kilometres per hour and a storm surge of about 20 ft (6 m) high, causing considerable damage and the loss of thousands of lives in thirty districts. More than one million households were seriously affected and about 2.3 million households were mildly affected. The Islamic Development Bank (IsDB) Group launched the Fael Khair Program (FKP) in Bangladesh in May 2008 through a generous donation of US$130 million made by a Saudi philanthropist. The FKP aimed at protecting the people living in this part of the country from similar calamities in the future by constructing dual-purpose school-cum-cyclone shelters (SCCSs) and by assisting the victims of cyclone Sidr in restoring their livelihoods mainly by providing Shariah-compliant microfinance loans.

As of the September 2017 evaluation period, the program had completed and handed over 116 SCCSs (74 percent) of the 172 SCCSs planned; eleven (11) SCCSs were completed to be handed over; thirty-two (32) SCCSs were under construction with steady progress being made; and eleven (11) SCCSs had major implementation challenges due to the weak capacity of the contractors. Overall, 159, or 92 percent, of the 172 SCCSs are on track to successful completion. Regarding the Rehabilitation of Livelihood of Cyclone Victims, 512,886 Sharia-compliant loans have been extended to 169,703 beneficiaries, among whom 113,956 are women (67 percent). The total sum of the loans (recycled by seven times) amounts to US$123 million, with an average loan of US$385 per beneficiary. In addition, 5,209 training programs have been organized for all the beneficiaries. The loans have been used to support various economic activities including trading, farming, animal husbandry, and fisheries. The number of loans received by economic activity is as shown below:

Figure 19: Number of Loans Received by Economic Activity



The program has so far produced significant developmental outcomes for its targeted beneficiaries:

•An enhanced teaching and learning environment, including increased access to education – with total enrolment of 29,297 students, including 46 percent female (25,440 students planned) – over achievement by 15 percent,
•Reduced teacher–pupil ratios (i.e., class sizes) in beneficiary schools. The number of students per class declined from an average of 75 students per class in 2008 to 50 in 2017,
•Improved student performance. Pass rates of 90%-100% in beneficiary schools in contrast to an 80% or lower pass rate prior to the program,
•Increased safety of communities during the latest cyclone, Roanu (2016) – provided safe shelters to 11,400 people and 3,500 cattle, and
•Increased economic activity & diversification (farm and non-farm activities of farmers, fishermen, and traders).

In addition, there has been increased accumulation of non-land physical assets (TV sets, furniture, etc.) on the average of US$273 per household, increases in household income by US$193.8/month, a reduction in the extremely vulnerable poor, whose rate in program areas was reduced by 7.4 percent, and increased employment opportunities in beneficiary communities. Over 1,000 teachers are now permanently employed (in contrast to 512 initially), and 860 skilled and 3,440 unskilled have been employed during the construction phase.

Overall Assessment

The overall program performance rating is based on separate assessments of the four core evaluation criteria (relevance, effectiveness, efficiency, and sustainability), which are then aggregated to produce the overall rating (see Table-3.4). Thus, this overall rating is a simple average of the scores of the four core criteria.

The program performance rating criteria are measured on a four-point scale: (i) Highly Successful, (ii) Successful, (iii) Partly Successful, and (iv) Unsuccessful. The program performance rating matrix is referred to in Annex E. Overall, the program is rated "Successful."

Relevance

The Fael Khair Program objectives were relevant because the project was a response to the immediate needs of the Sidr-affected victims in the coastal belt as identified by the Government of Bangladesh (GOB). It was consistent with GOB's efforts to assist and rehabilitate the victims of the cyclone. The program was formulated in response to the Fael Khair's donation of US$130 million for relief assistance to Cyclone Sidr victims in Bangladesh, was based on the intended objectives and goodwill of the Fael Khair and on Bangladesh's overall needs and priorities, and was consistent with the Government's disaster management policy and strategy.

Effectiveness

The employment opportunities provided by the program have resulted in increased incomes and employment of local people, thereby enhancing their socio-economic status. In addition, the provision of toilet and sanitary facilities, as well as of potable water, has contributed to improved hygiene and sanitation conditions, not only for students but also for the neighboring communities. More importantly, out of the total envisaged number of shelters, thirty-six completed or near-completion shelters have provided safe havens for 11,395 people and 3,500 head of cattle during the latest cyclone, Roanu (2016). In light of the above, the program is rated as "Effective."

Efficiency

Overall, the program was scheduled to be completed in six years with completion envisaged in July 2014. However, the program is still under implementation, with 74 percent of the 172 SCCSs completed. As of 31st July 2017, the actual current delay is thirty-six months. This delay is attributable to delays in all three phases of program implementation: start-up, procurement, and construction. With regard to cost efficiency, the program was envisaged to cost a total of US$110 million. As of the end of July 2017, the total cost incurred had reached US$108.03 million against a committed amount of US$124.2 million. Overall, the program is rated as "Less Efficient."

Sustainability

Lack of financial resources and of capacities of management committees contributed to maintenance issues, thereby affecting the sustainability of the project.

How ever, there was a strong sense of government support and ownership at various levels of program implementation. Neither the construction nor the rehabilitation component of the program had any adverse effect on the environment, and, in fact, the program actually improved the local environment. Lastly, program implementation was affected by exogenous factors such as political and industrial labor unrest. For example, in 2015, political strikes and blockades led to hindered delivery of materials and transport of labour to construction sites, thus impeding access to them for a three-month period. In light of the above, the program is rated as "Likely Sustainable."

Evaluation of IsDB Technical Assistance to the Islamic Financial Sector

IsDB uses technical assistance (TA) as an operational instrument for helping its member countries (MCs) in identifying and designing projects, improving institutions, formulating development strategies, and fostering regional cooperation. As part of the work program 2017G, the OED has planned a thematic evaluation of all technical assistance grants approved by the Bank for Islamic Finance in member countries (MCs). The IF TA Performance Evaluation Report (TAPER) will be based on the twenty-three completed and twenty-two on-going TA grants in more than thirteen MCs. The TAPER will be based on building blocks covering the following three categories: (i) TAs focusing on IF infrastructure institutions, i.e., all those related to supranational bodies in charge of setting up Islamic finance norms and standards, such as AAOIFI (Bahrain), IFSB (Malaysia); (ii) TAs focusing on creating an enabling environment, i.e., all those relating to a regulatory and legal framework at the country level; and (iii) TAs focused on capacity building, i.e., those covering conferences, media campaigns/awareness building, and training workshops.

The findings below represent TAs under IF infrastructure institutions and result from comprehensive discussions held with stakeholders, including representatives of the Central Bank of Bahrain, the Ministry of Finance, Accounting and Auditing of Islamic Financial Institutions (AAOIFI), the General Council for Islamic Financial Institutions (CIBAFI), the International Islamic Financial Market (IIFM), the Islamic International Rating agency (IIRA), and the Liquidity Management Center (LMC). The mission also met with a series of clients/beneficiaries and partners of these institutions. The present is part of a thematic evaluation of Islamic finance TA grants financed by IsDB and IRTI. The evaluation of the TAs in Bahrain is one of its building blocks. The preliminary findings are summarized below.

Relevance

Overall, IsDB support to infrastructure institutions in Bahrain has been very relevant, timely, and consistent with the Vision 1440H. More specifically, the expansion of the Islamic finance industry was one of nine strategic thrusts considered crucial for the realization of the vision. This support is also consistent with the IsDB Group's Ten-Year Strategy, which placed Islamic finance at the heart of the IsDB Group's mission for promoting comprehensive human development. More importantly, one important goal of the current Ten-Year Strategy (2015-2025) is "Global Islamic Finance Growth." Indeed, the IsDB Group wants to become a leading reference in Islamic finance by increasing its share of Islamic finance clients from 1.1 percent in 2014 to 18 percent by 2025 and its share of Islamic finance institutions' assets from 1 percent in 2014 to 5 percent by 2025. As a founding member, IsDB views these institutions as key enablers to achieving its mission and strategic goals.

Effectiveness

Over the years, Islamic finance infrastructure institutions were able to gain the support and confidence of the industry's stakeholders and beneficiaries worldwide. Regarding technical assistance support, all institutions were able to implement the funded projects. Prior to IDB's TA, AAOIFI had embarked on its reform project by changing management and electing a new board of trustees consisting of twenty members from fifteen different countries and various Fiqh backgrounds. Thanks to the IsDB's TA, the new management embarked on an outreach campaign to create awareness, increase membership, and gain support for adopting its standards. AAOIFI organizes two conferences each year, one for Shari'ah advisory boards of Islamic financial institutions and the second in collaboration with the World Bank to discuss issues rated to mainstreaming Islamic finance. Over 800 participants attended the last joint conference with the World Bank organized in Bahrain in November 2017, and more than 22,000 followed it through social media. To date, AAOIFI has released 101 standards in five different themes: accounting, auditing, governance, Shari'ah, and ethics. In addition, AAOIFI is now offering two professional certifications: "Certified Islamic Professional Accountant, CIPA" and "Certified Shari'ah Advisor and Auditor – CSAA." AAOIFI signed agreements with twenty-eight institutes and training centers in twenty countries to host the certification exams (four modules; two exams per year). To date, more than 1,000 professionals have acquired these certificates.

CIBAFI used IsDB support to organize training and professional development certification programs in OIC member countries and to work towards developing new products. In particular, CIBAFI used IsDB support to develop new initiatives in training such as the "Certified Islamic Banker - CIB" certification and the "Executive Program for CEO"in collaboration with EVY Business School in Canada. More than 7,750 people have so far benefitted from CIBAFI training, and about 5,800 people have been awarded the CIB certificate.In addition, CIBAFI used the technical assistance support to create awareness and advocacy for Islamic finance by creating partnerships and collaboration agreements with institutions such as the World Bank, the IMF, and the Basel Committee on Banking.

As for IIFM, IsDB support helped in producing two documentation standards, the "Master Collateralized Murabahah Agreement" and "Islamic Foreign Exchange (IFX) Forward." These two documents provide global standards for liquidity management and risk mitigation of foreign exchanges. Institutions and market participants in countries such as Malaysia, Bahrain, Saudi Arabia, UAE, Turkey, UK, Qatar, Brunei, and Jordan use IIFM standards for issuing Sukuk and hedging against FXE volatility. In this respect, the Saudi Arabian Monetary Agency (SAMA) has asked all institutions to use the IIFM Hedging Master Agreement and related product templates (IFX Forward). In addition, IIFM used an IsDB grant to organize seminars to educate market participants in the understanding and application of these standards. Overall, IIFM has developed ten standard documentations, which have helped the users to achieve significant cost savings during their transactions. It has also produced an annual report on Sukuk issuance, newsletters, and concept papers, all of which now contribute to industry growth.

IIRA used IsDB support to strengthen its fiduciary rating system (FRS) and build its internal capacity by deepening its analysis and issuing ratings based on national and international scales. Since completion of the TA, IIRA has been able to issue twenty-five fiduciary ratings for twenty-five banks in fourteen countries as well as four sovereign ratings. IsDB support has enabled IIRA to penetrate and gain recognition in several markets including those in Bahrain, Malaysia, Turkey, and Jordan. IIRA is in the process of completing registration to allow it to operate in Oman, Pakistan, and Sudan. In December 2014, CBB asked all Islamic banks in Bahrain to seek a IIRA fiduciary rating, thus giving IIRA recognition and market credibility. Since then, all large Islamic banks such as the Al Baraka Banking Group (ABG), the Kuwait Finance House (Bahrain and Turkey), the Dubai Islamic Bank, the Bank of Khartoum, the Bahrain Islamic Bank, and the Arab Bank have received a fiduciary rating from IIRA.

Efficiency

IsDB disbursed US$0.80 million, 65 percent of its approvals, albeit with some delays, and the beneficiary institutions used the resources efficiently to achieve their objectives. All the TAs focused on enhancing the capacities of these institutions and helping them meet the demands of the Islamic finance industry. The TA beneficiaries are providing crucial services to the Islamic financial services industry through standard setting, capacity building, corporate and sovereign rating, and certification.

AAOIFI used IsDB's TA to embark on its reform process by engaging a consultant to draft its roadmap strategy. The TA covered about 45 percent of the total project cost, and an individual donor covered the remaining 55 percent (US$400,000). The bulk of the money was efficiently used to hire a consultant, and the balance was used to cover the cost of consultations and of convening experts to discuss the strategy and provide feedback to the consultant. The project is progressing well and is expected to be completed in 2018. In 2014,

CIBAFI had new management and new strategic planning. CIBAFI used IsDB support to develop new product and new curricula for training. The return was very significant, as CIBAFI was able to generate over US$500,000 from training sessions in 2016. In total, CIBAFI collaborates with over thirty agents in twenty countries for marketing and organizing its training sessions.

IIFM used the money to contract Shari'ah and legal advisory services. IsDB support covered about 55 percent of the total project cost. IIFM used about US$93,000 of its own resources (45 percent of project cost), and the project was completed on time.

IIRA received two TA grants, one completed and one ongoing, for a total of US$380,000. IIRA utilized the completed TA (US$130,000) in developing methodology, soliciting consultation, training, and piloting the rating system. No consultant was engaged, but IIRA used the expertise of its partners: the Malaysian Rating Corporation (MARC) and JCR-VIS of Pakistan. The first TA operation was successfully completed on time and within budget. The second and ongoing TA (US$250,000) is not yet disbursing.

Sustainability

IsDB TAs helped infrastructure institutions to progress towards a level of maturity and to slowly gain confidence and the support of the industry. However, many constraints—the financial viability of the beneficiaries, the small scale, overlapping and lack of synergy, and slow adoption and enforcement of the standards (by regulators and the market itself)—challenge the TA's sustainability results. Moreover, IsDB has done enough to help these institutions in reaching their full potential in terms of developing new products and adoption of their standards. The industry still lacks the professional qualifications equivalent to certified public accountant (CPA), chartered financial analyst (CFA), and professional risk manager (PRM). With the exception of IIRA, all the infrastructure institutions are non-profit entities, and hence their business models depend entirely on external support (e.g., membership fees, donations, and support from founders). Since they are financially weak and face difficulties in raising enough resources, they have remained relatively small while operating in a competitive and constantly changing environment. Unless they become financially viable, IsDB support will still be needed to enable them to meet industry growth requirements. Indeed, although the Central Bank of Bahrain and the Waqf Fund of the Kingdom of Bahrain have played a critical role in supporting these institutions financially, they still face many challenges to attain the sustainability stage.

Microfinance Support Program

In pursuit of the Bank's overarching goal of poverty reduction and the specific goals of the ISFD, the Bank has designed and implemented a microfinance support program (MFSP) in many of its member countries including Benin, Kazakhstan, the Kyrgyz Republic, and Tajikistan, which OED evaluated. The main objective of the microfinance support program is poverty reduction through improved opportunities for poor communities, women in particular, to access the necessary financial resources, skills, and expertise needed to secure gainful employment in either the formal or the informal sector while also promoting Islamic finance services. The MFSP has been implemented in several member countries, most of which are middle-to-low income countries with high levels of poverty. The program is therefore timely and relevant to the needs of the member countries as most of the recipient countries have national strategies for poverty reduction in which the program fits well.

The program was implemented through microfinance schemes and capacity building. Although the microfinance scheme was set to meet some target (average loan, number of beneficiaries, percentage of women, average markup rate, etc.) in all the member countries, its effectiveness was limited. In only one country was the program able to achieve its target in terms of average loan, number of beneficiaries and percentage of women beneficiaries. Thus, the program's impact could have been greater had it focused to a greater extent on women, as the rate of women beneficiaries was below the 50 percent target (except in Benin). The capacity-building component had a more limited impact on the program. Indeed, the program was mainly (except in Kazakhstan) implemented through a conventional mode of financing instead of the Islamic mode as planned because, in most of the countries involved, an Islamic finance regulatory framework was missing. Therefore, the program, overall, is found to be less effective.

Moreover, the project's efficiency could be improved. In Tajikistan, all but one executing agency failed to disburse their full financial contribution, thus reducing the project funding. In Benin the full amount committed was not disbursed because some components of the project were not implemented. In the other countries, the project has experienced delays in implementation. Therefore, overall, the program is found to be less efficient.

However, the main challenge the project faces in all countries is sustainability, due primarily to the institutional weakness of some executing agencies especially in the Kyrgyz Republic and Tajikistan. Moreover, the projects' revolving fund is not fully functional in most of the countries, and, therefore, the program's sustainability is, overall, found to be less sustainable.

Further findings on microfinance support program performance will be reported in the 2018 Annual Report. The emerging lessons from the program, however, are given in Chapter IV.

CHAPTER -III :

DEVELOPMENT RESULTS

A. Agriculture and Rural Development
B. Water and Sanitation Sector
C. Transport Sector
D. Energy Sector
E. Education Sector
F. Health Sector
G. Finance Sector
H. Industry and Mining Sector

CHAPTER - III :DEVELOPMENT RESULTS

This chapter presents a summary of results achieved by the 2017G post-evaluated projects. The preceding chapter summarized the overall performance assessments of evaluated projects by sector through their respective performance ratings. Below, the illustrative development results for the evaluated projects during the period under review are discussed.

A.Agriculture and Rural Development

Four Agriculture and Rural Development projects were evaluated in Burkina Faso, Bangladesh, The Gambia and Senegal.

The Agricultural Development Project Downstream Small Dams in the Eastern Region of Burkina Faso (2UV0097) increased access to irrigated land for food (rice and vegetable) production in the project area and generated income for the project's beneficiaries. Increased rice yields in both irrigated perimeters and lowlands were registered at post evaluation. The increase in yield on irrigated perimeters ranged from 1 ton/ha in 2006 to 5 tons/ha at project end, while yields on the lowlands increased from 1.25 ton/ha before project to 4.5 tons/ha after.

Crop (rice) yield increased - Irrigated Perimeter (MT/Ha)	Crop (rice) yield increased - lowland (MT/Ha)
Appraisal (baseline) - 1 ton/ha	Appraisal (baseline) - 1.25 ton/ha
Completion - 5 tons/ha	Completion - 4.5 tons/ha

The Greater Rangpur Agriculture and Rural Development Project (2BD0145) in Bangladesh

contributed to the socio-economic development of the Greater Rangpur region through improved rural infrastructure and agricultural extension services. With the support of the project, the total cropping area was increased from 1.32 million ha in 2008 to 1.36 million ha in 2016. On average, rice yields per season increased from 3.7 tons/ha to 4.6 ton/ha at the end of the project. According to the impact assessment study conducted by the EA, overall earnings of landless farmers increased by 90 percent between 2006 and 2016 in the project area, due primarily to the availability of alternative sources of income, especially non-agricultural domestic earnings (livestock and poultry). On the other hand, large farmers' incomes increased by 145 percent due to intensification of agricultural activities.

The Greater Rangpur Agriculture and Rural Development Project in Bangladesh	
Cropping Area (Ha)	Crop (rice) yield increased (MT/Ha)
Appraisal (baseline) – 1.32 m ha	Appraisal(baseline) – 3.7 MT/ha
Completion - 1.36 m ha	Completion – 4.6 MT/ha

The Rural Water Supply Project in Gunjur, The Gambia (3GM0067)

provided improved access to clean water supply systems to approximately 75 percent of the targeted population (11,250). Previous increases in access to clean water had reduced incidence of water-borne diseases from 449 in 2013 to 157 in 2015. However, the level of improvement observed during the first years following project completion was not maintained. In 2016, 354 water-borne cases were reported. The main reasons for not sustaining previously obtained results were reported to be population growth, the local population's lack of awareness regarding sanitation practices, and a continued reliance on open wells to source water in the area.

The Rural Water Supply Project in Gunjur, The Gambia	
Water supply network installed or upgraded (km)	Population with access to potable water supply systems (number)
Appraisal (target) – 18.7 km	Appraisal (target) – 15,000
Completion – 16.4 km	Completion – 11,250

The Touba Water Supply (Phase 1) Project in Senegal (2SE0102)

contributed to increasing access rate to potable water for 1,200,000 inhabitants (Touba city and surrounding villages) during normal periods of the year and for up to five million people during the seven days of the "Magal" (a religious ceremony) that attracts pilgrims from other parts of Senegal and neighboring countries.

Although the project added a production capacity of 183 cubic-meters per hour to the existing the water supply in Touba Water Supply System, water produced from the project is not used for drinking as some of the boreholes have very high salinity levels (up to 2 g/l).

The Touba Water Supply (Phase 1) Project in Senegal	
Water supply network installed or upgraded (km)	Population with access to potable water supply systems (number)
Appraisal (target) – 100 km	Appraisal (target) – 1,200,000
Completion – 90.456 km	Completion – 1,200,000

B.Water and Sanitation Sector

One Water and Sanitation sector project, the Foreign Investment Insured (FII) for Muharraq Sewage Treatment Plant, which was insured by ICIEC in Bahrain, was evaluated.

The project contributed to private sector development in Bahrain and made significant changes in the public-private partnership (PPP) legal and regulatory framework for sanitation in Bahrain. It also had a demonstrable effect in showcasing best practices in the sector, corporate governance, linkages to downstream benefiting SMEs, new sanitation technologies (biological process and disc filtration and chlorine disinfection) applied, and knowledge transfer. The project provided additional capacity to serve existing and future developments on the entire Muharraq Island and also reduced the flow overloads at Tubli STP, reduced odour nuisance, and enhanced sewer backing up.

Foreign Investment Insured (FII) for Muharraq Sewage Treatment Plant, Bahrain	
Increased wastewater treatment capacity (m3/day)	Sewerage network installed or upgraded (km)
Appraisal – 100,000 m3/day	Appraisal – 21.5 km
Completion – 100,000 m3/day	Completion – 21.5 km

C.Transport Sector

Two projects were post-evaluated under the Transportation sector in Senegal and Turkey. In addition to these two projects, a sector-wide evaluation of investments covering all member countries was also undertaken.

The Construction of The Linguere-M Atam (Boula-Patouki) Road in Senegal (2SE0114)

increased annual average daily traffic by 334 percent compared to volume at appraisal. Average travel time on the 55-km stretch of road financed by IsDB was also reduced by about 2h 20m during the same period. Overall, the project facilitated easy movement and access to various social services for the population along the 226-km road network.

Construction of The Linguere-M Atam (Boula-Patouki) Road in Senegal		
Expressways and national or regional highways built, upgraded, or rehabilitated (km)	Annual average daily traffic	Reduced average travel time (minutes)
Appraisal (target) – 226 km	Appraisal (baseline) –164	Appraisal (baseline) – 180 minutes
Completion – 226 km	Completion – 712	Completion – 40 minutes

The Construction of Railway Tracks in Turkey (2TU 0147) achieved important socio-economic results in terms of employment creation, revenue generation, and overall economic development of the country. A substantial increase of over one million passengers was achieved between 2013 (3.78 million) and 2015 (4.83 million).

The Construction of Railway Tracks in Turkey		
Annual capacity increased at other transport or logistics gateways and hubs (intermodal platforms logistics parks, etc.) (TEU, tons,m3, vehicles or passengers)	Railway tracks constructed, upgraded rehabilitated (km)	Annual capacity increased at other transport or logistics gateways and and hubs (intermodal platforms, logistics parks, etc.) (TEU, tons,m3, vehicles or passengers)
Appraisal – 3.78 million passengers	Appraisal – 888 km	Appraisal – 107,000 MT of cargo
Completion – 4.83 million passengers	Completion – 1415 km	Completion – 172,559 MT of rail cargo

D.Energy Sector

Five projects were post-evaluated under the Energy sector, with one each in Azerbaijan, Pakistan, Iran, Tajikistan, and Turkey.

The Janub Power Plant project (2AZ0032)

in Azerbaijan constitutes around 10.8 percent of the country's total installed capacity of 7,226 MW. With the support of the project, the net annual generation of the plant increased from 1,167 GWh in 2013 to 4,465 GWh in 2016. Energy availability of the plant in 2016 was recorded at around 95 percent, indicating effective operation. In 2016, the achieved heat efficiency of the plant was 49.6 percent, which was slightly lower than the targeted level of 52 percent. Given the fact that the power station is connected to the interconnected grid, almost the entire population of Azerbaijan, estimated at around 10 million in 2016, is benefitting from the project. The plant operates in compliance with the country's environmental guidelines. Additionally, Janub Power Plant became the first ISO 14000 certified power plant in Azerbaijan in 2016.

The Janub Power Plant Project in Azerbaijan	
Installed energy generation capacity using non-renewable sources (MW equivalent)	Energy Efficiency Improvement - Loss reduced per year (%)
Appraisal (baseline) – 1,167 GWh	Appraisal (target) – 52%
Completion – 4,465 GWh	Completion – 49.6%

The Uch II Power Expansion Project (PPP) in Pakistan (2PAK0132)

contributed to increasing the generation capacity of the country. As of 2016, Uch II Power Plant is one of the major independent power producers in Pakistan with 375 MW net installed power accounting for 5.4 percent of the country's total installed capacity (6,902 MW). In 2016, the plant generated around 2,418 GWh electricity compared to 3,185 GWh targeted at appraisal. The capacity factor ranged between 70 percent and 73 percent for the last two years. The capacity being made available by the project company is not being fully utilized owing to the non-availability of two 220-kV kV transmission lines (TL), which the National Transmission and Dispatch Company (NTDC) was obligated to construct prior to the COD of the project. The NTDC has, however, provided an interim arrangement by completing two short TLs for electricity evacuation. The project also generated employment opportunities by creating around 90 permanent jobs, 40 percent of which are occupied by members of the local population.

The Uch II Power Expansion Project (PPP) in Pakistan	
Installed energy generation capacity using non-renewable sources (MW equivalent)	Avoided fuel-oil imports by tapping indigenous supply of low BTU gas
Appraisal (target) – 3,185 GWh	Appraisal – N/A
Completion – 2,418 GWh	Completion – USD 141.5 million per year

The Regional Power Transmission Interconnection Project in Tajikistan (2TAD0030)

provided surplus energy for export and valuable foreign exchange for Tajikistan. Energy export has experienced an increasing trend since 2012, owing to the implementation of the 600-MW capacity 220-kV double circuit line from Sangtuda to the border with Afghanistan. Revenues from power exports have increased from US$16.8 million (470 GWh) in 2012 to US$45.6 million (1158 GWh) in 2016.

The Regional Power Transmission Interconnection Project in Tajikistan	
Transmission/Distribution lines installed, upgraded or rehabilitated (km) sources (GWh equivalent)	Installed energy generation capacity using non-renewable
Appraisal (target) – 118 km	Appraisal – 470
Completion – 116.5 km	Completion – 1,158 GWh

The TKB Renewable Energy Program (2TU0176) in Turkey

produced 683.4 GWh of energy per year. The program contributed to the reduction of CO2 emissions by 436,443 tons (compared to an initial estimation of 400,000 tons), including 139,650 tons from efficiency energy projects (32 percent of total avoided CO2 emissions). These projects have also contributed to reducing the duration and frequency of outages in distribution lines and improved commercial efficiency in terms of thefts and loss rates reduction.

The TKB Renewable Energy Program in Turkey	
Installed energy generation capacity using renewable sources (GWh equivalent)	Reduced CO2 emission (MT)
Appraisal (target) – 750 GWh	Appraisal (target) – 400,000
Completion – 683.4 GWh	Completion – 436,443

The Abadan Combined Cycle Power Plant Project (2IRN 0071) in Iran has achieved the conversion of Abadan Gas Turbine Power Plant into a combined cycle power plant through the installation of two steam turbines and auxiliaries, four heat recovery steam generators (HRSG), a main cooling system, and mechanical and electrical balance of plant. Hence, the project enabled an increase in total capacity from 492 MW to 812 MW, an additional 320 MW. The net electricity generation of the plant increased from 2,035 GWh in 2013 (before the project) to 4,180 GWh at end of 2016, i.e., a 105 percent increase. The project greatly contributed to improving plant efficiency, which was increased from 35 percent in 2013 to 48 percent in 2016, while the overall efficiency of thermal power plants in Iran was 37.4 percent in 2016. Conversion into a combined cycle configuration enables the power plant to optimally utilize the exhaust heat of the gas turbine power plant to generate additional electricity without incremental fuel consumption. Moreover, the plant's operational availability has increased from 74 percent before the project to 85 percent in 2016. In terms of environmental impact, the emissions of NOX, carbone (CO), and sulfur (SO2) are currently standing at very low levels relative to emission level standards (NOX: 0.015 ppm compared to a standard level of 0.021 ppm; CO: 5.08 versus 35; and SO2: 0.001 versus 0.037 ppm levels).

The Abadan Combined Cycle Power Plant Project (2IRN 0071) in Iran	
Installed energy generation capacity using non-renewable sources (MW equivalent)	Change of improvement in plant efficiency (%)
Before the projet – 2,035 GWh	Appraisal – 35%
Completion – 4,180 GWh	Completion – 48%

E.Education Sector

For the Education sector, a total of three projects were evaluated, on each in Malaysia, Lebanon, and Tunisia, along with a cluster of special assistance projects in Tanzania.

Upgrading the University of Science in Malaysia (2MA0103) contributed towards the University becoming one of the five leading research institutions in Malaysia. USM ranked 49th in the QS ranking of Asian universities (ASIA 2015) and was ranked 26th in the QS "Top 50 Under 50 2015" (i.e., universities under fifty years old in 2015). In 2016, nine (9) USM academic programs were listed in the QS top 100 university rankings. The number of research papers produced increased from 669 at the time of appraisal to 2,210 in 2016. The number of faculty members who received fellowships increased from ninety-five to 270, and the number of journal articles published increased from 521 to 1,607 during the same period. Collaborations with industry R&D also increased, and the number of MoUs signed with the industry increased from twenty-four in 2006 to forty in 2016. Consequently, the amount of revenue generated from these collaborations increased from MYR 0.6 million to MYR 26.2 million over the same period. Moreover, enhanced collaboration with industry resulted in high value-added industry projects. For example, a German-based multinational company, OSRAM, is collaborating with USM on R&D in LED technology. OSRAM is siting a MYR 1.00 billion LED factory in Penang, and this factory is expected to make Malaysia the fifth highest LED exporter in the world as well as creating thousands of jobs and availing USM students of many training opportunities. In recognition of its innovations and achievements, the USM's Institute for Research in Molecular Medicine (iNFORMM) won the National Academic Award, the L'OREAL Science Award, and the National Intellectual Property Award in 2015.

Upgrading of University of Science in Malaysia		
Number of research papers produce	Increased Facult Fellowships (number)	Increased collaborations in Research and Development (MoUs)
Appraisal (baseline) – 669	Appraisal (baseline) – 95	Appraisal (baseline) – 24
Completion – 2,210	Completion – 270	Completion – 40

The Eight Schools in Bekaa Project in Lebanon (2LE0059) faced serious challenges, primarily due to a weak alignment with the national school mapping plan. As a result, one school (Bekkifa) has never been utilized since 2012, and other schools are experiencing very low occupancy rates (Ain Majdalain 3 percent, Tannoura 25 percent, Almansoura 30 percent, Saghbine 34 percent, Kamed Elouz 44 percent, Rachaya 54 percent, and Alrafid 57 percent). Total enrolment for the eight schools was at 34 percent relative to the expected enrolment at appraisal.

The Eight Schools in Bekaa Project in Lebanon		
Students benefitting (number)	Classrooms built or upgraded in primary/ secondary educational (number)	Average utilization institutions rate of schools (%)
Appraisal (target) – 2,772	Appraisal (target) – 81 classrooms	Appraisal (target) –100 classrooms
Completion – 968	Completion – 92	Completion – 35

The Sidi Bouzid Higher Institute for Technological Studies project in Tunisia (2TUN0092) provided access to higher technical education in Sidi Bouzid. The project has contributed to an increase in the intake capacity of the Technical Education sector and has been instrumental in the technical education development of the direct beneficiaries located in Sidi Bouzid, as it offers students easier access to higher technical education. However, the program's capacity utilization has been less than 50 percent since 2011. The number of students for the academic year 2016/17 was the highest in

recent years, reaching 637 (281 female and 356 male) out of a capacity of 1,500 students, i.e., a 42.3-percent capacity utilization.

The Sidi Bouzid Higher Institute for Technological Studies project in Tunisia		
Area of construction of institute (m2)	Students benefitted (number/annually)	Average utilization rate of institute (%)
Appraisal (target) – 10,516	Appraisal (target) – 1,500	Appraisal (target) – 100
Completion – 11,000	Completion – 637	Completion – 42.3

F.Health Sector

For the Health sector, two completed projects in Indonesia and The Gambia were evaluated. In addition to these two projects, a sector-wide evaluation of investments covering all member countries was undertaken.

The project has achieved its objectives of constructing a teaching hospital and equipping it with the latest in medical technology. At the time of evaluation, 1,149 students were receiving training from various faculties of the North Sumatra University (NSU) in such areas as medicine, nursery, pharmacy, and public health. In its second year of operation, the hospital is operating with a very low capacity of 115 beds compared to the 572 envisaged at appraisal. In 2017, the number of patients who received treatment at NSUH reached 26,113, of which 2,521 were inpatients. In addition, the project created job opportunities for more than 950 people during construction, and NSUH currently employs 328 people, including medical personnel, nurses, technicians, and administrative staff. The NSUH relieved the pressure on the Adem Malik Teaching Hospital by availing training to 20 percent of the medical students, particularly clinical students.

North Sumatra University Hospital Project (NSUH)			
Bed Capacity	No. Medical Students Who Received Training (Senior clerkship)		No. Patients Serviced
	1st year	2nd year	
Appraisal: 572	Appraisal: 440	Appraisal: 488	Appraisal: N/A
Completion: 115	Completion: 344	Completion: 517	Completion: 26,113 (in 2017)

The IDB-Malaria Control Project - Quick Win Program (3GM0065)

contributed to a higher rate of confirmatory malaria diagnoses for suspected malaria cases, resulting in prompt and effective treatment of the patients' malaria. The project contributed to a 40-percent reduction in malaria morbidity cases between 2011 and 2016. Long-lasting insecticide-treated net (LLITN) usage among the general population increased slightly between 2011 to 2014 (from 66.3 percent to 68.7 percent). In the same period, children under five sleeping under LLITNs increased from 62.1 percent to 77.1 percent, and pregnant women sleeping under LLITNs increased from 59.3 percent to 80.6 percent.

All women aged 15-49 years sleeping under LLITNs increased from 54.5 percent to 72.6 percent, and household possession of LLITNs increased from 81.1 percent to 86.1 percent. Malaria prevalence among children aged 6-59 months declined by 95 percent from 4 percent to 0.2 percent.

The IsDB-Malaria Control Project - Quick Win Program		
Percentage of usage of LLINs (%)	Malaria Morbidity cases (number)	Malaria Morbidity cases (number)
Appraisal (baseline) – 66.3	Appraisal (baseline) – 261,967	Appraisal (baseline) – 440
Completion – 68.7	Completion – 155,420	Completion – 85

G.Finance Sector

For the Finance sector, four evaluations were conducted, one each in Kazakhstan, the Kyrgyz Republic, Tajikistan, and Bahrain.

The first three of these projects were part of the microfinance support program while the last one, located in Bahrain, is part of the Islamic finance TA evaluation. The microfinance support program implemented in several member countries aims at poverty reduction while the goal of the Islamic finance TA is to build the Islamic finance infrastructure, thereby creating an enabling environment and building capacity.

The Microfinance to Rural Areas Project (7KHZ0065) in Kazakhstan reached 1,049 beneficiaries, 14.7 percent of its target at appraisal. The average financing size at appraisal was estimated at US$5,000; however, the actual average financing size provided to the farmers under the project was US$21,000, exceeding the estimated loan amount cap per beneficiary by over 400 percent. Female beneficiaries made up 20 percent of the targeted beneficiaries, below the 50 percent target at appraisal.

The Microfinance to Rural Areas Project		
Average amount of microfinance loan (US$)	Number of beneficiaries	% of women beneficiaries
Appraisal (target) – 5,000	Appraisal (target) – 7,100	Appraisal (target) – 50
Completion – 21,000	Completion – 1,049	Completion – 20

The Microfinance Project for Rural Development (7KYR0037 & 7KYR0039) implemented by five executing agencies in the Kyrgyz Republic benefited about 2,286 micro-entrepreneurs across the country, increasing their household incomes by approximately 25 percent to 50 percent. On average, the loan amounts under the scheme were 16 percent above the $5,000 cap set at appraisal. The project also had a demonstration effect on the beneficiaries' improved financial literacy, cash flow management, marketing and promotion, customer service, and supply chain management.

The Microfinance Project for Rural Development (7KYR0037 & 7KYR0039) in the Kyrgyz Republic		
Average amount of microfinance loan (US$)	Number of beneficiaries	% of women beneficiaries
Appraisal (target) – 5,000	Appraisal (baseline) – 7,500	Appraisal (target) – 50
Completion – 5,804	Completion – 2,286	Completion – N/A

The Microfinance Project for Rural Areas (ISFD) in Tajikistan reached

19.8 percent of the targeted 30,000 beneficiaries at appraisal. The average microloan size was US$2,919, 16 percent more than the microloan cap set at appraisal. The project contributed towards increasing income and employment for the beneficiaries and has also contributed to increasing financial inclusiveness, as most of the beneficiaries were contracting financial services for the first time.

The Microfinance Project for Rural Areas in Tajikistan		
Average amount of micro finance loan (US$)	Number of beneficiaries	% of women beneficiaries
Appraisal (target) – 2,500	Appraisal (Target) – 30,000	Appraisal (Target) – 50
Completion – 2,919	Completion – 5,963	Completion – 33

Islamic Finance TA Evaluation, Bahrain

Overall, IsDB support to the Islamic finance infrastructure institutions in Bahrain has been very relevant, timely, and consistent with Vision 1440H. IsDB disbursed US$0.80 million, 65 percent of its approvals, albeit with some delays, and the beneficiary institutions employed the resources efficiently to achieve their objective. All the TAs focused on enhancing the capacities of these institutions and helping them meet the demands of the Islamic finance industry. The TA beneficiaries are providing crucial services to Islamic financial services industry through standard setting, capacity building, corporate and sovereign rating, and certification.

H.Industry and Mining Sector

For the Industry and Mining sector, three evaluations were conducted, one each in Sudan, Pakistan, and Uzbekistan. The last two projects were financed by ICD.

The White Nile Sugar Project (2SU0125)

in Sudan is currently providing direct or indirect employment for 25,000 people. In addition to the installation of the sugar processing plant, the project delivered the following: thirteen basic schools for boys and girls, nine secondary schools for boys and girls, thirteen mosques, seven clinics, ten headmaster houses, twelve teacher bungalows, two medical staff houses, four police stations, seventeen mechanized wells, 200 kilometres of a water network, and over 200 new houses for displaced families. Health of beneficiaries in the catchment area has improved because of increased access to potable water and to health facilities created as part of the project. Access to education has also increased. The construction of primary and secondary schools has not only provided access but also enhanced teaching and learning conditions and, thus, learning outcomes.

The White Nile Sugar Project in Sudan		
Installed energy generation capacity using non-renewable sources (MW equivalent)	People employed (number)	Sugar production increase (MT)
Appraisal (target) (target) – 104	Appraisal (target) – 12,000	Appraisal – 450,000
Completion – 104	Completion – 25,300	Completion – 76,000

The Maple Leaf Cement Factory (MLCF) Project in Pakistan (ICD) has had an impact on downstream industries through its work with many transport companies, implementing an IT tracking system accessible by both clients and transporters. The sole producer of white cement in Pakistan, it has increased its profitability from a net margin of 3 percent in 2012 to 21 percent in 2016. MLCF recorded its highest turnover of US$224.67 million in 2016. Liquidity indicators also demonstrated a significant improvement with the current ratio increasing from 0.56 in 2012 to 1.69 in 2016. The company paid its sukuk liability of PKR 8 billion (US$80 million) in 2016. The debt-to-equity ratio also decreased from 3.5 in 2012 to 0.1 in 2016.

The ICD Term Financing for Jurabek Laboratories in Uzbekistan contributed to the company's improved profitability. Its net profit margin increased from almost negligible (0.08 percent) prior to ICD support in 2013 to 16.7 percent in 2016. The company's return on equity (ROE) also improved during the same period, increasing from 0.15 percent to 22.59 percent. Jubarek Laboratories' liquidity position dipped below 1.0 during 2013-2014 but, in 2015, rebounded above 1.0 again and remained stable during 2016-17. The company recorded its highest ever turnover of US$33.8 million in 2016.

Agricultual Farm financed by Microfinance Support Project, Kyrgyztan

CHAPTER - IV : LESSONS LEARNED

CHAPTER - IV : LESSONS LEARNED

Learning is one of the main functions of evaluation, and the OED evaluation process always yields lessons learned. This chapter therefore discusses the primary lessons learned from the OE Department's 2017 project and higher-level evaluations. These lessons can be categorized under three main themes: (A) Lessons from Project Level Evaluations. (B) Lessons from the Microfinance Support Program Evaluation, and (C) Lessons from the Fael Khair Program Evaluation.

A.Lessons Derived from Project Level Evaluations

The extent to which a beneficiary's concerns and needs are incorporated into a project's design and implementation determines to a great extent the project's success or failure.The failure to do so reduces effectiveness and leads to overspending at the expense of investment in a beneficiary's other critical needs. The required inputs of beneficiaries vary, and the table below highlights key dimensions across some of the 2017G evaluations, including explanations of the importance of each.

Dimensions of beneficiary inputs	Illustrative Case
Ascertain needs during the design phase	In the construction of eight schools in Bekaa Project in Lebanon, the failure to meet beneficiary needs and concerns has exposed the project's potential achievements at high risk. Failure to align the selection criteria of school levels and sites in rural areas with "national school mapping" has resulted in three times oversizing the school buildings. Even though the completed facilities have undoubtedly upgraded the learning environment of the public schools located in Beqaa region, assessing the project's outcomes are difficult, as they have yet to materialize. The schools' low occupancy rates relative to actual and projected needs in such remote rural areas are alarming, as the schools were only partly relevant and are oversized. Given that the cost of each school in this project averaged US $1.5 million, from an educational econo ics perspective, the extra funds attributable to their oversizing could have been better used to address the overcrowding of schools in large cities
	Therefore, ensuring the relevance of the project to the target needs of the local population is essential in order to fully achieve the expected outcomes.
Contribute to stakeholders' consultation	Involving end-beneficiaries increases their ownership and engagement and so helps to ensure the success of the project. In the case of upgrading the Universiti Sains Malaysia project, engagement with the university team was instrumental in achieving the project's success. Frequent contacts of the university team with IsDB helped in solving many implementation issues (e.g., procurement, tendering, and disbursement). Once declared effective the project was completed on time due to continuous follow-up, frequent visits of the project officer, and engagement between the beneficiary and the IsDB team. The beneficiary had high owner ship and was able to collect useful output/outcome data for preparing progress reports to inform the Bank and the executing agency.
Participate in decision making during implementation	For a project to achieve greater developmental results, its design and implementation need to be tailored to the needs of the final beneficiaries. Given that the beneficiaries' needs evolve over time, their constant participation in the key decisions related to implementation is key to maximizing the project's effective ness. For instance, the Rural Water Supply Project in Gunjur, The Gambia, could have had greater developmen tal results if an individual household connection approach had been used, as it is a better option compared to the community standpipe model in terms of satisfying the beneficiaries' needs and ensuring sustainability through more effective fee collection.
Involve in exit strategy	Some post evaluations conducted in 2017 stressed the importance of designing a project in such a way that the full potential of the project's benefits can be enjoyed durably by the beneficiaries. The evaluation identified different project features

that either enhanced or impeded achieving the full potential of the projects' benefits. For the Muharraq Sewage Treatment Plant in Bahrain, the full potential of the project has not been reached. Utilization of the treated water is very low, as almost 98.5 percent of treated sewage effluent (TSE) is evacuated into the sea through a sea outfall pipe. There is no marketing strategy to sell the TSE for industrial use or for irrigation. The potential beneficiaries and users of TSE water were not involved and, as a result, may not have even been aware of this opportunity created by the project. Exacerbating this was a lack of harmonization between the water supply and sanitation sectors that led to a mismatch in priorities and capacities since these sectors are managed by two distinct agencies. Therefore, ensuring project beneficiary involvement is as important to the success of a project as the institutional arrangements associated with it and the capacity of its beneficiaries to fully utilize its full potential benefits

Box 4: Assessing the Ability of End-Beneficiaries to Contribute to the Project

For special assistance operations in Tanzania, the project design did not fully encompass an assessment of the ability of the beneficiaries to provide counterpart funding. Indeed, some of the beneficiary associations faced challenges in mobilizing the expected matching grants that were envisaged at appraisal. Since in the majority of these projects the outputs relating to the beneficiary associations could not be achieved, this situation has had a negative impact. Failing to accurately assess the extent of the beneficiaries' contribution to both implementation of the project and operation of facilities puts the whole intervention at risk of not functioning as required.

Putting in place adequate coordination mechanisms during implementation maximizes a project's benefits:

In some cases, the 2017 OED post-evaluations revealed weak coordination between project stakeholders, causing the timely harvesting of project outcomes to be delayed. A successful project implementation requires the intervention of many stakeholder whose coordination is key in the success of the project. Lack of effective coordination and proper stakeholder consultation seriously affected project performance and caused implementation delays in some cases. It is therefore imperative to ensure stakeholder involvement in project planning and coordination at the early stages of the project to avoid implementation delays and to ensure timely achievement of project outcomes. In the case of the Sidi Bouzid Higher Institute for Technological Studies project in Tunisia, weak coordination between project stakeholders delayed the timely harvesting of project outcomes. Indeed, the business incubator was intended to provide students with an excellent opportunity to establish their own businesses under the sponsorship and with the support of the Ministry of Industry and the Agency for the Promotion of Industry and Innovation (APII). However, since the operation of the institute in 2011, students have not been able to utilize any of the incubator facilities due to the tardy involvement of the APII in the planning and coordination of this project component. This long-lasting delay in the operations of the business incubator,which APII has not yet equipped or staffed, has negatively impacted the project outcome of improved intake of graduates by the local-national labor market. Thus, as this instance demonstrates, the non-involvement of stakeholders in project planning and coordination at the early stages of the project can lead to delays in achieving project outcomes. However, what about the tradeoffs, especially the high cost of getting all stakeholders on board? Some comments on this would be helpful.

Box 4: An Instance of Good Coordination: The Upgrading of the Universiti Sains Malaysia (USM) Project, Malaysia

The project of upgrading the USM has provided well-equipped laboratories, thereby permitting cutting-edge research in the fields of engineering and technology and enabling USM to increase its collaboration with industry. It now generates millions of dollars in research grants and provides internship opportunities for its students and job opportunities for the local economy. USM's advisory panel, which includes members from industry and the private sector, helps it align its curriculum with the skills required by the market, thus increasing market demand for its graduates, especially in the technical fields. Through formal collaborations, university graduates also receive industry preference in employment. Furthermore, collaborations facilitate internship opportunities, which often lead to long-term employment. The project has thus enhanced the university's reputation and facilitated collaboration and international recognition.

. In conclusion, closer collaboration with key stakeholders during implementation helped USM produce graduates that meet the needs of the labor market.

On the other side, the IsDB-Malaria Control Project - Quick Win Program in The Gambia suffered from poor coordination with stakeholders and consequently experienced a long delay before its premature closure. In addition to poor coordination, the executing agency could have played a greater role in communicating the project's relevance and progress to the Ministry of Finance and Economic Affairs (IsDB Governor), an important stakeholder, to ensure that the project was allowed to continue until completion.

B.Lessons Derived from the Microfinance Support Pogram Evaluation

•Islamic finance principles make financing more attractive to potential clients.

Under conventional financing, for a potential client to obtain a loan to buy an asset, the client has to satisfy the financial institution's requirements, including providing collateral for the cost of the asset. The financial institution also demands that the asset be fully available and under the name of the client at the time of the application of the loan. On the other hand, the principles of Islamic finance compel an Islamic financial institution to be a full partner of a potential client in achieving the purpose of the financing while also sharing the risk, thereby making financing more attractive to potential clients. In addition, the client can use the asset being financed as collateral for the financing. Consequently, Islamic finance gives clients easier access to financing while minimizing the risks from the lender's perspective.

The success of micro-credit schemes to the poor depends on gradual increases of financing amounts and timeliness of disbursement.

In Benin, the limit of the line of financing for the most vulnerable borrowers for income-generating activities was set to not exceed FCFA 50,000 (about US$100), an amount insufficient for achieving self-sufficiency and poverty reduction. Moreover, the microfinance institutions slowed the renewal of loans to the poorest people in the face of rapidly increasing demand. Therefore, the threshold of micro-credits to the poorest people should be increased gradually and funds need to be replenished more rapidly so as not to interrupt the income-generation activities of the beneficiaries.

•A flexible repayment structure and raising financial awareness boost financial inclusion.

In Kazakhstan, clients were offered flexible repayment terms. The client could repay the financing in quarterly, semi-annually, or yearly installments as opposed to conventional financing, which requires a monthly repayment scheme. On the other hand, the potential clients were made aware of the various options and terms associated with obtaining the financing, as well as the sorts of assets they could obtain after assuming Murabaha financing.

•Legislative framework on Islamic finance needs to be instituted before commencement of microfinance projects to ensure compliance with principles of Islamic financing.

In the Kyrgyz Republic, with the exception of EcoIslamic Bank, the executing agencies did not use Islamic finance modes in their financing primarily because the legislative framework governing financial institutions offering Islamic finance was not ready at the start of the project. In addition, clients were not familiar with the principles of Islamic finance, and some shops benefiting from the program were selling non-halal products.

Box 5: Legislative Framework on Islamic Finance

The microfinance projects implemented in the Republic of Tajikistan and Kyrgyz Republic in the Microfinance Support Program were not done employing Islamic banking modalities. According to the appraisal, the executing agencies committed not to extend the IsDB microfinance facility to finance projects that were not compliant with Shariah or with IsDB rules and regulations. On that front, the loan agreement stated that, "to the fullest extent possible, Islamic modes of financing including but not limited to Murabaha, Salam and Leasing" should be applied However, the projects were implemented using a conventional financing mode because the countries did not have the needed legislation, nor did the executing agencies, with one exception, have the necessary institutional infrastructure and qualified staff for implementing Islamic banking.

•Capacity building of microfinance institutions should join in drafting a standard legal financing agreement in line with the principles of Islamic finance.

In Benin, the terms of the legal contract used for micro-credits to the poorest borrowers are not fully compliant with Islamic finance rules, as they are interest based as in conventional microfinancing. Islamic finance was a new product in the financial sector in Benin, and its features were not then well known by market participants.

C.Lessons Derived from the Fael Khair Program Evaluation

•Duplication of functions affects program efficiency. The aim of the management structure design for the FKP was to ensure greater efficiency and effectiveness while at the same time provide an accountability mechanism. For this reason, two-tier management levels were created to provide oversight and implementation functions. However, this multi-layer structure of the FKP's oversight and management structure slowed the decision-making process, leading to program delays.

•Lack of an appropriate road map for the Fael Khair Waqf is likely to affect its sustainability.

The FKW component lacked an appropriate vision and road map to make it sustainable over time. As a result, the capital base of the Waqf fund set up by the FKP is decreasing due to insufficient returns from its investment to cover the operating costs. In addition, the lack of a uniform methodology for selection of capable NGOs and an effective delivery model led to a weak design of the microfinance component.

•Adopting one design (one size fits all) for all beneficiary communities limits program effectiveness.

The failure to conduct a feasibility study complementing the technical study led to one design being adopted for all communities without regard to the needs relative to the area. This decision did not take into account the unique conditions of each site and such location-specific needs as number of students and population size.

•A developmental approach lacking an appropriate framework and structures can result in inefficiency.

The Bank's decision to directly implement the program by itself was in direct conflict with its mandate as a financing institution. Given the urgency and importance of the program and the quality implementation that was required and the absence of a state institution with the required capacity, IsDB could have outsourced the implementation to a reputable program management institution. This arrangement would have eliminated the existing omnibus management structure of the program, thereby increasing efficiency.

Small Business Supported by ISFD, Kazakhstan

CHAPTER - V : RECOMMENDATIONS AND MANAGEMENT RESPONSE AND ACTION

A. Synthesis of Recommendations
B. Implementation of Recommendations

CHAPTER - V : RECOMMENDATIONS AND MANAGEMENT RESPONSE AND ACTION

A.Synthesis of Recommendations

In line with its mandate of generating and sharing knowledge that contributes to continuous performance improvement and increased efficiency and effectiveness of IsDBG interventions, the OE Department has formulated recommendations from the evaluations carried out in 2017G. The recommendations formulated in the OE Department's 2017G evaluation reports aimed at improving the following themes related to IsDB group members and complex interventions: quality at entry, quality of implementation, sustainability, and improvement in future programming opportunities, with the overall objective of optimizing IsDBG's resources and improving effectiveness and efficiency of its interventions. These recommendations, supported by fact-based evidence emanating from the evaluations, suggest courses of both strategic and operational actions to be taken by IsDB Group departments and entities. Some of these recommendations require immediate actions while others require a medium to long-term implementation plan. The OE Department has solicited feedback on implementation status of recommendations from IsDB group members and complexes and will prepare a table capturing the progress made so far for submission to the board.

Quality at Entry Project - Appraisal:

The Department's 2017G evaluations included a number of recommendations aimed at improving the quality at entry of IsDB Group interventions. The key recommendations included are as follows: the project teams at apprais al should include specialists where required, appraisal teams should undertake rigorous examinations of techni cally feasible alternatives, and thoroughness of appraisals should be increased to avoid downscoping.

Quality of Implementation:

The OE Department's recommendations with respect to this theme includes putting in place adequate procurement arrangements to minimize delays, an improved and closer project follow-up mechanism, and increased self-evaluation and monitoring during project implementation.

Sustainability:

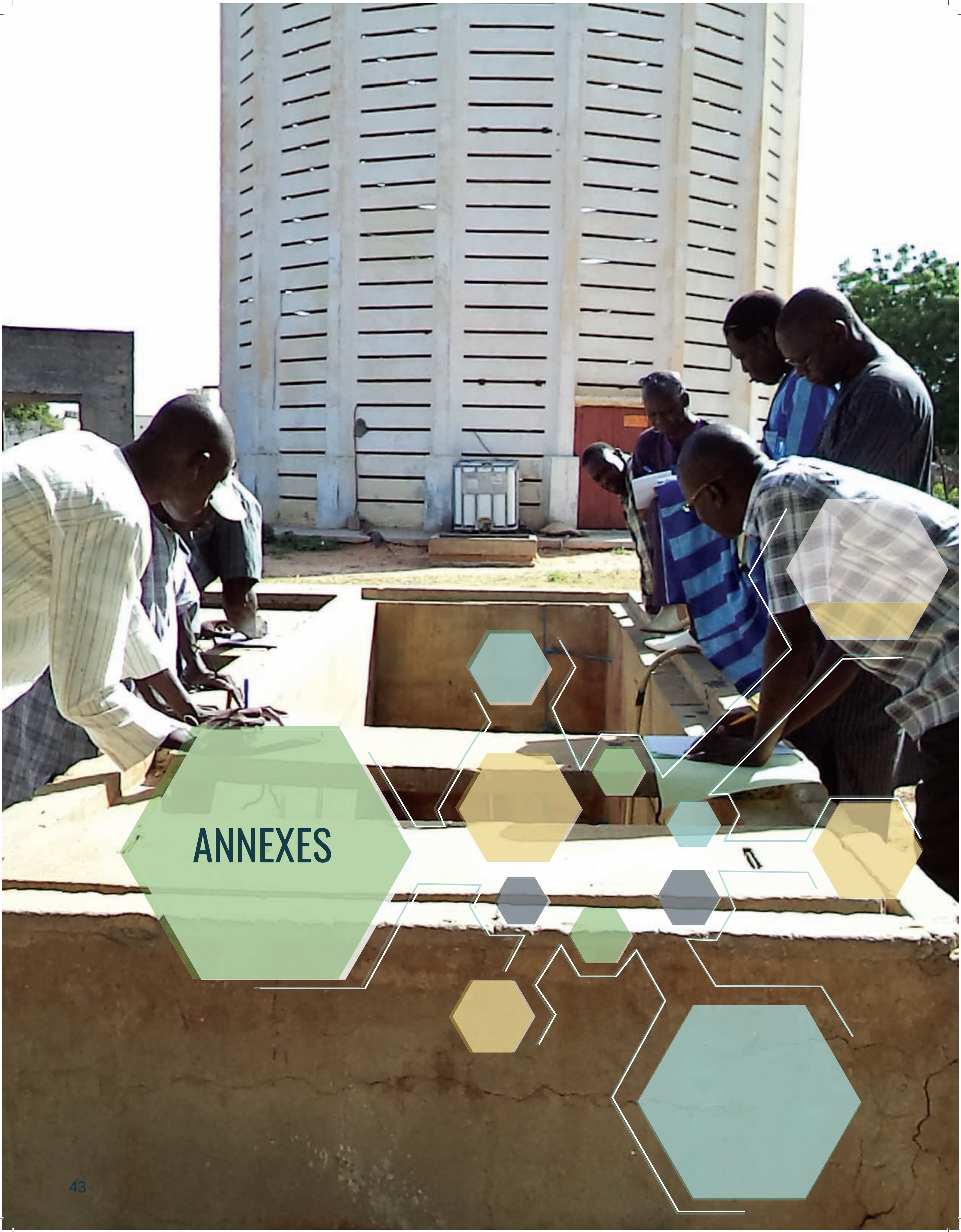
During 2017G, a number of recommendations were formulated by the OE Department that identified pertinent sustainability issues but limited project benefits. These included technical/follow-up interventions once the project had been completed and also addressing sustainability issues more thoroughly during the appraisal stage.

Future Programming Opportunities and Continued Support: The OE Department's evaluations identified opportunities to be grasped by the IsDB Group during future programing activities. In some cases, these consisted of identifying further phases of the same project or another project of a similar type needed elsewhere.

B.Implementation of Recommendations

The OE Department has followed up with all concerned IsDB Group Members and IsDB Departments regarding the status of implementing recommendations emerging from evaluation activities and progress made so far (Annex-E). OED has requested updates on the implementation status of these recommendations from the concerned departments and entities and looks forward to receiving these for submission

PReparing Land for Sugercane Plantation, Sudan.jpg



ANNEXES

ANNEX A: MAIN INDICATORS FOR PROJECTS EVALUATED IN 2017G (ORDINARY PROJECT LEVEL EVALUATION)

No,	Country	Project Code	Project Name / Title	Sector	Mode of Finance	Disb A pproved Mn ID	Disb Actual Mn ID	% Disb	Implementation Delay (months)
1	Burkina Faso	2UV 0097	Agricultural Development Project Downstream Small Dams in the Eastern Region	Agriculture	Loan LDMC	8.86	8.87	100%	26
2	Malaysia	2MA 0103	Upgrading of University of Science of Malaysia	Education	Inst. Sale	28.03	24.5	87%	12
3	Azerbaijan	2AZ 0032	Janub Power Plant	Energy	Istisnaa	109.26	104.38	96%	19
4	Pakistan	2PAK0132	Uch II Power Expansion Project (PPP)	Energy	Leasing	90	84	93%	5
5	Iran	2IRN0071	Abadan Combined Cycle Power Plant	Energy	Inst. Sale	77.2	76.4	99%	35
6	Kazakhstan	7KHZ0065	Microfinance to Rural Areas Project	Finance	Loan ISFD	6.65	6.65	100%	12
7	Indonesia	2IND0115	North Sumatra University Hospital Project	Health	Inst. Sale	32.6	31.69	97%	48
8	Sudan	2SU 0125	The White Nile Sugar Project	Industry & Mining	Leasing				34
9	Senegal	2SE 0114	Construction of The Linguere-M Atam (Boula-Patouki) Road	Transportation	Loan	31.5	24.91	79%	6
10	Turkey	2TU 0147	Railway Tracks	Transportation	Inst. Sale	153.64	134.11	87%	30
11	Turkey	2TU 0176	TKB Renewable Energy Program	Transportation	Restricted	146.78	146.78	100%	3
12	Bangladesh	2BD 0145	Greater Rangpur Agriculture and Rural Development Project	Agriculture	Mudaraba	5.7	5.1	89%	7
13	Kyrgyzstan	(7KYR0027	Microfinance Project for Rural Development	Finance	Loan	3.34	3.271	98%	9
14	The Gambia	3GM 0067	Rural Water Supply Project in Gunjur	Agriculture	Loan ISFD	2.84	2.841	100%	31
15	Tajikistan	2TAD0030	Regional Power Transmission Interconnection Project	Energy	Loan LDMC	9.55	9.2	96%	24
16	Senegal	2SE 0102	Touba Water Supply (Phase 1) Project	Agriculture	Loan	6.86	6.38	93%	12

No,	Country	Project Code	Project Name / Title	Sector	Mode of Finance	Disb A pproved Mn ID	Disb Actual Mn ID	% Disb	Implementation Delay (months)
17	The Gambia	3GM 0065	IsDB-Malaria Control Project - Quick Win Program	Health	Loan LDMC	1.89	0.802	42%	30
18	Lebanon	2LE 0059	Eight Schools In Bekaa	Education	Loan	6.1	5.6	92%	47
19	Tunisia	2TUN0092	Sidi Bouzid Higher Institute For Technological Studies	Education	Istisnaa	7.574	6.359	84%	72

ANNEX B: EVALUATED PROJECTS WITH MAJOR CHANGES IN SCOPE IN 2017G

No,	Country	Project Code	Project Name / Title	Sector	Implementation Scope	Reasons for Change in Scope
1	Sudan	2SU 0125	The White Nile Sugar Project	Industry & Mining	The main scope of the project included development of an integrated environmentally friendly Sugar Factory with the following key components: (a) Agricultural land development, (b) Processing Plant, and (c) Co-generation unit	
8	Kyrgyzstan	(7KYR0027)	Microfinance Project for Rural Development	Finance	The scope of the project consisted of the following components: (a) microfinance scheme, (b) implementation and coordination consultant, (c) financial audit, (d) contingencies and (e) capacity building.	The implementation and coordination consultant and financial audit components (US$ 0.2 million) were not implemented.
13	The Gambia	3GM 0067	Rural Water Supply Project in Gunjur	Agriculture	(i) Water supply and sanitation works including drilling of additional new borehole, equipping three boreholes with electrical generators and pumps (for one new and two existing), construction of water treatment plant of 100 m3/h capacity, installation of elevated water tank of 500 m3 capacity, laying of 18.7 km of PVC pipes for water distribution network extension, private water connections to 5 communal institutions, construction of 90 community standpipes, construction of new sanitation structures for the 5 communal structures; (ii): Consultancy services for supervision of works; (iii) Training of beneficiaries and sensitization campaign; and (iv) Project management (support to PMU, audit and start-up workshop).	Lack of budget caused by the appreciation of US$ against ID due to delay. Due to decrease in IDB financing in US$ terms and price escalation of the equipment and materials, the consultant carried out a study and made slight changes in the design and scope after IsDB appraisal.

ANNEX B: EVALUATED PROJECTS WITH MAJOR CHANGES IN SCOPE IN 2017G

No,	Country	Project Code	Project Name / Title	Sector	Implementation Scope	Reasons for Change in Scope
15	Tajikistan	2TAD0030	Regional Power Transmission Intercon-nection Project	Energy	The scope of the project entails four major components: i) Rehabilitation of Unit No 3 at Golovnaya HPP; ii) Replacing the Transformer (T3) at Golovnaya HPP; iii) Excitation Rehabilitation of Baipaza HPP; and iv) Transmission Line and Substation for Energy Export to Afghanistan. Unit 4 transformer was replace instead of unit 3 transformer. Both units 3 and 4 had the same installed capacity.	Higher priority was given to unit 4 transformer because it had failed.

ANNEX C: EVALUATED PROJECTS WITH IMPLEMENTATION DELAYS IN 2017G

No,	Project Code	Project Name / Title	Sector	Disb Approved Mn ID	Disb Actual Mn ID	% Disb	(months)	Reasons for Delay
1	2UV 0097	Agricultural Development Project Downstream Small Dams in the Eastern Region	Agriculture	8.86	8.87	100%	26	Delay due to several factors. First, substantial changes occurred in the design during implementation to update the detailed engineering design study. These changes included the increase of the size of the Koaré dam, the change in the route of some feeder roads due to the unsolved border dispute between Benin and Burkina Faso, and the updating of topographical study for the selected lowlands. Secondly, the Bank takes long time (4 months on average) to provide its no-objections. Thirdly, the Government faced difficulties to make its counterpart funds available timely to the Executing Agency. Besides, the weak performance of one of the four selected contractors affected also the project performance and delivery
2	2MA 0103	Upgrading of University of Science of Malaysia	Education	28.03	24.5	87%	12	took longer than expected to declare effectiveness
3	2AZ 0032	Janub Power Plant	Energy	109.26	104.38	96%	19	The project site faced unusual floods for almost 5 months in 2010, which forced AZENCO to suspend its operations. ii) The late submission of final drawings from the DED consultant (about 14 months between 2010 and 2012), indicating a low performance of the DED consultant.
4	2PAK0132	Uch II Power Expansion Project (PPP)	Energy	90	84	93%	5	Due to heavy rains and floods in 2012 and 2013, security situation in the area and issues encountered by OGDCL during bidding process for gas supply works.
5	2IRN0071	Abadan Combined Cycle Power Plant	Energy	77.2	76.4	99%	35	(i) Delay of procurement of certain equipment owing to sanctions on Iran: Actually, tendering process was to be re-done after the selection of the a first contractor for major equipment and replaced by another one due to sanctions.; (ii) Labor problems with local sub-contractors, owing to lack of timely provision of skilled workforce to the project site in Abadan, causing implementation issues related to civil works; (iii) Delay in disbursement (delay in L/C opening), (iv) Counterpart funding issues and challenges related to significant depreciation of the Iranian Riyal.

ANNEX C: EVALUATED PROJECTS WITH IMPLEMENTATION DELAYS IN 2017G

No,	Project Code	Project Name / Title	Sector	Disb Approved Mn ID	Disb Actual Mn ID	% Disb	(months)	Reasons for Delay
6	7KHZ0065	Microfinance to Rural Areas Project	Finance	6.65	6.65	100%	12	The main reason of this delay is related to internal organizational issues within the executing agency.
7	2IND0115	North Sumatra University Hospital Project	Health	32.6	31.69	97%	48	Many factors contributed to the implementation delay including delays in getting the permit to demolish the old building and in obtaining the No Objection Letters (NOLs) from IDB. After the physical completion, it took 27 months for the university to start the operation of the teaching hospital. The main reasons for this delay were lack of budget to start operations and recruit qualified personnel, and the election of the new University Rector.
8	2SU 0125	The White Nile S ugar Project	Industry & Mining				34	The delay was caused by a combination of factors including: (i) updating of feasibility study, (ii) delay in coming on-board of many financing partners, including the delay in finalizing a syndication of loan from local banks, (iii) relaunch of tender due to pull out and replacement of company for the supply and installation of the process house, (iv) protracted litigation by affected communities, and (v) low capacity of vendors.
9	2SE 0114	Construction of The Linguere-M Atam (Boula-Patouki) Road	Transporta-tion	31.5	24.91	79%	6	lengthy administrative procedure to ratify the financing agreement by GOS
10	2TU 0147	Railway Tracks	Transporta-tion	153.64	134.11	87%	30	The reasons for this delay were: (i) A start-up delay of the project (7 months) and, (ii) the time needed to procure and install the additional material availed by the substantial savings under the project
11	2TU 0176	TKB Renewable Energy Program	Transporta-tion	146.78	146.78	100%	3	Restricted mudarabah is based on pipelines of projects. Two more projects were added to the pipeline hence the delay for three months
12	2BD 0145	Greater Rangpur Agriculture and Rural Develop-ment Project	Agriculture	5.7	5.1	89%	7	Factors contributing to the delay included, delay in recruiting the supervision consultant, slow and irregular release of government counterpart funds, late award of contracts and poor performance of some contractors.

No,	Project Code	Project Name / Title	Sector	Disb Approved Mn ID	Disb Actual Mn ID	% Disb	(months)	Reasons for Delay
13	(7KYR0027)	Microfinance Project for Rural Development	Finance	3.34	3.271	98%	9	
14	3GM 0067	Rural Water Supply Project in Gunjur	Agriculture	2.84	2.841	100%	31	(i) The start-up delay caused by the prolonged tendering process; time taken for the revision of the studies dated 2006 and procurement of the consultant for this task (process had to be relaunched due to high offers during the first bidding); and (ii) inaccessibility to the works sites during the rainy season.
15	2TAD0030	Regional Power Transmission Interconnection Project	Energy	9.55	9.2	96%	24	The delay was mainly due to (i) the need for retendering subsequent to unsuccessful first bidding initiated in May 2008 and adverse weather and access conditions during January -March 2012.
16	2SE 0102	Touba Water Supply (Phase 1) Project	Agriculture	6.86	6.38	93%	12	The project delay was mainly due to: (i) delay in the preparation and approval of tender and contracts documents which were not included in the Terms of Reference of the project consultant, (ii) 8 months delay in the supply and installation of the project electrical and mechanical equipment by the contractor, and (iii) slow processing of files submitted by the executing agency to the Bank for non-objection.
17	3GM 0065	IsDB-Malaria Control Project - Quick Win Program	Health	1.89	0.802	42%	30	The delay was due to late effectiveness of the loan and lengthy administrative procurement procedures of the Government of The Gambia and in receiving no objections from IsDB. The procurement of equipment and materials experienced delays due to bureaucracies at the level UNICEF and IsDB.
18	2LE 0059	Eight Schools In Bekaa	Education	6.1	5.6	92%	47	The delay was mainly due the late start of the implementation of the construction component and the CDR decision to repackage the project scope to 8 different contracts.
19	2TUN0092	Sidi Bouzid Higher Institute For Technological Studies	Education	7.574	6.359	84%	72	(i) Lengthy procedures (ii) re-launch of some of some bids (iii) social unrest during the year 2011 and (iv) inefficiency of the contractor for restaurant construction.

ANNEX D: COST VARIATIONS IN EVALUATED PROJECTS IN 2017G

No,	Project Code	Country	Project Name / Title	Sector	Mode of Finance	Cost at Appraisal (Mn US$)	Cost Actual at Completion (Mn US$)	Variation Mn US$	Variation %	Reasons for Variation
1	2UV 0097	Burkina	Agricultural Development Project Downstream Small Dams in the Eastern Region	Agriculture	Loan LDMC	$13,54	$14.96	$1.42	6.02%	(i) The technical design change on the Koaré Dam, (ii) the substantial additional works undertaken for increasing the reservoir capacity from 540,000 cubic meters to 1.7 million cubic meters, for repairing the damages on the dam spillway which were caused by the floods subsequent to the heavy rainfall in September 2010; and (iii) the depreciation of the US$ against the EURO/CFAF, the currencies of disbursements.
2	2MA 0103	Faso	Upgrading of University of Science of Malaysia	Education	Istis naa	$78.97	$39.71	-$39.26	-49.7%	Due to the large reduction in the Government's counterpart funding.
3	2AZ 0032	Malaysia	Janub Power Plant	Energy	Leasing	$172	$169	-$3	-2%	
4	2PAK0132	Azerbaijan	Uch II Power Expansion Project (PPP)	Energy	Inst. Sale	$542	$479	-$63	-12%	Mainly, the contingencies at the appraisal estimates were not utilized.
5	2IRN0071	Pakistan	Abadan Combined Cycle Power Plant	Energy	Loan ISFD	$184	$208.40	$24.40	13%	Exchange rate fluctuation and price increase due to inflation. This is actually attributed in turn to the delay related impact owing to difficulties in procurement of equipment and inflation related aspects for postponement in erection and installation of equipment.
6	7KHZ0065	Iran	Microfinance to Rural Areas Project	Finance	Inst. Sale	$12.17	$22.15	$9.98	82%	Inaccurate estimate of loan size at appraisal as $ 5,000 instead of $ 21,000.
7	2IND0115	Kazakh-stan	North Sumatra University Hospital Project	Health	Leasing	$39.40	$53.02	$13.62	35%	The increase in the prices of building materials following the financial crisis of 2008/2009.
8	2SU 0125	Indonesia Sudan Senegal	The White Nile Sugar Project	Industry & Mining	Loan	$68.66	$66.9	-$1.80	-2.6%	The cost overrun was due to: (i) increase in capacity of the sugar processing plant from 18,000 to 24,000 Total Cane Crushing Capacity per Day (TCD) after redesign (ii) increased cost of equipment due to limited supply sources imposed by the sanctions on Sudan, (iii) additional works and ancillary equipment resulting from the change in design, and (iv) exchange rate fluctuation during implementation period.

No,	Project Code	Country	Project Name / Title	Sector	Mode of Finance	Cost at Appraisal (Mn US$)	Cost Actual at Completion (Mn US$)	Variation Mn US$	Variation %	Reasons for Variation
9	Senegal	2SE 0114	Construction of The Linguere-M Atam (Boula-Patouki) Road	Transporta-tion	Loan	$140	$104.31	-$35.69	-25%	decrease in construction unit prices and good management by the EA. Due to the large reduction in the Government's counterpart funding.
10	Turkey	2TU 0147	Railway Tracks	Transporta-tion	Inst. Sale	$366.18	$378.21	$12.3	3%	The additional rail tracks and superstructures procured and installed.
11	Turkey	2TU 0176	TKB Renewable Energy Program	Transporta-tion	Re-stricted Muda-raba	$550	$743	$193	35%	The increase in the program cost was mainly due to the some changes of the projects pipeline since project appraisal
12	Bangla-desh	2BD 0145	Greater Rangpur Agriculture and Rural Develop-ment Project	Agriculture	Loan	$11.10	$9.80	-$1.3	-11%	Variation in cost is due to the reduction in number of markets (9 out of 20 planned) resulting from difficulty in site selection.
13	Kyrgyzstan	(7KYR002 7)	Microfinance Project for Rural Development	Finance	Loan ISFD	$10.50	$10.04	$0.46	0%	The coordination consultant and financial audit components (US$ 0.2 million) were not implemented.
14	The Gambia	3GM 0067	Rural Water Supply Project in Gunjur	Agriculture	Loan LDMC	$5.17	$4.76	$-0.41	-9%	Reduction in the project scope to stay within the approved financing in view of the appreciation of US$ against ID.
15	Tajikistan	2TAD0030	Regional Power Transmission Interconnection Project	Energy	Loan	$14.05	$13.98	$-0.07	-0.5%	
16	Senegal	2SE 0102	Touba Water Supply (Phase 1) Project	Agriculture	Loan	$13.15	$11.28	-$1.87	-14%	The depreciation of the CFAF against the US dollar during project implemen-tation
17	The Gambia	3GM 0065	IsDB-Mzlaria Control Project - Quick WinPro-gram	Health	Loan LDMC	$3.00	$1.22	-$1.78	-59%	Cancellation of the project by IDB and the Government of the Gambia.
18	Lebanon	2LE 0059	Eight Schools In Bekaa	Education	Loan	$10.63	$15.53	$4.89	46%	The additional cost of civil works was owing to the increased cost of building materials and additional works such as retaining walls, and some slight modifications to the design.
19	Tunisia	2TUN0092	Sidi Bouzid Higher Institute For Technologi-cal Studies	Education	Istisnaa	$18.38	$21.74	$3.37	18%	The cost overrun was due to increased cost of building materials as well as to changes in the equipment specifications.
20	Tajikistan	7TAD0036 7TAD0044 7TAD006 3TAD0037	Microfinance Project for Rural Areas (ISFD)	Finance	Loan ISFD	6.67	6.4	$0.3	-4%	

ANNEX E: CRITERIA-BASED RATING FOR EVALUATIONS IN 2017G

No,	Country	Project Code	Project Name / Title	Sector	Mode of Finance	Relevance	Effectiveness	Efficiency	Sustainability	Overall
1	Burkina	2UV 0097	Agricultural Development Project Downstream Small Dams in the Eastern Region	Agriculture	Loan LDMC	Relevant	Effective	Less Efficient	Less Likely	Partly Successful
2	Faso	2MA 0103	Upgrading of University of Science of Malaysia	Education	Inst. Sale	Highly Relevant	Effective	Less Efficient	Likely	Successful
3	Malaysia	2AZ 0032	Janub Power Plant	Energy	Istisnaa	Relevant	Effective	Less Efficient	Likely	Successful
4	Azerbaijan	2PAK0132	Uch II Power Expansion Project (PPP)	Energy	Leasing	Highly Relevant	Effective	Efficient	Likely	Successful
5	Pakistan	2IRN0071	Abadan Combined Cycle Power Plant	Energy	Inst. Sale	Relevant	Effective	Less Efficient	Likely	Successful
6	Iran	7KHZ0065	Microfinance to Rural Areas Project	Finance	Loan ISFD	Relevant	Effective	Less Efficient	Less Likely	Partly Successful
7	Kazakhstan	2IND0115	North Sumatra University Hospital Project	Health	Inst. Sale	Relevant	Less Effective	Less Efficient	Likely	Partly Successful
8	Indonesia	2SU 0125	The White Nile Sugar Project	Industry & Mining	Leasing	Highly Relevant	Less Effective	Less Efficient	Less Likely	Partly Successful
9	Sudan	2SE 0114	Construction of The Linguere-M Atam (Boula-Patouki) Road	Transportation	Loan	Highly Relevant	Effective	Efficient	Likely	Successful
10	Senegal	2TU 0147	Railway Tracks	Transportation	Inst. Sale	Highly Relevant	Highly Effective	Efficient	Likely	Successful
11	Turkey	2TU 0176	TKB Renewable Energy Program	Transportation	Restricted Mudaraba	Relevant	Effective	Efficient	Likely	Successful
12	Turkey	2BD 0145	Greater Rangpur Agriculture and Rural Development Project	Agriculture	Loan	Relevant	Effective	Efficient	Likely	Successful
13	Bangladesh	(7KYR0027)	Microfinance Project for Rural Development	Finance	Loan ISFD	Relevant	Less Effective	Less Efficient	Less Likely	Partly Successful
14	Kyrgyzstan The Gambia	3GM 0067	Rural Water Supply Project in Gunjur	Agriculture	Loan LDMC	Relevant	Less Effective	Less Efficient	Likely	Partly Successful
15	Tajikistan	2TAD0030	Regional Power Transmission Interconnection Project	Energy	Loan	Relevant	Effective	Highly Efficient	Likely	Successful
16	Senegal	2SE 0102	Touba Water Supply (Phase 1) Project	Agriculture	Loan	Relevant	Effective	Efficient	Less Likely	Successful
17	The Gambia	3GM 0065	IDB-Malaria Control Project - Quick Win Program	Health	Loan LDMC	Highly Relevant	Less Effective	Less Efficient	Less Likely	Partly Successful
18	Lebanon	2LE 0059	Eight Schools In Bekaa	Education	Loan	Partly Relevant	Less Effective	Less Efficient	Likely	Partly Successful
19	Tunisia	2TUN0092	Sidi Bouzid Higher Institute For Technological Studies	Education	Istisnaa	Relevant	Less Effective	Less Efficient	Likely	Partly Successful

ANNEX F: RECOMMENDATIONS FROM 2017G EVALUATIONS

Recommendations addressed to the Departments under Global Practices & Chief Economist Directorate

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation
Burkina Faso 2UV 0097 / 3UV 0098	Agricultural Development Project Downstream Small Dams in the Eastern Region Agriculture	a) IsDB should alert the Government of Burkina Faso about existing risks hampering the sustainability of the project such as the damaged intake valve of the Kaoré dam, which has been stuck in closed position since 2016, in order to sustain the project results. b) In projects with significant technical complexities, the Bank should ensure that related engineering design studies are rigorously conducted in accordance with the most appropriate quality standards, updated prior to project commencement, and should be periodically validated during implementation
Malaysia 2MA 0103	Upgrading of University of Science of Malaysia Education	At completion, the original scope of civil work component was drastically reduced from full construction of five laboratories and refurbishment of 15 others to wiring, air conditioning and minor refurbishing to install the equipment. This resulted into large reduction in counterpart funding (from 46% of estimated project cost to less than 4% of actual cost). To avoid such situation in the future, IsDB's appraisal team should undertake rigorous examination of technically feasible alternatives. For example, IsDB appraisal team should have considered the refurbishment of the existing facilities as a cost-effective alternative.
Pakistan - 2PAK0132	Uch II Power Expansion Project (PPP) Energy	The issues regarding the evacuation facilities should be tackled more diligently during appraisal for future projects in order to ensure development effectiveness.
Iran - 2IRN0071	Abadan Combined Cycle Power Plant Energy	One of the major cause of the long implementation delay for this project was delays in procurement and disbursements owing to sanctions on Iran. Hence, the Bank and GoI should find ways and means for speeding procurement and disbursements and solving the issue of transfers for future projects.
Kazakhstan - 7KHZ0065	Microfinance to Rural Areas Project Agriculture	Project appraisal teams for microfinance should include macro economists who should be tasked to analyze economic financial situation and risks. Project design should accommodate sufficient measures to mitigate macro-financial risks, for example markup rates should be determined in a more flexible manner. The effectiveness conditions of these types of projects should be brought forward and they should be made conditions for Board approval. Thus, the project activities can start immediately after the Board approval, and delays in getting the project effective can be avoided

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation
Indonesia - 2IND0115	North Sumatra University Hospital Project Health	IsDB should address the sustainability issues for projects at the appraisal stage with regard to income generation and ensure that there will be enough funds to operate the facility especially for the first years before reaching financial break-even.
		The successful implementation of the teaching hospital is the result of IsDB's long-term commitment to higher education in Indonesia. Long-term commitment and policy dialogue built trust and confidence between IsDB, MoRTHE and GOI. Accordingly, IsDB should continue supporting the development of the sector to help the GOI overcome the shortage in qualified human resources.
Sudan - 2SU 0125 / 2SU 0143	The White Nile Sugar Project Agriculture	In view of the strategic importance of the project and its additional financing requirement to attain optimal operating capacity for profitability, the Bank may consider assisting the company in reaching out to the Coordinating Group to mobilize resources for the execution of the remaining task of further land development. In addition, given the complexities and implementation challenges of the project particularly the high financial risks, the Bank should closely monitor the operations of the company as well as the implementation of the remaining components of the project.
Senegal - 2SE 0114	Construction of The Linguere-M Atam (Boula-Patouki) Road Transport	In the context of road projects, consider complementary economic actions (water points, health centers, schools etc.) to integrate the project into its environment and maximize its socio-economic impact
Turkey - 2TU 0147	Railway Tracks Transport	Ensure timely setup of the Project Management Unit (PMU). Indeed, for the project under review, a dedicated PMU was not established till February 2011 (19 months after project effectiveness, and 9 months after the first disbursement)
Bangladesh - 2BD 0145	Greater Rangpur Agriculture and Rural Development Project Agriculture	(i) The Bank may consider extending further support to scale-up the initial success through next phase, with additional focus on the whole value-chain; especially sustaining the provision of micro-credit and supporting processing and marketing.
		(ii) The Bank should pay attention to land acquisition and site selection issues during project preparation to avoid poor designs that potentially can result in down scoping of projects during implementation
The Gambia - 3GM 0067	Rural Water Supply Project in Gunjur Agriculture	IsDB should ensure that the components such as training of beneficiaries and sensitization campaign for similar projects are implemented in order to increase beneficiaries' sense of ownership and awareness regarding sanitation.
		Considering the high demand from the beneficiaries in Gunjur for individual connections, IsDB may consider focusing on individual water connection approach instead of the community standpipe model during the design and appraisal of similar projects.

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation
Tajikistan - 2TAD0030	Regional Power Transmission Interconnection Project Energy	The Bank should build on this success and replicate it in other similar situations. IsDB should continue its support to Tajikistan to develop its high hydropower potential.
Senegal - 2SE 0102	Touba Water Supply (Phase 1) Project Agriculture	IsDB should build on the outcomes of the feasibility study and may continue to extend additional support for the improvement of the Touba population access to potable water to satisfy the needs of the growing population of the city and surrounding villages, as there is a sizeable unmet demand at the peak during "Magal". However, any IsDB future intervention in Touba water distribution system should be conditional to institutionalization of an appropriate management, operation and maintenance of the system before undertaking any extension of the network and its capacity.
The Gambia - 3GM 0065	IDB-Malaria Control Project - Quick Win Program Health	i) For future projects, IsDB should conduct adequate due diligence and consultation with Government of the Gambia and the executing agency regarding the decision of the operation early closing with consideration to the socio economic impact of the early closing on the project benefits and outcomes.
		ii)Continue to support the Malaria program and consider a coordinated approach with partners such as UNICEF and the Global Fund for implementing malaria large scope programs, such as the Home Management of Malaria (HMM) due to its large resources requirements
Lebanon - 2LE 0059	Eight Schools in Bekka Education	i) In future similar projects, ensure that sufficient due diligence is carried out by the IsDB staff through field visits and in depth analysis of the educational needs of the beneficiary, before the approval in order to avoid poor site selection linked to socio-political bias.
		ii) Request CDR to ensure coordination and consultation with concerned stakeholders to mitigate non- utilization of the schools in Bekkifa and Ain Majadalin and enhance the utilization of schools with low enrollment.
Tunisia - 2TUN0092	Sidi Bouzid Higher Institute For Technological Studies Education	Follow up with Government authorities to ensure that the business incubator is properly equipped, staffed and functioning.
Turkey - 2TU 0176	TKB Renewable Energy Program Energy	The Bank should devise and enforce a tailor-made Monitoring and Evaluation Mechanism to properly track and follow-up the Mudarabah income generated from each of the financed projects and the performance of the overall program. The Bank should include more safeguards in the Restricted Mudarabah Agreement to be in a position to check that the Executing Agency is complying with the Banking Best Practice, and IsDB specific requirements. IsDB may encourage other member countries to benefit from this successful experience in terms of setting up attractive framework for

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation
		private sector for the development of Renewable Energy and Energy Efficiency, and accelerating access to Energy for the population and economic sectors in an environmentally friendly and affordable fashion.
Azerbaijan - 2AZ 0032	Janub Power Plant Energy	IsDB should consider, in future projects, components for capacity building, to enable AzerEnerji to upgrade the training centers at the PP In similar projects, IsDB should encourage the adoption of life-cycle cost based selection, where operating and maintenance costs are substantiated. That can impact the cost-effectiveness of similar projects, because it is a way to avoid opportunistic pricing (damping) at the procurement stage of the equipment and high O&M cost in the long run.
Kyrgyzstan - 7KYR0037 / 7KYR0039	Microfinance Project for Rural Development - Center Kapital & Finance Partner Agriculture	IsDB/ISFD should ensure that the projects financed by IsDB finding are Shariah-compliant and should put in place a mechanism to ensure that banks and MFIs use exclusively Islamic modes of finance to channel IsDB finacing to the end-beneficiaries IsDB/ISFD should exercise extreme caution and intensive due diligence while selecting private executing agencies IsDB/IFSD should not approve similar operations without government guarantee as private institutions faces macro risk that can jeopardize their ability to repay. IsDB should re-strategize and provide direct advisory services to the MFIs, while helping the country in setting up Islamic Finance regulatory framework. IsDB/ISFD should put in place a mechanism to ensure that banks use exclusively Islamic modes of finance to channel IsDB financing to the end-beneficiaries. IsDB should re-strategize and provide direct advisory services to the banks, while helping the country in setting up Islamic Finance regulatory framework.
Tajikistan	Microfinance Project for Rural Areas Agriculture	IsDB/ISFD should ensure that Tojiksodirat Bank come up with a repayment plan and start repaying the over-dues of US$303,936 starting from December 2017.
Tunisia	MCPS Tunisia	(b) IDB needs to revisit its current procurement guidelines (for goods, works and for use of consultants) and make provision for utilization of the country procurement system where deemed applicable. The current procurement procedures and processes are lengthy; require obtaining no objection letter (NOL) at numerous steps and are not

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation
		aligned with the country procurement system, which is adopted by other financiers. In addition, IsDB may ensure retrospective monitoring and evaluation including through the Tunisian online procurement tracking system that allows monitoring of progress by both parties.
Niger	MCPS Niger	Ensure timely establishment of project management units (PMUs) to accelerate the start-up workshop and familiarization visit, and to undertake supervision missions more frequently For the MCPS tool to be effective and lead to tangible development results, its implementation needs to be carefully monitored and evaluated real-time. All gaps in meeting IsDB Group's planned commitment should be reported to the management early on, especially when they relate to solving the chronic and unresolved country's needs (agriculture, livestock, education, infrastructure, health care, micro and small businesses). In the case of projects/programs with multiple donors, establish a coordination system and agree on who will be the "Leader" of the group in order to harmonize approaches and facilitate implementation MCPS implementation should focus on delivering the commitment made in the document, including shifting the assistance to Niger towards facilitation of PPPs, supporting SMEs/SMIs, conducting more capacity development initiatives and participating in periodic sector -wide donor coordination meetings.
Kazakhstan	MCPS Kazakhstan	Address Efficiency Issues in all IDBG operations and aim to: (i) Conduct close monitoring and follow-up on the Implementation of the Approved Projects on Road, Rural Water Supply, Irrigation, and TA Grants; (ii) Undertake an Annual Portfolio Review and follow up on key projects Milestones (effectiveness, procurement, disbursements, implementation review);

ANNEX F: RECOMMENDATIONS FROM 2017G EVALUATIONS

Recommendations addressed to the Departments under the Country Relations and Services Directorate

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Burkina Faso 2UV 0097 / 3UV 0098	Agricultural Development Project Downstream Small Dams in the Eastern Region	IsDB should alert the Government of Burkina Faso about existing risks hampering the sustainability of the project such as the damaged intake valve of the Kaoré dam, which has been stuck in closed position since 2016, in order to sustain the project results.	The draft PPER was sent to the Agriculture and Rural Development Department and Dakar Regional Office for their comments. The relevant comments were incorporated in the report before finalizing it. The Final Report is currently being shared with Government of Burkina Faso for their necessary action on the recommendations.
Indonesia - 2IND0115	North Sumatra University Hospital Project	The successful implementation of the teaching hospital project is the result of IsDB's long-term commitment to higher education in Indonesia. Long-term commitment and policy dialogue built trust and confidence between IsDB, MoRTHE and GOI. Accordingly, IsDB should continue supporting the development of the sector to help the GOI overcome the shortage in qualified human resources.	The positive findings reflect IsDB's significant footprint in the Human Development sector of Indonesia. Under the 2nd MCPS (2016-2020) the Bank's support to Human Capital development is continuing under the theme of Reducing Regional Disparities through support to Economic and Social Infrastructure. Continuous effort has been made to strengthen the relationship with the Ministry of Research, Technology and Higher Education (MoRTHE) and there has been many statements from MoRTHE that they recognize IsDB as one of the strongest development partner to support Indonesia in improving the higher education sector in the country.
Sudan - 2SU 0125 / 2SU 0143	The White Nile Sugar Project	In view of the strategic importance of the project and its additional financing requirement to attain optimal operating capacity for profitability, the Bank may consider assisting the company in reaching out to the Arab Coordinating Group to mobilize resources for the execution of the remaining task of further land development. In addition, given the complexities and implementation challenges of the project particularly the high financial risks,	The Project has been completed. Draft Repayment Schedule has been sent to the Country for their review.

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Sudan - 2SU 0125 / 2SU 0143	The White Nile Sugar Project	the Bank should closely monitor the operations of the company as well as the implementation of the remaining components of the project.	The Project has been completed. Draft Repayment Schedule has been sent to the Country for their review.
Senegal - 2SE 0114	Construction of The Linguere-Matam (Boula-Patouki) Road	In the context of road projects in the Bank, consider complementary economic actions (water points, health centers, schools etc.) to integrate the project into its environment and maximize its socio-economic impact.	The Bank is in discussions with concerned Authorities including Executing Agencies to provide complementary economic facilities in road projects in order to maximize its social economic impact. This is the case of the Construction of Rural Road using PROBASE technology.
Turkey - 2TU 0176	TKB Renewable Energy Program	The Bank, through the Country Gateway Office, should closely monitor the on-going projects in Waste and Hydropower, to ensure proper implementation The Bank should devise and enforce a tailor-made Monitoring and Evaluation Mechanism to properly track and follow-up the Mudarabah income generated from each of the financed projects and the performance of the overall program. In addition, the Bank should include more safeguards in the Restricted Mudarabah Agreement to be in a position to check that the Executing Agency is complying with the Banking Best Practice, and IsDB specific requirements. IsDB may encourage other member countries to benefit from this successful experience in terms of setting up attractive framework for private sector for the development of Renewable Energy and Energy Efficiency, and accelerating access to Energy for the population and economic sectors in an environmentally friendly and affordable fashion.	All recommendations relating to tailor made monitoring and evaluation mechanism to track Program performance have been taken into account while designing the TKB-II Framework Installment Sale Program (Restrcited Mudarabah mode was not available due to its country limit) . There is a customized disbursement mechanism built into the Program to ensure flexibility as well as alignment with physical progress of projects. In future Mudarabah Operations, the team would ensure that a customized M&E mechanism is in place and Mudarib obligations are satisfactory met through regular independent financial audit. IsDB has already undertaken a success story for TSKB RE/EE Program which may be replicated for the very similar TKB Program as well.

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Bangladesh - 2BD 0145	Greater Rangpur Agriculture and Rural Development Project	The Bank may consider extending further support to scale-up the initial success through next phase, with additional focus on the whole value-chain; especially sustaining the provision of micro-credit and supporting processing and marketing.	The project was scheduled to be completed within five years, beginning from the date of effectiveness (November 2007) with completion envisaged in November 2012. However, it actually completed in June 2013. The total project cost was estimated at US$ 11.102 million and the actual cost of the project at completion was US$ 9.283 million. The project has been upscaled into another phase "Rangpur Agriculture and Rural Development Project II (BGD1004)". Rangpur II was approved by IsDB in September 2016 (BED 314) and financing agreements were signed during IsDB 42nd Annual Meeting held in May 2017 with total amount of USD 33.2 million including 15 million loan and USD 18.2 Istisna'a. The project is awaiting effectiveness documents from GOB.
The Gambia - 3GM 0065	IsDB-Malaria Control Project - Quick Win Program	For future projects, IsDB should conduct adequate due diligence and consultation with Government of the Gambia and the executing agency regarding the decision of the operation early closing with consider-ation to the socio economic impact of the early closing on the project benefits and outcomes.	The Bank, through the negotiation stage before submitting projects for Board of Executive Directors consideration, is undertaking adequate due diligence and consultation with the Government and Executing Agency to expedite the pace of implementation including detailed procurement arrangements. This is intended to improve on project outcome and impact.
Lebanon - 2LE 0059	Eight Schools in Bekka	Request CDR to ensure coordination and consultation with concerned stakeholders to mitigate non-utilization of the schools in Bekkifa and Ain Majadalin and enhance the utilization of schools with low enrolment.	A letter was sent to CDR on 23 October 2017 requesting them to discuss this issue with Ministry of Education and urge them to take the necessary actions to enhance the utilizations of the schools and increase the enrolment.

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Tunisia	MCPS Tunisia	IsDB needs to engage in high-level policy dialogue with the Tunisian authorities to review the IsDB active portfolio performance and boost the disbursement rate, which currently stagnates at less than 1% in comparison to a ratio of 50-60% attained by other financiers such as the African Development Bank, World Bank, etc. High-level dialogue is needed to provide immediate solutions to the bottlenecks hindering the portfolio performance and to accelerate the delivery of the planned results through mutual commitments from all stakeholders. IsDB needs to revisit its current procurement guidelines (for goods, works and for use of consultants) and make provision for utilization of the country procurement system where deemed applicable. The current procurement procedures and processes are lengthy; require obtaining no objection letter (NOL) at numerous steps and are not aligned with the country procurement system, which is adopted by other financiers. In addition, IsDB may ensure retrospective monitoring and evaluation including through the Tunisian online procurement tracking system that allows monitoring of progress by both parties. Consultations with MDBs as well as feedback from stakeholders indicate the need for IsDB Group to increase its field presence in order to resolve the current delays, enhance coordination, consultation, knowledge sharing, dissemination, monitoring and problem solving.	-Regional Hub of Rabat (RHR) intends to undertake a portfolio cleaning exercise after the completion of the under preparation MCPS-2 (2018-2020) and before undertaking the programming exercise for the MCPS-2 period. This exercise will allow expediting the implementation of the problematic projects by agreeing on actions plan and timeline. -In addition, RHR plans in 2018 to undertake a policy dialogue with the Tunisian authorities in order to discuss ways and means to expedite the implementation of projects in the country. by focusing on some critical issues like procurements procedure and PMUs set up. -The transformation of Rabat regional Office into Regional Hub with more authorities and resources will have positive impact on the resolving projects delays, enhancing coordination, consultation and knowledge sharing with other stakeholders in the country. It is to be noted that the Bank started two years ago the process of recruiting a Field Representative (FR) in Tunisia. This process was delayed by the adoption by the Bank of a new approach for recruiting FRs, and by the organization migration process. It is expected that the recruitment of IsDB's FR in Tunisia be completed once RHR starts functioning fully from Rabat (Morocco).
Niger	MCPS Niger	Reiterate the Bank's commitment towards financing of both public and private sectors and positioning itself as an investments/business Bank through issuance of Sukuk, support to SMEs/SMIs, public private partnership (PPP), capacity development, participation in basket fund for health and education, and the promotion of foreign direct investment (FDI). Discuss issues of lengthy country's processes for the declaration of effectiveness at the highest levels of the GoN. This should be on the agenda of the next IsDB's high-level visit to the Government of Niger.	The financing envelope for the 2013-2015 IDB Group MCPS for Niger is US$ 780 million, with net approval by end of March 2018 of US$ 260 million. This constitute an implementation rate of 35 percent covering private sector development including trade finance and promotion activities, small and medium enterprises, public and private sector development, and economic and social infrastructure activities covering agriculture, health and education.

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Niger	MCPS Niger		The establishment of Regional Hubs will revitalize IsDB Group engagement through frequent supervision missions, annual portfolio reviews, policy dialogue and an enhanced coordination mechanism with the Development Partners. Implementation of the economic and social development plan (PDES) of Niger for the 2017-2021 period is emphasizing private sector development to unlock the growth potential of Niger. IsDB Group will continue to contribute in supporting the efforts of the Government in strengthening governance, developing human capital and social protection, boosting rural productivity and incomes, support to private sector development with a view to scaling up private sector investments with support from the ICD.
Kazakhstan	MCPS Kazakhstan	Address Efficiency Issues in all IsDBG operations and aim to: (i) Conduct close monitoring and follow-up on the Implementation of the Approved Projects on Road, Rural Water Supply, Irrigation, and TA Grants; (ii) Undertake an Annual Portfolio Review and follow up on key projects Milestones (effectiveness, procurement, disbursements, implementation review); and (iii) Rethink the IsDB Group's presence in Kazakhstan Keep Focused Sector Coverage and Strengthen Comparative Advantage in the Next MCPS. The IsDB Group needs to: (i) Focus on key priority sectors of the country which are the IsDB Group's comparative advantage such as (Agriculture, Roads, SME development) and Islamic Financing; (ii) Anticipate Borrowing capacity challenges of the country by supporting more PPP projects; (iii) Undertake closer cooperation between IsDB Group and GoK on the issuance of Sukuk by IsDB and ICD in KZT; (iv) Support the development of the Islamic Finance Industry by advocating for reforms in the regulatory environment of the country at the highest level. Then, follow this up with TA grants and capacity building initiatives;and (v) Maintain a balance between new approvals and deliveringresults from the existing active portfolio.	Regional Hub Almaty (RHA) is closely following up on the implementation of approved projects, including: (i) the Irrigation and Drainage Project; (ii) the Aktobe-Makat Road Project, and the Atyrau-Astrakhan Road Project. The Irrigation and Drainage Project was declared effective as of 3 January 2018. However, while its physical implementation is far advanced, the IsDB is facing delay in processing the relevant payments to the project due to a system malfunction. For road projects, the authorities are very rigorous on the IsDB financing agreements, although the RHA has already obtained no-objection from the top list of ministries. The Ministry of Justice's clearance is currently pending. For the IsDBG MCPS 2.0 for Kazakhstan, RHA will focus on supporting Kazakhstan's ambitious targets in agriculture development, enhancing regional transport and logistics,developing financial industry and exploring PPP financing modalities.

Recommendations addressed to ICD

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Pakistan	Maple Leaf Cement Factory (MLCF) Project (ICD)	Get the remaining balance through the cash sweep mechanism to avoid any challenges in the future, shall any foreign exchange risk materializes Introduce the marketing/energy efficiency initiatives (network of masons through training, waste heat recovery plant, coal-powered power plant) taken by MLCF in other Member Countries where ICD and IsDB invest in cement industry or in similar industries Consider identifying renewable energy projects (mainly solar and wind) not only for cement sector but also for the other energy intensive industries.	- ICD has already executed the cash sweep mechanism and the facility is now fully repaid. - We take note of this recommendation and ICD will indeed look to replicate the Maple Leaf initiative in other member countries. We would also like to highlight that ICD will continue its support to Pakistan cement industry because of its development impact and demand as mentioned in OED report. In this respect ICD Board of Directors has approved a term finance facility of USD 25 million for the expansion of a cement plant in Pakistan in partnership with other international DFIs. -ICD has made a strong commitment of finance Renewable Energy projects in Pakistan (Wind and Solar) by providing concept clearance for four projects. ICD along with the sponsors is waiting for Government of Pakistan to approve the wind/solar tariff in order to move forward on these projects.
Uzbekistan	Term Financing for Jurabek Laboratories (ICD)	Considering that currently Jurabek pays markup of around 25% for its raw materials on credit basis, ICD and/or ITFC may finance the procurement of raw materials for existing and new operations of Jurabek. In line with the offerings of other multilateral financiers, ICD may explore ways and means to enhance its 'advisory services' component of financing and go beyond supervision of repayments from a valued client. Other IFIs in the country and elsewhere provide specialized training programs and one-on-one coaching modules to the senior management of their clients.	- In addition to the existing facility extended by ICD, last year ICD approved a new working capital facility for Jurabek for USD 10 million to support the Company operation and growth plan.

Recommendations addressed to ICIEC

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Bahrain	Foreign Investment Insured (FII) for Muharraq Sewage Treatment Plant (ICIEC)	ICIEC should pursue its efforts in developing its communication, networking, and client sourcing activities in Bahrain and GCC countries through more active participation in seminars, special conferences and contacts with Export Credit Agencies (ECA's) ICIEC needs to develop its own monitoring and self-evaluation function to continuously assess its development results and take remedial action when necessary during the implementation.	ICIEC is currently finalizing the setting-up of a full-fledged Monitoring & Evaluation Unit (M&E Function and Framework) which will be fully

Recommendations addressed to ISFD

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Kyrgyzstan - 7KYR0037 / 7KYR0039	Microfinance Project for Rural Development - Center Kapital & Finance Partner	IsDB/ISFD should ensure that the projects financed by IsDB finding are Shariah-compliant and should put in place a mechanism to ensure that banks and MFIs use exclusively Islamic modes of finance to channel IsDB financing to the end-beneficiaries IsDB/ISFD should exercise extreme caution and intensive due diligence while selecting private executing agencies IsDB/IFSD should not approve similar operations without government guarantee as private institutions faces macro risk that can jeopardize their ability to repay IsDB should re-strategize and provide direct advisory services to the MFIs, while helping the country in setting up Islamic Finance regulatory framework.	Noted .

Recommendations addressed to ICIEC

Country/Project Code	Project Title / Sector	Follow Up Action / Recommendation	Feedback
Tajikistan	Microfinance Project for Rural Areas	IsDB/ISFD should put in place a mechanism to ensure that banks use exclusively Islamic modes of finance to channel IsDB financing to the end-beneficiaries. IDsB should re-strategize and provide direct advisory services to the banks, while helping the country in setting up Islamic Finance regulatory framework. IsDB/ISFD should ensure that Tojiksodirat Bank come up with a repayment plan and start repaying the over-dues of US$303,936 starting from December 2017.	

IsDB

البنك الإسلامي للتنمية

Islamic Development Bank