# **Annual Project Progress Report**

**Project title:** Supporting Business and Digital Transformation in Banking

Output ID: 00115493
Project ID: 00118854

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

Period covered in this report: 01.01.2021 - 31.12.2021

Date of last Annual Report: 25 Dec 2020

Date of the last Project Board meeting: 25.06.2021

Date of last Qaulity Assurance and rating: 16 Dec 2020, Satisfactory (Implementation stage)

#### 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 2: TFEB infrastructure and staff ready for digitalization Output indicators

Indicator 2.2 IT infrastructure upgraded with the modern equipment and software Output targets: Yes

- a) Were the indicators and output achieved? Yes No X Partially
- b) If no or partially, please explain why?

Due to long term approval procedure of new budget from Government side the activities were postponed to 2022-2023. As evidence the new AWPs were signed.

Indicator 2.3 Number of TFEB staff passed through the specific trainings

Output targets: 20

- a) Were the indicators and output achieved? Yes X No Partially
- b) If no or partially, please explain why?

#### 2. Progress Reporting

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

Project Output 2: TFEB infrastructure and staff ready for digitalization

The progress was done in terms of preparatory work together with a national partner:

International tender for Internet Banking and Mobile Banking platform and the HCE for Mobile Bank module, integration with the existing environment and technical support in the TFEB was done and cancelled due to a lack of resources for such high technology platform. In this regard it was recommended that the project needs additional resources and time to ensure the quality implementation of the proposed complex IT solution, and to complete staff training and exchange of experience in the field of IT technologies. Taking into account that the development of high-quality digital platforms requires more time for the execution of contracts with IT service providers, it was agreed and approved by the Government of Turkmenistan to increase the budget by additional USD 973,013 to make the total budget of USD 1,616,916 and to extend the validity period of the Project Document until June 30, 2023 in order to ensure effective completion of all activities planned within the project.

As the main achievement it was the signing of Project Document Revision on October 20, 2021 with new Annual Work Plans for 2022 - 2023 and moreover the contribution from National Partner side was duly and fully received at the end of the year.

(The ProDoc Revision is enclosed)

## Trainings in IT Banking was done

Due to the regional project "Knowledge Management and Capacity Building in Russia-UNDP Partnership" and the Russian Experts on Demand Programme we have conducted 5 days seminar to strengthen capacity building of the bank staff on knowledge of Internet and Mobile Banking Platforms (Approaches, practices, forecasts, mobile applications, e-commerce, payments systems) and exchange of experience in the field of IT technologies. Considering the importance of a digital banking platform, the bank needs to take the utmost responsibility in choosing the right solution. The training will allow the bank to implement and launch new digital products and services in the financial sector quickly and efficiently. As part of the digital strategy implementation, the bank sets itself the task of ensuring higher performance indicators for new launched products. Having analyzed the business objectives of the bank, the experts developed a training program based on the best practices of implementing digital platforms in banks.

As the result the 51 banking specialists have participated in training seminar leading by Russian experts.

https://www.tm.undp.org/content/turkmenistan/en/home/presscenter/pressreleases/2021/undp-promotes-introduction-of-digital-platforms-for-banking.html

https://turkmenportal.com/blog/37286/v-ashhabade-proshel-trening-mobilnye-i-internet-platformy-dlya-bankov

https://ashgabat.in/2021/06/09/v-ashhabade-sostoyalsya-trening-po-vnedreniyu-cifrovyh-platform-dlya-bankov/

#### 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
Delay issues in project implementation due to budget optimization (due to long term approval procedure of new budget from Government side)	Operational	Daily process acceleration and monitoring of process approval	Completed
Lack of resources for high-quality project implementation	Financial	Suggested budget optimization and monitoring of the process. ProDoc Revision with additional budjet is signed, the budget revision also is done in accordance with new AWPs.	Ongoing

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

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

Engagement with Russian Experts on Demand Programme is 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 has simplified and accelerated the contracting process to receive good quality training. The Program also cover the costs of Russian experts, which had beneficial effect and increased the economic efficiency of the project budget.

Tendering Processes: As per the ProDoc signed and LPAC Meeting Minutes the management of the tender processes is very sensitive for project, where delays have occurred during the initiation/completion of the tender processes. Given the delays in selection due to the National partner side view, UNDP has managed the process and insist on the technical interview with best candidates and invite the National Partner to participate, that resulted the clearance of sugested methodologies and sucessful closing of tender process.

The lesson learned is also better communication between project stakeholders: under the overall coordination process an effective communication among the project's stakeholders has been secured in the scope of the Project through various mechanisms including but not limited to technical/administrative consultation meetings etc.

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

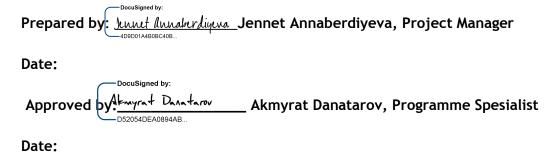
#### 5. Transfer of Assets or other related matter

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/A

#### 7. Financial management

Budget item	Total approved in 2021 (in USD)	Expenses + commitments	Budget utilization in % to planned
Component 2	8 009	7 761	97%
Project management	29 279	27 397	94%
Total delivery in 2020	37 287	35 158	94%
In % to total project budget			



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