

Annual Project Progress Report

Project title: Support in expanding access to International Development Finance

Award ID: 00097777

Project ID: 00101361

Implementing partner: The State Bank for Foreign Economic Affairs of Turkmenistan

Period covered in this report: 01.11.2017 – 31.12.2018

Date of last Annual Report: N/A

Date of the last Project Board meeting: 24.11.2018

Date of last Quality Assurance and rating: 08.11.2017 - Design and Appraisal stage
(Exemplary)

1. Project Performance

a) Please state the expected Output of the Project, set indicators and corresponding CP Outcome (as per project document/AWP):

Project Output 1: An improved coordination mechanisms of national development projects financed by external borrowings

Output indicators:

1.1 Manual on financing of projects by external lending sources developed and approved

Output targets: Yes

b) Were the indicators and output achieved? Yes No Partially

1.2 Number of recommendations accepted for improvement of coordination system of international financing

Output targets: 5

b) Were the indicators and output achieved? Yes No Partially

1.3 Conference on financing of development in Turkmenistan

Output targets: Yes

b) Were the indicators and output achieved? Yes No Partially

1.4 Number of employees of Bank and ministries/agencies, who received a certificate on project management

Output targets: 10

b) Were the indicators and output achieved? Yes No Partially

1.5 Number of employees of Bank and ministries/agencies, trained in attracting external loans and conducting negotiations
Output targets: 20

b) Were the indicators and output achieved? Yes x No Partially

1.6 Number of employees of Bank and ministries/agencies training in project preparation, project appraisal, financial analysis, monitoring and evaluation.
Output targets: 20

b) Were the indicators and output achieved? Yes x No Partially

Project Output 2: Draft mid-term strategy for innovative development of TFEB

Output indicators

2.1 Mid-term bank development strategy developed and approved

Output targets: Yes

b) Were the indicators and output achieved? Yes x No Partially

Project Output 3: Draft targeted strategy of TFEB for digital banking

Output indicators

3.1 Targeted strategy on introduction of digital banking in TFEB developed

Output targets: Yes

b) Were the indicators and output achieved? Yes x No Partially

2. Progress Reporting

a) Please summarize the main achievements during the project cycle:

Project Output 1: An improved coordination mechanisms of national development projects financed by external borrowings

- 1. International Conference on “Partnership for Development Financing at the Heart of the Great Silk Road” was organized jointly by the United Nations Development Programme and the State Bank for Foreign Economic Affairs of Turkmenistan on 20-21 June 2018 in Ashgabat, Turkmenistan. The Conference provided the unique space to advance the financing for development agenda in Turkmenistan by bringing together high-level officials from the Government of Turkmenistan, the UN system, the international financial institutions (IFIs), and business sector executives to explore new opportunities for development financing in Turkmenistan.**

The event identified ways in which the Government of Turkmenistan, business sector and IFIs could broker partnerships and catalyze new financing that could best contribute to the economic growth achievement. Financing for Development Conference was to facilitate an

inclusive discussion on the main/most promising new funding streams that could become available to Turkmenistan to support the country's plans and sustainable growth.

The event brought together governmental partners from interested ministries and state agencies, international financial institutions that have an interest in the country, private entities (including private banks) that (could) invest in the country, development experts from UNDP and other international organization. One of the purposes of the event is to create a joint understanding of the country's sustainable development priorities, the attached financing needs and the various options that exist for mobilizing such resources, especially from international financial institutions and private capital.

- 2. As a regulatory mechanism of project coordination, a Manual was developed setting out the main requirements and criteria, which prospective borrowers must meet in applying for financing for development projects. It will also present financing opportunities and describe lenders' profiles, their priority areas of activities and modalities, including guidance on loan review, appraisal and approval processes, as well as reporting requirements. The manual is intended to set standardized format, content and quality on the requests submitted by state agencies, thereby facilitating TFEB's task in reviewing, vetting and prioritizing the requests.**
- 3. Several workshops and training were carried out focusing on institutional and staff capacity building of TFEB and relevant ministries and agencies of Turkmenistan on the topics of Project Management, Innovative Financing, Strategic Negotiations, IT Management and Security. More than 100 employees were trained during these events.**

Project Output 2: Draft mid-term strategy for innovative development TFEB

TFEB's innovative business development strategy was developed to achieve its key priority objectives in the mid-term perspective and strengthening bank's capacity in the key business areas, such as retail banking, SME banking, corporate business and project financing and improvement of banking infrastructure.

Project Output 3: Draft targeted strategy of TFEB for digital banking

TFEB's IT strategy was developed to achieve its key priority objectives in the mid-term perspective in strengthening corporate governance, promoting innovative and competitive financial services, improving financial literacy and consumer protection for bank's clients and introducing new technologies and innovative business processes into banking activities.

3. Project Risks and Issues

The project Risk Log is maintained throughout the project implementation to capture potential risks to the project and associated measures to mitigate risk. The Project

Manager shall maintain and update the Risk Log and ensure that risks are identified, communicated and managed effectively.

A number of potential risks are listed below.

Description of risk	Type and category	Risk management actions	Current situation
Time Delay issues from Implementing Partner's side	Operational	Daily process acceleration	Completed

4. Lessons learned and follow-up steps (if applicable)

a) Please provide the lessons learned and further steps after the project's closure.

- For the successful implementation of the project, Project Personal shall be based in the office of the national partner in order to establish closer relationships during the implementation of the project.
- With the achievement of the necessary goals and results, it is also necessary to develop a very trusting relationship with all the Project Stakeholders, which will make it possible to conclude new projects in the future.

5. Transfer of Assets or other related matter

a) Please state on any past or future transfer of assets made within the project cycle (Attach list of equipment, cooperation frameworks with beneficiaries, etc.)

N/A7. Financial management

Budget item	Total approved in 2017-2018 (in USD)	Expenses + commitments	Budget utilization in % to planned
Component 1	143 625	89 439	62%
Component 2	195 571	214 769	110%
Component 3	214 000	214 107	100%
Project management	53 683	56 109	105%

Total delivery in 2017-2018	606 879	574 425	95%
In % to total project budget			

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Date:

Approved by: Nurjemal Jalilova, Programme Specialist

Date: