



Statement of His Excellency Dr. Waleed Al-Wohaib

CEO, ITFC

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ITFC is Member of Islamic Development Bank Group

**Director General, Pascal Lamy,
Excellencies ,
Development Partners, Distinguished Guests,
Ladies and Gentlemen,**

At the outset, let me convey, on my own behalf, and on behalf of the delegation of the Islamic Development Bank (IsDB) Group, our profound appreciation for the invitation extended to IsDB Group to participate in this important Review Conference on Aid for Trade (AfT).

Let me also; join the previous speakers in expressing our sincere thanks and gratitude to the Director-General, Pascal Lamy, the management and staff of the WTO for the excellent arrangements made for this Forum.

**Excellencies,
Distinguished Participants,**

For the IsDB Group, trade has a very significant importance due to its critical role in economic growth and development for its Member Countries (MCs), especially least developed ones, which still suffer from inherent internal barriers that hold them back to enjoy the benefits of international trade. In this perspective, the Organization of Islamic Conference (OIC) has set a target to increase the intra-OIC Trade volume from 15% in 2005 to 20% by 2015.

To meet this challenge the IsDB Group has taken a number of strategic initiatives, in addition to the establishment of the International Islamic Trade Finance Corporation (ITFC) in 2008 to support the economic development of its 56 MCs with a mission “to be a catalyst for the development of trade among OIC MCs” and a vision “to be a recognized provider of trade solutions for the OIC MCs needs”.

In our view, AfT initiative is critically important to help less developed countries and small states to benefit from increased trade and economic growth, as well as from economic cooperation and integration. IsDB Group has been a part of the AfT initiative from the very beginning alongside other regional financial Institutions. On many occasions, we have expressed our support to strengthen inter-institutional coordination to effectively address the issue.

**Excellencies,
Distinguished Participants ,**

Allow me to highlight the main efforts of the IsDB Group to support and strengthen the OIC MC’s trade.

To date, the Group’s trade financing has amounted to US\$ 40 billion or close to 60% of the Group’s lending volume. Last year alone, ITFC trade financing amounted to US\$ 2.6 billion of which 44% was allocated to the least developed Member Countries (MCs). Since the start of its operations in January

2008, ITFC has provided cumulative trade financing to MCs in the amount US\$9.2 billion.

Under its Trade Cooperation and Promotion Program (TCPP), ITFC, on behalf of the IsDB Group, is playing a leading role in developing and delivering integrated trade related technical assistance projects to OIC MCs. These projects include an important number of activities the fall within trade promotion, capacity building, trade facilitation and development of strategic commodities.

The Islamic Development Bank created the Group Trade Related Issues Committee (GTRC), under the chairmanship of the ITFC in 2010, to create synergy for the trade-related activities at the IsDB Group level. To achieve its objectives, the GTRC established 5 sub teams on AFT, Transport and Trade, Trade and Agriculture, Trade Competitiveness, and finally Integrated projects.

Furthermore, the IsDB has an extensive WTO related Technical Assistance and Capacity Building Program for its MCs that aims to facilitate the integration of OIC MCs into the multilateral trading system. This program is geared towards enhancing the institutional and human capacity of its MCs on WTO related subjects. One of the objectives of this program is to support the trade enhancement efforts of the IsDB's MCs.

Ladies and Gentlemen,

IsDB Group has enhanced the scope of trade transactions among the MCs through its entity called the **Islamic Corporation for the Insurance of Investment and Export Credit or ICIEC** that provides export credit and re-insurance facilities to exporters, Banks, Trade Financiers and Export Credit Agencies. ICIEC has facilitated trade and investments totalling US\$682.6 million over the last three years. It has provided export credit and investment insurance products that protected policy holders from both political and commercial risks arising from cross-border trade and capital flows.

In the development of private Sector, the IsDB Group, plays special role through the **Islamic Corporation for the Development of Private Sector (ICD)**, which provides a variety of financial products, such as direct financing through equity participation, lines of financing to commercial banks and National Development Financing Institutions, short term corporate finance, asset management, structured financing, and advisory services to public and private companies. ICD's accumulated financing approvals reached \$1.8 billion by the end of February, 2011 and this amount was allocated to 204 projects.

The Infrastructure development is one of the critical factors imperative towards leveraging sustainable long-term economic growth and development. It is at the heart of the IsDB Group's assistance to the MCs. It contributes to trade facilitation and socioeconomic growth by improving supply and demand

channels, which reduce transaction cost and information asymmetry, promote productivity, market efficiency and access regional integration. Over the last 3 years about \$7.5 Billion was approved for several infrastructure projects in various sectors particularly Energy, Transport, Water, and Information and communications technology (ICT) , including Industry, and support to local SMEs.

To promote trade between MCs , the IsDB Group has financed Road projects in the Asia Region in the amount of US\$2.3 billion for the development of transport system including major bridges, roads, highways, railways and ports.

In the Middle East and North Africa (MENA) Region, IsDB Group has financed over 27 transport operations of over US\$1 billion for the development of major roads, railways, ports and air service. Also, the IsDB Group is partnering with the World Bank in leading a major initiative for Regional Cross Border Trade Facilitation and Infrastructure Program and Project for Mashreq Countries.

For the Sub-Saharan Africa (SSA) Region, IsDB Group financed 63 Operations in the amount of US\$ 1.1 billion for the development of transport systems in SSA member countries. The IsDB has financed part of Tran-Saharan road networks

linking Mali, Niger, Algeria and Burkina Faso by road. The Bank is also considering financing the Senegal-Sudan Railway Line Project. The Bank has also financed Road projects in Sub-Saharan Africa for developing East West (Trans-Sahelien) and North South (Trans Saharan) Corridors primarily to promote trade between member countries. Other examples are regional roads between Mauritania and Mali, Djibouti and Somalia.

**Director-General Lamy,
Ladies and gentlemen,**

It would be very pertinent to mention here that the IsDB Group launched a Special Program for the Development of Africa (SPDA) in early 2008. SPDA's objectives are to sustain the gain recorded under the Ouagadougou Declaration and help African MCs achieve the Millennium Development Goals (MDGs) by 2015.

The sectoral priorities under the SPDA are both pro-poor, intended to achieve the MDGs and promote economic growth and regional integration. The SPDA focuses on (i) agriculture for food security; (ii) water and sanitation; (iii) power generation and distribution; (iv) transport infrastructure; (v) education; and (vi) major communicable diseases.

The SPDA has earmarked US\$ 4 billion over 5 years (2008-2012), for which it targets to generate a total financing volume of US\$ 12 billion.

Development Partners,

Let me highlight that since 2009, ITFC has offered, in cooperation with the United Nations Economic Commission for Europe (UNECE) and the United Nations Development Programme (UNDP), its full support to launch the AfT Road Map for the United Nations Special Program for the Economies of Central Asia (SPECA) Region to support SPECA MCs efforts in building their productive capacity, trade infrastructure and the necessary legal and institutional framework for capitalizing on emerging global and regional trade and development opportunities.

One of the key outcomes of the Ministerial Meeting on the AfT Road Map for SPECA, held in Baku in December 2010, was the signing of a Ministerial Declaration that identified the following key priority areas that should form the focus of national and regional trade development plans:

- 1) Within-border supply-side measures,** at the country level, to raise the international competitiveness of the region's economies, enterprises, products and services.

2) Cross-border cooperation to harness the potential for mutually beneficial trade among the SPECA countries and with other neighbours by improving:

- (a) Physical infrastructure;
- (b) Institutional trade infrastructure, with a focus on trade facilitation; and
- (c) Market access.

3) Matters related to the multilateral trading system to facilitate the beneficial integration of SPECA countries into the multilateral trading system.

On this occasion, I would like to call the relevant International Organizations, Development Partners and Donor Countries for an effective cooperation to implement the different projects identified through the AfT SPECA initiative.

In this perspective, I am pleased to announce that the ITFC is in the final stages to launch an initiative on Aid for Trade for the Arab States in cooperation with the League of Arab States and the specialized international organizations such as WTO, UNDP, ITC and UNIDO. In this context, a consultative meeting was held last week at the League of Arab States headquarters in

Cairo to design and develop this initiative. In addition, I had the honor to brief the new Secretary General of the League of Arab States, H.E. Dr. / Nabil Al-Arabi, on the need for this initiative by the Arab states, where he welcomed this important initiative in support of inter-Arab trade and with the rest of the world, also he expressed the readiness of the Arab League to support this important endeavour.

Distinguished Guests, Ladies and Gentlemen,

We believe that AfT is vital for long-term development and structural change. But, there can be no “one-size-fits-all or blanket approach” to Aid for Trade projects/initiatives. In this regard, IsDB's experience suggests the following approaches for making AfT more effective:

- Regional approaches that support national development strategies are the best ways to multiply the benefits of AfT.
- Cross-border economic corridors lie at the heart of successful AfT programs.
- Strong partnerships between governments, private sector, and donor community ensure the sustainability of benefits.

IsDB Group is fully cognizant of the fact that its MCs are undertaking policy reforms and measures to mainstream trade as a development tool for long-term and sustainable growth. However, their efforts need to be complemented and IsDB being a South-South institution, believes that trade can be the engine for growth for MCs. IsDB will make further efforts, to mobilize required resources to bridge the financing gaps in its MCs.

**Director General, Pascal Lamy,
Excellencies ,
Development Partners, Distinguished Guests, Ladies and
Gentlemen,**

We at IsDB Grpoup look forward to more cooperating with Multilateral and regional development partners in carrying forward the AfT initiative in OIC MCs as we move toward implementation and resource mobilization.

Thank You.