

Annual Project Progress Report

Project title: Supporting Business and Digital Transformation in Banking

Award ID: 00115493

Project ID: 00118854

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

Period covered in this report: 01.01.2022 – 31.12.2022

Date of last Annual Report: 29.12.2021

Date of the last Project Board meeting: 08.02.2022

Date of last Quality Assurance and rating: 2021 - Satisfactory (Implementation stage)

1. Project Performance

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

Project Output 2: TFEB infrastructure and staff ready for digitalization

Output indicators

2.2 IT infrastructure upgraded with the modern equipment and software

Output targets: Yes

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

The TOR was developed and tender was finalised, the company is doing the assignment, the activity is in progress and the result is expected to be achieved at the end of 2023.

2.3 Number of bank staff passed through the specific trainings

Output targets: 20

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

The company is doing the assignment, the activity is in progress and the result is expected to be achieved at the end of 2023. One training was conducted.

2. Progress Reporting

Please summarize the main achievements during the project cycle:

During the year 2022 the start of the output was done to implement the digital transformation component of the State Bank for Foreign Economic Affairs of Turkmenistan - Internet and Mobile Banking platform and the Host Card Emulation (HCE) for Mobile Bank module, integration with the existing environment and technical support in the TFEB.

The tender documentation was developed together with IT expert, and the international tender was announced and completed. According to the results of the tender, the winner was selected, and UNDP signed the contract for 1 year on implementation of innovative Digital Banking Platform. The winner has very good qualifications and implemented about 40 digital banking platforms in 30 countries around the world. One of the achievements of the tender process is the savings for the project in the amount of 146 k USD, due to the best price of the Bidder. The amount will be used for procurement of hardware equipment, which is necessary to successfully deploy the new platform. The process of implementation of new innovative digital banking platform is in progress and will be finalized at the end of year 2023.

Engagement with Russian Experts on Demand Programme was very useful for the project – the training for banking sector was conducted to support capacity building on knowledge and sharing expertise of Russia through mentorship and institutional consulting. The purpose of training was aimed at improving of regulatory coordination mechanisms towards introduction of digital financing services in banking sector of Turkmenistan. The assignment was in line with national strategic objectives, including the long-term banking strategies that focus on improving the quality of banks' products and services, an upgrade to payment systems, digital transformation in all layers of banking, support for the private sector, and compliance with international financial reporting standards. In this regard, to support developing capacity and capabilities of banking sector staff to enable and develop a professional and highly skilled staff in banking sector, it is expected that international expert had shared an international experience and overview the regulatory approaches used to support the development and implementation of digital financial services (DFS), as well as mitigate the risks associated with financial innovations.

3. Gender Equality and Women's Empowerment

Analyse and report with the support of evidence concrete results achieved and/or unachieved towards gender equality and women's empowerment during the year.

The new Digital Banking Platform will include the gender component to have statistic dates in future. Now is on track.

4. Project Risks and Issues

The tender process was complicated in terms of setting the task – RFP for services, on procedures related to very large amount, due to the global situation (it was announced immediately after the military conflict, which also caused a certain risks)

A number of potential risks are listed below:

Description of risk	Type and category	Risk management actions	Current situation
Delay in project implementation	Operational	To speed up the process	Ongoing
No availability of resources for high-quality project implementation	Operational	The budget was increased by signing the ProDoc Revision	Completed

National partner capacity to be enhanced	Operational	The International IT expert to support national partner in digital transformation and to develop necessary documents for project procurement was hired	Completed
The existing systems in the b need to be upgraded in order to integrate with Innovative Digital Banking Platform. By this reason the delay will be in the timeline implementation.	Operational	Integration will be possible after upgrading of the existing systems, the negotiations with Stakeholder and his Providers are on track	Ongoing

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

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

Extensive consultations with stakeholder and providers are key during the design phase of the project and project document to correlate with their plans, and integration with existing technological systems.

Engagement with Russian Experts on Demand Programme was very useful for the project to support capacity building on knowledge and sharing expertise of Russia through mentorship and institutional consulting and to achieve sustainable development impact in partner countries. The Programme had simplified and accelerated the contracting process to receive good quality training. The Program also covered the costs of Russian experts, which had beneficial effect and increased the economic efficiency of the project budget.

The national partner's support is important for the success of the project. Long term well-established relations by the project staff is key for effective fulfilment of the project activities and mobilization of additional resources.

The support in capacity building of National partner staff is very important for digital projects.

6. Transfer of Assets or other related matter

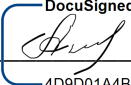
a) Please state on any past or future transfer of assets made within the project cycle (Attach list of equipment, cooperation frameworks with beneficiaries, etc.)

N/A

7. Financial management

Budget item	Total approved in 2022 (in USD)	Expenses + commitments	Budget utilization in % to planned
Component 2	254 799	250 297	98%
Project management	15 857	18 684	118%

Total delivery in 2022	270 656	268 981	99 %
In % to total project budget			

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Date: 31.12.2022