



Eighth Global Review of Aid for Trade (AfT) "Empowering Connected, Sustainable Trade" Islamic Development Bank (IsDB) Group Report

Geneva, 27 - 29 July 2022

aftias2.0

Aid for Trade Initiative
for the Arab States



Table of Contents

List of Acronym and Abbreviations	01
Preface	02
Foreword	03
Introduction	04
Chapter 1: The International Islamic Trade Finance Corporation (ITFC): Resilience, Recovery and Sustainable Growth	05
Chapter 2: The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC): Efforts to support trade sustainability and investment in ICIEC Member Countries	16
Chapter 3: The Islamic Corporation for the Development of the Private Sector (ICD): Contribution to post-COVID-19 recovery efforts of Member Countries	21
Chapter 4: The Islamic Development Bank (IsDB) : Contribution to post-COVID-19 recovery efforts of Member Countries	24

List of Acronym and Abbreviations

Abbreviation	Full Name
AATB	Arab-Africa Trade Bridges Program
ADB	Asian Development Bank
Afreximbank	African Export Import Bank
AfT	The Aid for Trade
AFTIAS	Aid for Trade Initiative for the Arab States Program
AIIB	Asian Infrastructure Investment Bank
AOAD	Arab Organization for Agricultural Development
ARSO	African Organization for Standardization
ASMR	Agency on State Material Reserves
AVATT	African Union's COVID-19 Vaccine Acquisition Task Team
BADEA	Arab Bank for Economic Development in Africa
BED	Board of Executive Directors
BMP	Bank Master Policy
BRAVE	Business Resilience Assistance for Value-Adding Enterprises
EBRD	European Bank for Reconstruction and Development
ECAs	Export Credit Agencies
ECOWAS	Economic Community of West African States
EDA	Export Development Authority
GASC	General Authority of Supply Commodities
GDP	Gross Domestic Product
GVCs	global value chains
ICD	Islamic Corporation for the Development of the Private Sector
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
IsDB	Islamic Development Bank
ISFD	Islamic Solidarity Fund for Development
ITFC	International Islamic Trade Finance Corporation
ITS	Integrated Trade Solutions
KAAP	King Abdullah bin Abdul Aziz Program
KSA	Kingdom of Saudi Arabia
LDCs	Least Developed Countries
MCs	Member Countries
MDBs	Multilateral Development Banks
NGO	Non-Governmental Organizations
NPLs	Non-Performing Loan
OCP	Office Chérifien des Phosphates
OIC	Organization of Islamic Cooperation
PAC	Autonomous Port of Cotonou
RCI	Regional Cooperation and Integration
RIPPF	The Regional Investment Proposal Preparation Facility
RRI	Rapid Response Initiative
RRP	Recovery Response Program
SBEE	Beninese Electricity Company
SDGs	Sustainable Development Goals
SMEs	Small & Medium Enterprises
SPRP	Strategic Preparedness and Response Package
TAP	Technical Assistance Program
TCC	Technical and Coordination Committee
TDF	Trade Development Fund
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
We-Fi	Women Entrepreneurs Finance Initiative
WTO	World Trade Organization

Preface



The Islamic Development Bank (IsDB) Group has been an active partner and donor to the World Trade Organization (WTO)-led Aid for Trade (AfT) Global Review since its inception in 2005. Therefore, on the occasion of the 8th edition of AfT Global Review on 27-29 July 2022, under the theme of "Empowering Connected, Sustainable Trade," the IsDB Group contributes this report to share its experience and participation in the advancement of sustainable trade in supporting its member countries' resilience and fostering trade connectivity amidst the COVID-19 pandemic crisis.

The COVID-19 crisis has led to the tragic loss of millions of lives worldwide. Moreover, it has wreaked havoc on the global economy, leading to trillions of dollars in losses because of a contraction in global GDP and a drop in international trade and investment flows since 2020. During the pandemic, the lockdowns and disruption of global supply chains brought about shortages and sharp price rises in some of the most critical goods, such as medical products and food commodities. More than ever, the upheavals caused by the pandemic have highlighted the imperative of regional and global partnership and coordination.

At the level of IsDB Group member states, the negative economic consequences of the crisis were more evident given that most of these members are developing and least developed countries. In response to these challenges, the IsDB Board of Executive Directors (BED) approved a Strategic Preparedness and Response Program (SPRP) in April 2020. The program is meant to support IsDB member countries in preventing, containing, mitigating, and recovering from the impacts of the COVID-19 pandemic. The total value of SPRP amounted to \$4.43 billion, including \$1.35 billion dedicated to trade finance and development.

Concerning the AfT global initiative, I would like to emphasize that the 2nd phase of the Aid for Trade Initiative for the Arab States Program (AfTIAS 2.0) Program, launched in 2021 by the International Islamic Trade Finance Corporation (ITFC), on behalf of IsDB Group, will provide during its five years of implementation the technical, institutional, and financial support to build trade capacity in the 22 Arab countries with particular focus on the least developed countries (LDCs).

Also, IsDB has supported its member countries through its Technical Assistance Program (TAP) for regional and global integration in trade since 2007 in all WTO issues, including accession and emerging issues.

I am confident that the 8th AfT Global Review will be as successful and impactful as the previous editions. I also reiterate the IsDB Group's commitment to join forces with other development partners to boost sustainable economic development globally, especially in developing and least developed countries.

Dr. Muhammad Sulaiman Al Jasser
Chairman, Islamic Development Bank (IsDB) Group

Foreword



It is a great pleasure to continue the usual participation of the International Islamic Trade Finance Corporation (ITFC), the trade finance and development arm of the Islamic Development Bank (IsDB) Group, in the Global Review of Aid for Trade (AfT) in its 8th edition, organized under the theme of "Empowering Connected, Sustainable Trade." In our contribution this year, ITFC and IsDB Group are featuring efforts to boost member countries' resilience during the COVID-19 pandemic crisis, particularly regarding empowering sustainable trade.

The pandemic impacted negative consequences on global merchandise trade that led to a decline of nearly 5.3% in 2020. The pandemic also caused severe disruptions to global supply chains, highlighting the need to ensure supply chain resilience as opposed to the current model focusing only on cost efficiency. Undoubtedly, more attention should be paid to regional value chains in line with the 17th Sustainable Development Goal to "strengthen the means of implementation and revitalize the global partnership for sustainable development." Moreover, the global economy's challenges necessitate forging partnerships to introduce solutions to evolving challenges.

About AfT global initiative, it is essential to note that ITFC has been leading, since 2021, on behalf of the IsDB Group, the 2nd phase of the Aid for Trade Initiative for the Arab States Program (AfTIAS 2.0) Program. This multi-donor, multi-country and multi-agency program will be implemented over the next five years to assist the 22 Arab countries in using trade as an engine for growth, sustainable development, and poverty reduction.

In that regard, ITFC values its cooperation with development partners for the benefit of member countries. The contribution to the Global Review of AfT is an example of partnership for development. We look forward to continuing our participation in this initiative and our support to empowering connected and sustainable trade.

Eng. Hani Salem Sonbol

Chief Executive Officer

International Islamic Trade Finance Corporation

Introduction:

Trade has an extraordinary importance for the Islamic Development Bank (IsDB) Group and its 57 member countries (MCs), since its establishment in 1975, due to its critical role in poverty reduction, growth, and development.

This pursuit led to establishing an autonomous International Trade Finance and Development entity within IsDB Group in 2008 to effectively deal with trade and to supplement the efforts in this regard of the IsDB Group.

This specialized entity, the International Islamic Trade Finance Corporation (ITFC) (<https://www.itfc-idb.org>), delivers these objectives through two parallel lines of approach: Trade Finance operations and Trade Development. It supports its 57 MCs' economic development by promoting and enhancing intra-trade and trade cooperation among OIC MCs.

In addition to ITFC and IsDB, the Islamic Corporation for the Development of the Private Sector (ICD / <https://icd-ps.org/>) is the second member of the IsDB Group with a scope of operations that include financing, investment and technical assistance programs that directly and indirectly contribute to trade priorities of the MCs.

Along with ITFC and ICD, the mission of the third IsDB Group member, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) (<https://iciec.isdb.org>), is to increase trade and investment security between MCs and the world through Shari'ah-compliant risk mitigation tools. Its vision is to be recognized as the preferred enabler of trade and investment for sustainable economic development in MCs.

The Aid for Trade (AfT) initiative, launched by the World Trade Organization (WTO) in 2005, is at the core of the IsDB Group's mission and vision by assisting its MCs to maximize the benefits of trade openness, improving productive capacity, infrastructure, and trade-related institutions. The AfT Global Review, held every two years since 2007 at the WTO headquarters, is the centerpiece of the AfT initiative, where the IsDB Group is one of its important partners. Its main contribution consists of publishing a report related to the AfT Global Review theme.

The eighth AfT Global Review will be held on 27-29 July 2022. The theme of this session is "Empowering Connected, Sustainable Trade." This theme reflects the AfT Work Programme for 2020-2022.

From this perspective, the present IsDB Group Report will highlight the IsDB Group's efforts to stand by its MCs during the pandemic through its Strategic Preparedness and Response Program (SPRP) and its three- R tracks (Respond, Restore and Restart).



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International
Islamic Trade
Finance Corporation

Chapter 1

The International Islamic Trade Finance Corporation (ITFC):

Resilience, Recovery and Sustainable Growth

Financial and Operational Highlights - 2021 (FACT SHEET)	
Commenced Operations	January 10, 2008
Headquarter	Jeddah, Saudi Arabia
Member	The Islamic Development Bank Group
Mandate	Contribute to the economic development of Member Countries through trade advancement
Authorized Capital	US\$ 3 billion
Subscribed Capital	US\$ 857.7 million
Paid- Up Capital (Par Value)	US\$745.6 million
Cumulative Trade Finance Approvals since 2008	US\$ 61 billion
Trade Finance Approvals	US\$6.52 billion
Disbursements	US\$5.18 billion
Approvals by Sector	<ul style="list-style-type: none"> - Energy – US\$3.96 billion - Food & Agriculture – US\$1.78 million - Financial – US\$663 million - Health – US\$105 million - Others – US\$15 million
Approvals by Region	<ul style="list-style-type: none"> - Asia & Middle East – US\$4.61 billion - Africa & Latin America – US\$1.91 billion
Private Sector Support	US\$707 million
Intra-OIC Trade Support	US\$4.02 billion
Number of Member Countries Served	22
Number of Operations	91
LDMember Countries Portfolio Share	23%

Source: ITFC

ITFC's efforts in supporting MC's health sector and response against COVID-

During the pandemic, ITFC continued to enhance its development impact by providing Integrated Trade Solutions (ITS), where Trade Finance operations are integrated with trade development and capacity building to maximize the development impact and assist the MCs in meeting their goals and needs. ITFC, as a trade catalyst, focused on sectors that are key to economic and social development, particularly energy, food and agriculture, SMEs and the private sector.

ITFC's Recovery Response Program (RRP)

ITFC has adopted a two-phase response to the COVID-19 pandemic:

1. Rapid Response Initiative - RRI (During the COVID-19 Pandemic Phase)
2. Recovery Response Program - RRP (Post the COVID-19 Pandemic Phase)

The Rapid Response Initiative (RRI) aimed at enabling MCs to purchase emergency COVID-19 preparedness-related materials such as medical equipment, medical supplies, and other strategic commodities. The objective of the ITFC RRI package, with an initial envelope of US\$300 million, was to enable a faster response to allow MCs to secure the supply of essential materials to help their preparedness in combating COVID-19.

In 2021, special financing facilities were approved in favor of Guinea and Indonesia for a total of US\$105 million to strengthen the countries' response to the COVID-19 pandemic and substantially reduce deaths and illnesses.

Moreover, ITFC has approved a EUR 20 million facility in favor of the health sector of Benin. This operation aims to finance the importation of medicine and medical equipment for the prevention, detection, and management of COVID-19.

Furthermore, ITFC approved a facility of US\$ 250 million in favor of Afreximbank, a strategic partner, to finance the historic COVID-19 vaccine supply agreement between AVATT (African Union's COVID-19 Vaccine Acquisition Task Team) and Johnson & Johnson. This agreement previously successfully secured up to 400 million doses of single-shot COVID-19 vaccine.

Also, as part of the support to MCs, IsDB swiftly launched a 'Strategic Preparedness and Response Package (SPRP) of US\$ 4.43 billion to support Member Countries mitigate the impact of the COVID-19 pandemic. The 1st phase of the SPRP, the Respond Program (R1), is fundamentally geared toward saving lives and supporting its Member Countries in tackling emergencies.

ITFC was appointed by IsDB as an Agent for implementing medical expendables and supply-related components under the R1. As of year-end 2021, total disbursements processed by ITFC on behalf of IsDB reached US\$323.9 million, reflecting the Corporation's strong response to the initiative during critical times.

On 22 February 2021, IsDB and ITFC signed a new Agency Agreement to facilitate the COVID-19 Restore Program (R2) implementation by providing trade finance and lines of finance operations in Member Countries.

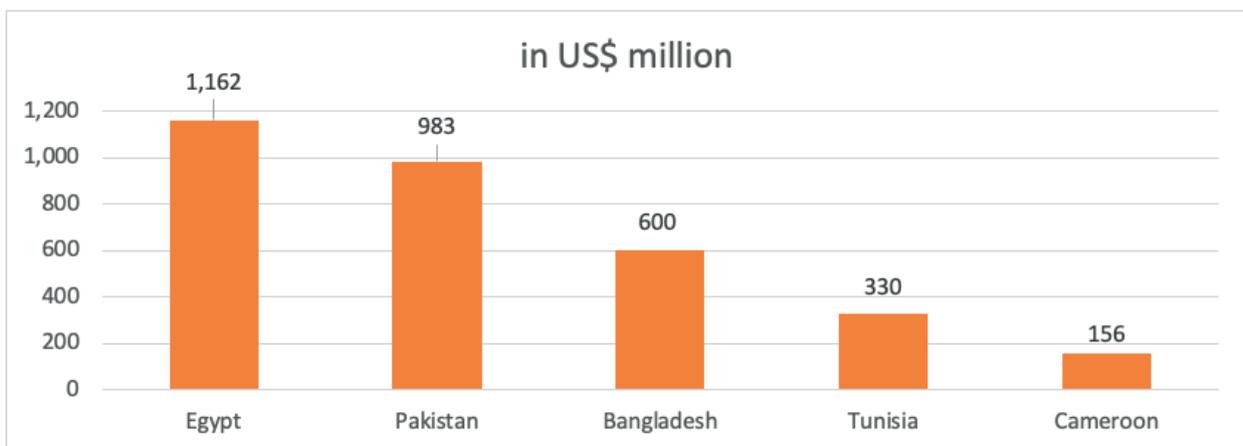
Fueling economic growth through the supply of energy products

Energy is an important production input for economic growth, and policies and efforts in providing access to energy continue to bear fruits worldwide. Yet, many ITFC MCs still have inadequate access to energy resources such as electricity. Energy is also a driver of social development and stability, and access to electricity or other energy resources is critical for security, food production, education, health, and productivity. The economic downturn caused by COVID-19 is increasing the difficulties faced by governments in achieving universal access to energy.

International players such as developmental financial institutions and donors are critical in ensuring that energy access progress does not stagnate. Thus, ITFC continues to support the energy sector as one of the main pillars of its strategy for interventions even though the energy sector financing has decreased in ITFC's portfolio from 67% in 2020 to 61 per cent in 2021. Still, ITFC remains an essential partner for providing financing to secure fuel supplies and maintain electricity production stability in several Member Countries. Moreover, it is ready to extend its support to other member countries when and if such needs arise.

In 2021, ITFC successfully realized financing of the transactions in favor of 15 MCs in the energy sector, and the total energy sector financing of ITFC reached US\$3.96 billion.

Figure 2: ITFC 2021 Top Beneficiaries in Energy Sector



Box 1 - Providing Electricity in Benin

The Beninese State signed a MURABAHA financing agreement with ITFC to provide gas and petroleum products on 16 December 2020, with the Beninese Electricity Company (SBEE) acting as Executing Agent.

This project has enabled the Maria-Gléta 2 thermal power plant to enhance its energy production by ensuring consistent supply and preventing load shedding owing to a scarcity of petroleum products. As a result, it provided households and companies with good-quality energy, allowing them to continue their economic activities. Furthermore, the availability of energy allowed the media to broadcast information across all networks, keeping people up to date on the pandemic's progress and the precautions that must be taken to avoid its spread.

Due to energy availability through ITFC's support, the impact of COVID-19 has decreased and allowed large local companies to continue operating. For example, the Autonomous Port of Cotonou (PAC) continued to operate; similarly, many companies chose to work remotely, resulting in videoconference meetings; the vaccines against Covid-19 have not suffered any malfunctions in terms of conservation because the electricity supply is consistent and reliable.

This is the first initiative of its kind in Benin. It is a breakthrough in this field since it enables SBEE to address immediate needs to pay supplier invoices on time and avoid paying late penalties.

Mr. Francis Perani
CFO, SBEE

Supporting adequate supply of essential commodities - Food Security

ITFC places great emphasis on food security and agriculture, intending to improve food security, malnutrition, and hunger-related conditions in its MCS. Accordingly, ITFC in 2021 adopted an Agri-Strategic Initiative, which envisages increasing the share of financing channeled towards the agriculture and food sectors. ITFC, through this initiative, will develop new products and structures for financing, increase technical assistance, and strengthen partnerships with the aim of helping MCs to bolster food security, reduce the number of undernourished populations, create jobs, and improve the economic well-being of the agricultural stakeholders.

Box 2 - US\$ 18 million Murabaha Financing in favor of ASMR in Tajikistan

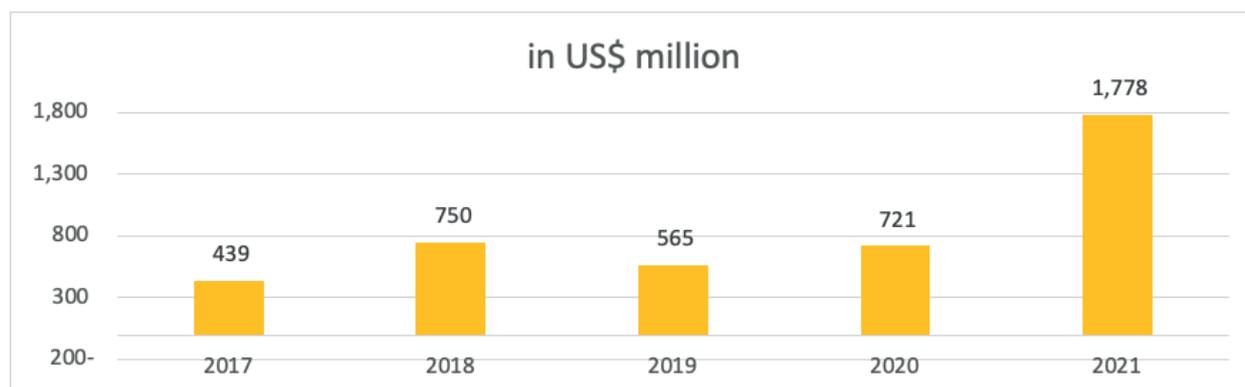
ITFC financing has had a positive impact on the economy of Tajikistan, especially during the pandemic. Through this financing, the Agency on State Material Reserves (ASMR) of Tajikistan was able to secure the purchase of essential goods and ensure steady import flows, which was critical to the national economy and maintaining the welfare of the people.

Furthermore, within the framework of ITFC trade-financing, we established a close relationship and constructive dialogue between our Agency and other key foreign partners. Finally, working with ITFC over the years has allowed our Agency to benefit from innovative solutions introduced by the ITFC team, which allowed us to enhance our business activities.

Ahmadzoda Nurmahmad
Director, Agency on State material reserves of the Republic of Tajikistan

As many of the OIC MCs are experiencing food security issues, ITFC has significantly increased its trade finance approvals for the agriculture and food sectors, which reached a record of US\$1.778 billion. This represents a 2.4 times increase compared to the financing figure of US\$721 million in 2020. In addition, the financing support benefitted 9 MCs and one sub-regional financial institution in West Africa, representing 15% of the overall portfolio of ITFC. As a result, the total financing allocated to agriculture and food security by ITFC reached US\$ 8.9 billion in 2008.

Figure 3: ITFC approval for Food & Agriculture Sector: 2017-2021



Box 3 – ITFC’s Contribution to the Food Security in Egypt

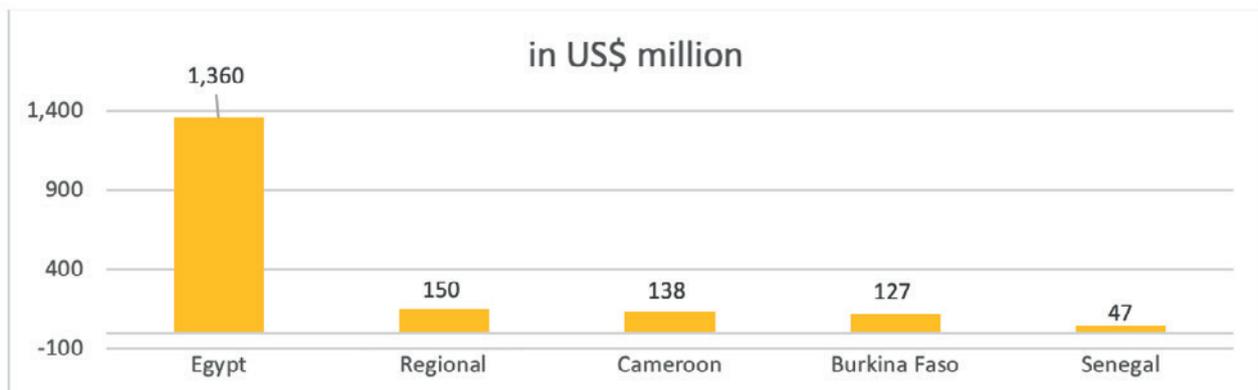
The spread of COVID-19 in Egypt had unprecedented negative impact on the food supply model in Egypt. In 2020, ITFC supported funding of Egypt's purchase of wheat which had a significant impact on mitigating the effect of the pandemic and stabilizing food security during this challenging period.

ITFC and the Government of Egypt continued this partnership in 2021, reaching a record of US\$1.36 billion for the purchase of food and basic commodities, which contributed to achieve safe levels of food security for the Egyptian State and citizens.

To ease the burden of foreign exchange management for purchases of major commodities, ITFC has shown flexibility by doubling the maturity of financing in 2021. As the ITFC payments are done at sight, this increases the degree of competition between suppliers dealing with the General Authority of Supply Commodities (GASC) (executing agent of the financing) by reducing the added financing burdens on bid prices. Moreover, ITFC facility also represented alternative source of funding available to GASC and thereby activating the degree of competition between financing institutions and obtaining better financing prices for GASC.

Between 2019 and 2021, ITFC purchased nearly 5 million tons of wheat, 350 thousand tons of sugar and 428 thousand tons of edible oil in favor of the country.

Figure 4: ITFC 2021 Top Beneficiaries in Food & Agriculture Sector



ITFC's role in fostering inter and intra-regional trade cooperation

Flagship Program 1: The Arab-Africa Trade Bridges Program (AATB)

There is an untapped potential of trade and investment opportunities between Arab and African countries. For this reason, the AATB Program, managed by ITFC, continue There is an untapped potential of trade and investment opportunities between Arab and African countries. For this reason, the AATB Program, managed by ITFC, continue since 2017 to design and implement activities aiming at creating and boosting trade and business flows between both regions.

AATB Program is a dynamic platform for including components of development and cooperation among Arab and African partners to serve the purpose of economic integration in various sectors such as Agriculture and Agro-Industries, Pharmaceuticals, Infrastructure and Transportation, Petrochemicals, Building Materials and Technology.

AATB and Harmonization of Standards for Pharmaceuticals and Medical Devices - (Phase 2): Heterogeneity of African standards has consistently made intra-African trade costly and low. Unifying standards is mandatory to reverse the trend. After successful implementation of the phase 1 during 2020, the AATB in collaboration with Afreximbank, BADEA, and African Organization for Standardization (ARSO), launched the second phase of the project which involves the analysis of existing international, regional, and national standards for their suitability to be adopted as African Standards. In the concluded Phase1, the technical committees were able to harmonize a total of 120 standards within a period of 6 months. In the Phase 2, the Experts have identified so far 228 standards to be harmonized during the current year and a report about the progress will be presented by end of 2021 to assess the benefits.

AATB and Developing Egyptian exports to access African markets: The Market Access Requirements Program for African Markets was launched as part of AATB in partnership with the Export Development Authority (EDA) under the Patronage of H.E the Minister of Trade and Industry of Egypt. The program financed key export development programs implemented by the Authority to support the access of Egyptian exports to African markets across industries such as building materials, chemicals, medical and pharmaceuticals, engineering, printing, packaging, paper products, and furniture. Target African markets include Kenya, Uganda, Tanzania, Ethiopia, and Rwanda in the east, along with Senegal, Cote d'Ivoire, Nigeria, Ghana, Cameroon, and Guinea in the west, as well as South Africa, Angola, Zambia, and Zimbabwe in the south.

AATB and Office Chérifien des Phosphates (OCP) Agribooster Program/ 2021 Emergency Rice Program in Côte d'Ivoire: ITFC partnered with OCP Africa for supporting OCP Africa's Agribooster Program to reach rice farmers and enhance agriculture value chains within Côte d'Ivoire. The program will benefit 20,000 farmers. It serves as an end-to-end value chain solution that brings together all the conditions necessary for improving rice productivity and small farmers revenues, including the provision of high-quality fertilizers and hybrid seeds, training on good agricultural practices and soil fertility, as well as market linkages. The program will also serve to safeguard the health of the country's farmers in the wake of COVID-19 through the provision of personal protective equipment to smallholder farms. The Agribooster program, which comes under the umbrella of OCP Africa and is dedicated to the sustainable development of agriculture, requires extensive training in good agricultural practices and regular monitoring throughout the year.

Flagship Program 2: The Second Phase of the Aid for Trade Initiative for the Arab States (AfTIAS 2.0) Program

The Aid for Trade Initiative for the Arab States (AfTIAS) Program is a multi-donor, multi-country and multi-agency program managed by the International Islamic Trade Finance Corporation (ITFC) on behalf of the Islamic Development Bank (IsDB) Group. The program aims to "foster Arab trade through enhancing enterprise competitiveness and facilitating trade". The first phase of AfTIAS was implemented from 2013 to 2018.

The second phase of the Program, AfTIAS 2.0, which was launched on 27 October 2021, will be implemented from 2021 to 2026.



AfTIAS 2.0 Program Board Members

H.E. Eng. Hani Salem Sonbol

Chief Executive Officer of ITFC, Chairman of AfTIAS Program Board

H.E. Dr. Kamal Hassan Ali

Assistant Secretary General for Economic Affairs, League of Arab States (LAS)

(Member)

H.E. Prof. Ibrahim Adam El Dukheri

Director General of Arab Organization for Agricultural Development (AOAD)

(Member)

H.E. Mr. Saqer Abdullah Almoqbel

Ambassador and Permanent Representative of the Kingdom of Saudi Arabia to the World Trade Organization, Coordinator of the Arab Group at the World Trade Organization

(Member)

H.E. Mr. Abdulmohsen Al-Khayal

Chief Executive of Local Content Division, Saudi Fund for Development (SFD)

(Member)

H.E. Dr. Mona Al Gerf

Advisor Ministry of Planning and Economic Development, Arab Republic of Egypt

(Member)

H.E. Mr. Bouchlaghem Khaled,

Director General of Foreign Trade, Ministry of Trade and Export Promotion, People's Democratic Republic of Algeria

(Member)

H.E. Mr. Mohamed Lemine Tar

Entrusted with a mission in the office of the Minister of Finance, Ministry of Finance

Islamic Republic of Mauritania

(Member)

H.E. Eng. Nasser Al Thekair

General Manger, Trade and Business Development, International Islamic Trade Finance Corporation (ITFC)

(Member)

H.E. Mr. Imed Drine

Lead Economist, Regional Cooperation and Integration Department, Islamic Development Bank (IsDB)

(Member)

H.E. Mr. Basel As'Ad Alhussien

Senior Manager, Private Sect. & Fin. Adv. Trade Development Fund / International Islamic Trade Finance Corporation (ITFC)

(Member)

The anticipated minimum budget of the program, considering the estimated operational costs but also the large geographical scope, is US\$40 million.

To date, just US\$15.5 million has been mobilized from the Kingdom of Saudi Arabia (KSA), the Arab Republic of Egypt, the Islamic Republic of Mauritania, the People's Democratic Republic of Algeria, the Arab Organization for Agricultural Development (AOAD), the Islamic Development Bank (IsDB), the International Islamic Trade Finance Corporation (ITFC), and the ITFC Trade Development Fund (TDF).

Box 4 – AfTIAS 2.0 Program in nutshell

Development objective	The program's development objective is to "enhance the environment for international trade in the Arab region by making it more efficient and inclusive, thereby creating opportunities for employment and contributing to sustainable development".		
Specific objectives	The program's specific objectives are: (1) increasing intra-regional trade through the removal of market access barriers, (2) increasing the role of Arab States in global value chains, and (3) ensuring that the benefits of trade are shared more inclusively across all population groups, including, in particular, vulnerable groups, such as women, youth, and others. A particular focus of AfTIAS 2.0 Program is to assist Arab countries in overcoming the economic crisis caused by the Covid-19 pandemic.		
Facilities	<p>AfTIAS 2.0 Program operates on the basis of five main facilities: (1)-The Trade Development and Competitiveness Facility: addresses specific issues related to the removal of non-tariff barriers, regional trade promotion, encouraging enterprise innovation, increasing the technological readiness of business in the region, or supporting access to trade finance. (2)-The Inclusivity Support Facility focusses on the support of different disadvantaged groups – the poor, women, youth, and refugees and internally displaced persons – to participate in value chains and international trade. (3)- The Regional Investment Proposal Preparation Facility (RIPPF) supports and reinforces the capacities of government administrations in the Arab region to prepare bankable proposals for investment financing of trade infrastructure projects. (4)-The Reverse Linkage Facility makes use of a technical cooperation mechanism enabled by IsDB whereby institutions in Arab countries exchange their knowledge, expertise, technology, and resources to develop their capacities and devise solutions for their autonomous development. And the (5)-Research and Surveys Facility provides research necessary for the operation of AfTIAS 2.0, supports the development of centre of excellence in areas critical to AfTIAS 2.0, and provides support to NGOs within the region as well as governments of less-developed Arab countries to help them prepare high quality applications for funding under the other facilities.</p>		
Donors' Contributions:	AfTIAS Program is a Partnership between eight donors:		
	No.	Contributions	US\$ million
	1	Kingdom of Saudi Arabia (KSA)	2.0
	2	Arab Republic of Egypt	1.25
	3	People's Democratic Republic of Algeria	1.0
	4	Islamic Republic of Mauritania	1.0
	5	Islamic Development Bank (IsDB)	1.0
	6	International Islamic Trade Finance Corporation (ITFC)	6.0
	7	Trade Development Fund (TDFD)	1.0
	8	Arab Organization for Agricultural Development (AOAD)	1.0
	Total	15.5	

Target Countries:	21 Arab countries members of the LAS are targeted by the initiative:	
	10 Middle Income Countries	Egypt, Tunisia, Morocco , Jordan , Algeria, Lebanon, Libya, Iraq, Palestine, and Syria.
	06 Least developed countries (LDCs)	Comoros, Djibouti, Mauritania, Somalia, Sudan and Yemen.
	... and 6 Higher Income Countries	Bahrain, Kuwait, Oman, Qatar, United Arab Emirates (UAE) and Saudi Arabia.
Duration :05 years	Start date :	End date: 31 December 2026
	- AFTIAS 2.0 Program was launched officially on 27 October, 2021.	

The 1st set of projects approved by the AftIAS Technical and Coordination Committee (TCC) 's 1st meeting, organized on 31 March 2022 in Jeddah, composed of 05 country projects & 03 regional projects aiming to help Arab countries to recover from COVID 19 and expand their trade capacities.



AftIAS 2.0 Program Technical Committee Members

<p>H.E. Eng. Hani Salem Sonbol Chief Executive Officer of ITFC, Chairman of AftIAS Program Board & AftIAS Technical Committee</p>
<p>H.E. Prof. Ibrahim Adam El Dukheri Director General of Arab Organization for Agricultural Development (AOAD) (Member)</p>
<p>H.E. Mr. Abdulmohsen Al-Khayal Chief Executive of Local Content Division, Saudi Fund for Development (SFD) (Member)</p>
<p>H.E. Dr. Mona Al Gerf Advisor Ministry of Planning and Economic Development, Arab Republic of Egypt (Member)</p>
<p>H.E. Eng. Nasser Al Thekair General Manger, Trade and Business Development, International Islamic Trade Finance Corporation (ITFC) (Member)</p>

Box 5 - The list AfTIAS 2.0 Program in the 1st package of the approved projects:

Project 1:

Enhancing the competitiveness of the information and communication technologies sector in Algeria. aiming to enhance the competitiveness of Algeria's exports in the new information and communication technologies sector.

Project 2:

Enhancing the competitiveness of the agro-food industry in Algeria. which has the objective to increase the competitiveness of Algeria's exports in the agro-food and beverage industry sector.

Project 3:

Training for Export project in Egypt: It aims to support and increase Egyptian exports, open new job opportunities and support comprehensive Egyptian economic growth.

Project 4:

Improving the competitiveness of the artisanal dyeing plant in Mauritania. The objective of the project is to increase the contribution of the traditional dyeing sector to the social and economic development of Mauritania, by contributing to poverty reduction.

Project 5:

Establishment of the Industrial and Commercial Institute in Yemen. The Institute will provide different services to SMEs and promote Yemeni exports.

Project 6:

A regional project aiming at "supporting the upgrade of the Arab economic integration system". More specifically, its objective is to push towards developing and completing the pillars of the Greater Arab Free Trade Area (GAFTA) in line with the changes in international trade and the technological evolution.

Project 7:

the 2nd regional project, aiming at "facilitating agricultural trade in the Arab region". the project's objective is supporting the food security in the Arab region through: (1)- the development of commercial agriculture in the member states and (2)-Reducing food imports from outside the region.

Project 8:

the 3rd regional project entitled, "Tourism Digital Entrepreneurship Program for Arab States (TED Arabs)", will be implemented with the objective to create a large and sustainable base of developers and innovators in digital solutions focused on the tourism sector



Chapter 2

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC):

Efforts to support trade sustainability and investment in ICIEC Member Countries

Brief introduction:

ICIEC was established in 1994 as a multilateral institution and member of the Islamic Development Bank Group (IsDB Group) with the mandate to promote cross-border trade and foreign direct investments (FDI) in its Member Countries.

ICIEC's mission is to increase trade and investment security between Member Countries and the world through Shariah-compliant risk mitigation tools.

ICIEC's vision is to be recognized as the preferred enabler of trade and investment for sustainable economic development in MCs. ICIEC is the only multilateral export credit and investment insurance corporation that provides Shariah compliant insurance and reinsurance solutions. Today, ICIEC supports trade and investment flow in 48 MCs spanning across Europe, Asia, the Middle East, South America, and Africa.

During times of extreme volatility, ICIEC has proven to be a reliable partner by turning uncertainties into manageable risks. In a year that was defined by devastating social and economic disruptions, ICIEC continued to protect trade and facilitate investment opportunities in its MCs, supporting exporters to keep trade flowing and enabling large-scale infrastructure projects to address critical health care initiatives.

ICIEC's role in facilitating the development of the export sector

ICIEC has placed a high priority on facilitating the development of the export sector in the Member States in two main ways. First, ICIEC mitigates commercial and political risks of buyers, allowing businesses to sell their goods, enter new markets and provide competitive payment terms.

ICIEC also provides capacity building and financial services support to national Export Credit Agencies (ECAs). In short, ICIEC bridges market failures. By providing risk mitigation instruments and facilitating access to trade finance it supports small to large exporters to grow their businesses and ultimately countries to prosper economically.

ICIEC facilitates the exports of its Member States to the world and brings leading international companies to its Member States, benefiting from its deep understanding of the risks of doing business in these countries.

In 2021, ICIEC contributed to developing the export sector of its Member States by supporting export sector businesses worth USD 6.2 billion. KSA, UAE, Kazakhstan, Bahrain, Jordan, Egypt, Indonesia, Algeria, Pakistan, Senegal, Tunisia, Morocco, Kuwait, Bangladesh, Sudan, Malaysia, Türkiye, and Albania benefited from the export sector-related covers.



2021 Export Sector Development Impact

Also, ICIEC's support for Member State trade and investments included USD 5 billion in imports, USD 731 million in outward investments, and USD 2.2 billion in inward investments.

Despite the COVID-19 imposed disruptions, trade volumes are expected to grow by about 7% in 2022, following the estimated growth of 10% in 2021—in line with the projected broader global recovery. Trade growth is projected to moderate to about 3.5% over the medium term.

ICIEC's Effort to curb Covid-19 and their impact on trade

ICIEC's review of global trends is summarized into five key megatrends impacting global trade and will be shaping the next year. These are: Efforts to curb Covid-19 and their impact on trade, climate change ramifications, widening inequality, global geo-political tensions, and the ever more significant role of technology in trade.

The OIC countries trade with rest-of-world is far greater than Intra-OIC trade. Intra-OIC trade comprised of USD 232 billion export and USD 243 billion USD imports in 2020. The OIC exports and imports to the world were affected during the pandemic as they decreased by 24.08% and 16.51% respectively. In contrast, Intra-OIC exports and imports had recorded a drop of 30.37% and 30.60% respectively.

The OIC member countries suffered a higher net-trade loss relative to rest of world past year, ICIEC's contribution in facilitating trade growth becomes ever more critical.

To strengthen Intra-OIC trade and investment in the Member States, ICIEC supported USD 9 billion worth of Intra-OIC export, import, and inward and outward investment. The Corporation's commitment to Member State development included insuring USD 7.3 billion worth of business transactions in strategic sectors in its Member States.

As the only multilateral Takaful credit risk insurer, ICIEC plays an essential role in developing the Shariah-compliant financial sector in OIC Member States. ICIEC's presence in the market increases the capacity of its partner financial institutions in OIC States to offer Shariah-compliant insurance services and access to finance, further setting an example as the only multilateral Takaful credit insurer. The Corporation also encourages banks to develop Islamic trade and project finance structures to benefit from ICIEC's services.



ICIEC's Theory of Change

Global supply chain shifts are to be expected as enterprises decrease perceived risks by re-shoring manufacturing and shortening supply networks. Rethinking trade ties, global value chains, and supply networks will have a significant impact on the competitiveness of many businesses as well as governments. ICIEC is well-positioned to take advantage of these shifting priorities and supporting new supply chain linkages.

The pandemic's containment efforts and lockdowns have had a detrimental impact on demand and supply. International transportation and global value chains (GVCs) were severely interrupted during the shutdown. Recent lockdowns in China (as of May 2022) to prevent the spread of COVID-19 are again disrupting seaborne trade when supply chain pressures appear to be easing. This trend could lead to renewed shortages of manufacturing inputs and higher inflation.

Due to geopolitical tension and COVID-19-related economic impact, the food and energy price volatility is affecting the development of food and energy sectors in many regions and is predicted to drive food prices higher.

Several Member States are significantly impacted by the recent Russia-Ukraine conflict, with some importing about 80% of their wheat from both countries. ICIEC's Member State development, Human Development agendas, and insurance solutions are uniquely positioned to continue facilitating trade in agricultural commodities among its member states to offset the effect of the emerging food security challenges.

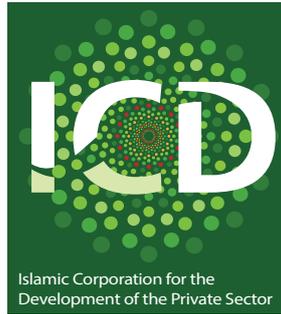
In that context, ICIEC provided USD 12.5 million in insurance cover, issuing the Corporation's first-ever BMP Murabaha to BMCE Bank of Africa Morocco in support of its financing for a Nigerian bank. ICIEC's support allowed for the urgent financing to secure essential imports of food and refined oil to Nigeria, helping to offset the social and economic distress caused by the COVID-19 pandemic. ICIEC has played a crucial role in facilitating trade flow and reinforcing trust, directly supporting banks and private sector resilience through the crisis.

ICIEC also provided USD 30 million in Bank Master Policy (BMP) to Bunge S.A., Switzerland, as part of an effort to support Uzbekistan's SMEs in importing capital goods and equipment.

In promoting exports of coal from Indonesia and other Member Countries, ICIEC has provided cover for a Bank Master Policy (BMP) to FIM Bank favoring Adani Global, insuring the procurement of coal from Indonesia and other ICIEC Member Countries.

ICIEC facilitates the import of strategic goods from Arab countries to ECOWAS member states. ICIEC assists BADEA's and BMCE Bank of Africa participation in syndication with the International Islamic Trade Finance Corporation (ITFC) and BMCE Bank of Africa.

ICIEC's risk mitigation covers for trade and investment have helped the Member States to achieve long-term sustainable development. ICIEC catalyzes impact by supporting trade transactions and projects contributing to the UN's Sustainable Development Goals (SDGs). In 2021, ICIEC continued its commitment to the six SDGs as per the Corporation's mandate and supported projects aligned with those Sustainable Development Goals.



Chapter 3

The Islamic Corporation for the Development of the Private Sector (ICD):

Contribution to post-COVID-19 recovery efforts of Member Countries

Brief Introduction

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IsDB). Its authorized capital stands at USD 4 billion, of which USD 2 billion is available for subscription. Its shareholders consist of the IsDB, 55 member countries and five public financial institutions. Headquartered in Jeddah, ICD was established by the IsDB Board of Governors during its 24th annual meeting held in Jeddah in Rajab 1420H (November 1999).

The mandate of ICD is to support the economic development of its member countries by providing financial assistance to private sector projects in accordance with the principles of Shari'ah, aimed at creating employment opportunities and enhancing their export potential. Furthermore, ICD has the mandate of mobilizing additional resources for projects and encouraging the development of Islamic finance. It also attracts co-financiers for its projects and provides advisory services to governments and private sector groups on policies aimed at encouraging the establishment, expansion and modernization of private enterprises, the development of capital markets, best management practices, and the enhancement of the role of the market economy. ICD's operations complement the activities of the Islamic Development Bank in member countries and those of national financial institutions.

ICD's role in supporting MCs to face Covid-19 impact

Since the beginning of the outbreak, ICD is closely observing the rapidly evolving Covid-19 situation in the Member Countries. In order to help its MCs in their fight against Covid-19, in line with 3R initiatives, the ICD Management has taken the following business actions: Urgent Financing Package US\$250 million allocated from ICD resources, which is directed towards the following activities:

1)- Line of Finance (including transactions with government-backed/guaranteed facilities). In this regard, LoF team has prepared a list of Financial Institutions to benefit from similar facilities with the aim of supporting the private sector businesses affected by Covid-19 pandemic. Selected counterparts are either state-owned banks or regional IFIs with strong financials and desired risk profile. In this regard, ICD has proposed a special LoF product which is standardized (Commodity Murābahah) with same terms and conditions / 1Y renewable / same pricing for all transactions with the aim of supporting the private sector businesses affected by the pandemic.

Further, ICD will work closely with 100+ local and regional financial institutions in its network to provide necessary support so they can continue to finance SMEs in affected sectors within the markets they operate.

2)-Term Financing /Infrastructure financing for healthcare, energy, and agri-business sectors. The Term Finance can identify some feasible projects in the field of healthcare and public services to be financed in mostly affected member countries.

3)-Equity Investment and Collaboration with/through ICD investee companies and other financial institutions in ICD network (including onward lending from/through them). Many investee companies of ICD are facing the issues related to timely collections of client financings and eventually having some predicted NPLs. In this regard, the equity team of ICD has worked on an emergency plan to support those investee companies through additional equity injections and/or extending lines.

4)-Connecting healthcare/medical services in advanced Member Countries with the Member Countries requiring medical services. As a part of South-South cooperation or Reverse Linkages framework, ICD is also working closely with some clients and counterpart with advanced healthcare endowments to be transferred or extended to geographies where the help is needed the most.

New Products/Platforms ICD to introduce new products/mechanisms for addressing the requirements of its Member Countries (such as government-guaranteed line of finance facility, etc.).

Introducing Fast Track Processes ICD also is adopting a fast-track approach (for approval & disbursement processes) to respond to Member Country requirements in an agile manner.

2021: ICD's meaningful work to support inclusive development, improve business resilience and sustainability, advance the Islamic finance agenda and contribution to post-COVID-19 recovery efforts of member countries.

Box 6: Building Resilience for Women Entrepreneurs in Nigeria for Inclusive Development

The Business Resilience Assistance for Value-Adding Enterprises (BRAVE) Women Program was created in a context of ongoing international development aid provided to the most fragile states in Africa and the Middle East.

At its core, the program aims to enhance the resilience of women owned or led SMEs (WSMEs) in fragile contexts and works to increase their business growth opportunities through capacity building and funding. Launched in Yemen, Nigeria and Burkina Faso and designed by IsDB, the BRAVE Women program is managed by ICD and comprises the following key activities (left) The BRAVE Women program is a subset of a larger five-year multi-country program designed for three IsDB member countries (Yemen, Nigeria, and Burkina Faso) with a total cost of USD 32.2 million. Out of this total, USD 14.27 million was allocated to Nigeria over a three-year period (2020-2023). The program receives financial support from the global multi-donor fund, Women Entrepreneurs Finance Initiative (We-Fi), and builds upon an established track-record by the IsDB for a similar BRAVE project in Yemen that was funded by the MENA Transition Fund from 2016 to 2020. The BRAVE Women program contributes to SDG #5 (Gender Equality), SDG #8 (Decent Work and Economic Growth) and SDG #9 (Industry, Innovation, and Infrastructure).





Chapter 4

The Islamic Development Bank (IsDB): Contribution to post-COVID-19 recovery efforts of Member Countries

The COVID-19 pandemic, in addition to the disease mortality and public health effects, has a significant and long-lasting negative economic impact including productivity losses, supply chain disruptions, labor dislocation, and potential financial pressure on businesses and households. At the global level, IMF projects the global economy to fall by 4.9% in 2020 and WTO expects 13%-32% reduction in the volume of the global merchandise trade. Furthermore, estimates suggest that the COVID-19 outbreak could result in a drop in FDI of up to 40% in 2020-2021 (UNCTAD).

This impact could potentially be more aggravated for OIC Member Countries (MCs), as many of our MCs have undiversified economic structure that has been hit hard by the global supply and demand disruptions, in addition to sharp fall of exported commodity prices, mainly oil.

In hindsight, the potential to forge effective joint efforts especially at the beginning of the crisis was a missed opportunity, as countries generally continued to grapple with enforcing their own measures, often in the absence of global leadership, to curb the spread of the virus and its impact without a global or regional cooperation. The enforcement of quarantines, lockdowns, trade restrictions, border closures, or travel bans, and introduction of various economic stimulus packages to buffer the impacts of COVID-19 could be better coordinated with more sharing of experiences and expertise. This highlights the need for more effective regional collaboration and partnership.

On its part, IsDB is working diligently with all Entities to disseminate the Bank Group's support to MCs in mitigating the impact of COVID-19 pandemic and it has also made the recovery of MCs as a centerpiece and the first objective of its updated strategy. The Bank has also renewed its efforts to expedite disbursements to support the MCs in a timely manner.

The Board of Executive Directors (BED) of the Islamic Development Bank (IsDB) approved the Strategic Preparedness and Response Program (SPRP) on 04/04/2020 to support IsDB Member Countries (MCs) in preventing, containing, mitigating, and recovering from the impact of COVID-19 pandemic. Subsequently, the BED approved the extension of the SPRP in April 2021. Through the extension of the program, the IsDB Group has increased the financing commitment from \$2.27 billion in April 2020 to \$4.43 billion, out of which \$770 million would be the volume of business insured by ICIEC. Through the extension of the SPRP the Bank has also created the Refill facility to finance the Parent Projects that have previously repurposed their financing for the projects that were approved under SPRP.

The SPRP Program aims to support MCs efforts to prevent, contain, mitigate, and recover from the impact of the COVID-19 pandemic. The program envisages a holistic approach in the short, medium, and long term, accommodating priorities beyond the immediate and emergency response to the health sector, while putting MCs back on the path of economic recovery through restoring livelihoods, building resilience and kick-starting economic growth. The program adopts a 3-R approach, with each component focusing on Respond, Restore and Restart and with technology playing a key role at each stage. The approved SPRP operations stand to benefit a total of about 47.5 million beneficiaries.

As of 23 April, 2022, the total IsDB Group (IsDBG) Commitment to the COVID-19 response is \$4.67 billion. The total amount of financing approved by the IsDBG has increased to \$3.576 billion, up from \$3.29 billion in the last update. The Group level disbursements increased to \$1.608 billion, up from \$1.378 billion, representing 76.55% approval rate and 60.13% disbursement rate (excluding for ICIEC operations).

The total amount of financing of \$3.576b approved by IsDB Group represents 76.55% of the current committed amount \$4.67b. Of this amount, \$941.77m was approved by IsDB, \$126.6m by ISFD (through IsDB and entities), \$1323m by International Islamic Trade Finance Corporation (ITFC), \$190.4 m by Islamic Corporation for the Development of the Private Sector (ICD), \$980m insured by ICIEC, \$7.035m by King Abdullah bin Abdul Aziz Program for Charity Works (KAAP) and \$7.2m by Science, Technology, and Innovation (STI) Transform Fund.

The approved SPRP operations stand to benefit about 47.5 million beneficiaries.

Some IsDB efforts on conducting specific studies related to COVID-19:

In cooperation with the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), and the World Bank (WB), the RCI Department prepared a joint Multilateral Development Banks (MDBs) Report on "Regional Cooperation and Integration in Asia and The Pacific: Responding to the COVID-19 Pandemic and Building Back Better". The report takes stock of MDBs efforts to help countries in the region confront the COVID-19 pandemic, reflects on progress and lessons learned, and deliberates on strategic directions for national and RCI efforts to build back better.

Impact of Covid-19 on Regional Cooperation and Integration (RCI) Thematic Areas with a specific focus on the role of regional cooperation in addressing the current the COVID crisis. It also aims to provide regional solutions and build on collective actions by MCs.

Exhibit: Strengthening of Medical Devices for the Care of Patients to Fight Against Coronavirus - Regional Program



Delivery at Outlet Level (Hospitals, COVID-19 Treatment Centers, COVID Community Centers) - Regional Program covering several member countries such as Niger, Mauritania and Yemen.

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