



## 1. OVERVIEW OF THIS BRIEF

1. This is a brief on the Special Programme for the Development of Africa (SPDA) that was validated in 2008 and implemented over a five-year period ending in 2012. Even though the approvals ended in November 2012, the implementation of the approved projects has continued.
2. SPDA was recommended by the Third Extraordinary Summit of the OIC held in Makkah, Saudi Arabia in December 2005, to tackle poverty, build capacity, eliminate illiteracy and eradicate diseases and epidemics in member countries in Africa. It was formulated and launched after its validation at a Ministerial Meeting held in Dakar, Senegal, in January 2008. It succeeded a similar program, *the IDB Cooperation Framework for Africa* (Ouagadougou Declaration) implemented by IDB for Sub Saharan African (SSA) countries from 2003 to 2007.
3. SPDA benefitted 22 African countries namely: Benin, Burkina Faso, Cameroon, Chad, Comoros, Côte d'Ivoire, Djibouti, Gabon, The Gambia, Guinea, Guinea Bissau, Mali, Mauritania, Mozambique, Niger, Nigeria, Senegal, Sierra Leone, Somalia, The Sudan, Togo and Uganda.
4. Given the new IsDB new business model of Making Markets work for development, the Bank's continued support to its member countries, including African countries, is through Global Value Chain (GVC) based Member Country Partnership Strategies. The first such GVC-based MCPS is being formulated for an African country, Gabon along with ones for Turkey, Maldives and Morocco.
5. The brief is divided into three sections including this overview in section one, which is followed by a narrative of SPDA implementation in section two. This narrative answer three questions of what was committed, what was approved and what can be expected from all the approvals. An overview of the new paradigm of the Bank, GVC-based MCPS, through which IsDB will be supporting its member countries. Including African countries, is given in section three with more details on the IsDB Global Value Chain Model and Filter Tool resented in Annex 1.

## 2. SPDA IMPLEMENTATION

### 2.1. What was committed?

6. The IDB Group earmarked US\$4.0 billion over the five-year period (1429H-1433H/2008-2012), twice the amount devoted to the Ouagadougou Declaration to implement the SPDA. The program was supported by all the entities of IDB Group: the IDB itself, which provides ordinary financing; the Islamic Solidarity Fund for Development (ISFD); the trade financing entity (International Islamic Trade Finance Corporation, ITFC) and the private sector window of the IDB Group (Islamic Corporation for the Development of the Private Sector ICD). Islamic insurance was offered by ICIEC while the Islamic Research and Training Institute (IRTI) provided capacity building in Islamic Finance.

7. About seventy percent or US\$2.8 billion of the total financing was pledged from IDB's ordinary resources, including (US\$1.3 billion from the ISFD); a further 27percent (US\$ 1.07 billion) from ITFC for trade operations, and 3 percent (US\$ 0.12 billion) from ICD for private sector development. ICIEC had no specific allocation; instead, it provided insurance cover to ITFC and ICD operations. The Group-wide financing plan is shown in Table1.

Table 1 IDB Group Annual Financing Plan (1429-1433H) (US\$ M)

Window/Year	1429H	1430H	1431H	1432H	1433H	Total
	2008	2009	2010	2011	2012	
Ordinary Operations (ISFD included)	420	481	550	630	720	2,800
Trade Operations - ITFC	160	183	210	240	274	1,067
Private Sector Development (ICD)	20	23	26	30	34	133
<b>Total (US\$)</b>	<b>600</b>	<b>687</b>	<b>786</b>	<b>899</b>	<b>1,029</b>	<b>4,000</b>

Source: SPDA Framework for Action 1429 H/2008G/IDB

## 2.2. What was approved?

8. By the end of the program in 1433H (12 November, 2012), total approvals by the IDB Group amounted to US\$5.01 billion for 480 operations

Table 2 - Gross Approvals for SPDA (1429H-1433H)<sup>1</sup> (USD Millions)

	1429 2008	1430 2009	1431 2010	1432 2011	1433 2012	Total
OCR Project Financing	537.4	577.6	788.7	870.4	875.3	3,649.3
Other Project Financing (UIF, APIF, Treasury)	93.5	14.3	94.3	43.4	40.8	286.2
Private Sector Development - ICD project Financing	75.5	9.3	42.0	43.4	28.0	198.1
Trade Financing (ITFC, UIF)	317.6	129.5	212.2	179.9	226.9	1,066.0
of which ITFC	310.1	119.5	212.2	175.9	217.9	1,035.5
Waqf Fund Financing	0.8	1.1	0.8	2.7	0.0	5.3
<b>Total</b>	<b>949.2</b>	<b>722.5</b>	<b>1,095.9</b>	<b>1,096.3</b>	<b>1,142.9</b>	<b>5,006.9</b>

Source: Economic Research and Policy Department, IDB.

N.B: These data for Sub-Saharan African Member Countries and not for LDMCs in Africa.

<sup>1</sup> Cut-off date for data reported in this table was 29 Dhul-Hijja 1433H (14 November 2012).

Source: Economic Research and Policy Department, IDB.

(project financing, trade and Waqf operations) (see Table 2). These approvals represented an "achievement rate" of 125 percent of the earmarked allocations.

## 2.3. What can be expected in terms of results?

9. This section takes a glimpse of the projects that have been approved for SPDA to show some of the expected outputs when these projects are fully and effectively implemented. For **infrastructure**, a combined total of over 2,500 KM of roads will have been either constructed or upgraded in 13 member countries. This is in addition to two new airports that have been approved for Senegal and Sudan to enhance these economies and strengthen their role as sub-regional air hubs. More than 900MW of electricity will be produced in six countries mainly from hydroelectric sources, further strengthening the environmental sustainability of the region. This will involve the laying of almost 700 KM of power lines

and will result in over 40,000 households having increased access to energy. Taking the average household size of six, this translates to about a quarter million people with increased access to energy. Streetlights, amounting to about 800, will also be built in 2 countries. Through the ECOWAN project, Gambia and Sierra Leone will see their broadband subscriptions increase 13-fold, while the number of internet users will increase 6-fold, and about 1,500 KM of fiber optic cable laid. Support to water and sanitation will result in water distribution increasing to cover an area of 800 square km, bringing over 200,000 cubic meters of water a day to the populations. This translates to over 50,000 households having access to clean water and reservoirs with capacities of 45,000 cubic meters a day built.

10. With respect to **human development**, by the end of the implementation phase of SPDA, more than 325 new primary and secondary schools and over 1,000 classrooms would have been built and equipped. This will be in addition to three technical colleges and 8 university faculties also built or equipped. Since increased access to education has to be complemented with increased quality, approvals have been made to enhance the capacity of teachers, teaching inspectors, administrators and lecturers in seven countries in addition to the provision of teaching materials. To help address youth unemployment and improve the quality of education, over 400 new classrooms in 120 new madrassas serving over 5000 students, mainly girls and students from poor backgrounds, will be built in Niger, Gambia, Senegal and Nigeria.
11. In the health sector, over 10 new hospitals and over 120 clinics, health centers and Primary Health Care Centers would have been built or upgraded by the end of the implementation phase of SPDA. This would result in an increase in bed- capacity in these institutions by about 1,200. Alongside this almost a million LLINs would have been provided to combat malaria. To strengthen the capacity for improved health care delivery, over 20 medical doctors and over 500 cardiology students, Medical Technicians and Ophthalmologists would have been trained. In addition, medical equipment for cardiology and surgical centers as well as medical laboratories would have been provided.
12. With respect to **agriculture**, over 800,000 hectares of land would have been developed and cultivated including marginal lands in some member countries. This is expected to result in increased production of staple and cash crops. Additionally 8-10 strategic grain reserves would have been built to smooth out consumption given the vulnerability of some member countries to food insecurity arising from either floods or droughts. To encourage agricultural research, 5-6 soil and or seed research laboratories would have been built, refurbished or upgraded by the end of the implementation period of SPDA.

### **3. GLOBAL VALUE CHAIN – MEMBER COUNTRY PARTNERSHIP STRATEGY**

13. The Islamic Development Bank (IsDB) has adopted a new approach to formulating and implementing its partnership strategies with Member Countries (MCs). The new approach drew lessons from the implementation of the first-generation partnership strategies and is

guided by the notion of *Making Markets Work for Development*, a central element of the President's 5-Year Program (P5P). Through the approach, IsDB supports a Member Country get plugged into the global value chains (GVC) by promoting the country's product champions. This is achievable through targeted interventions, which are more impactful, more coherent, and hence more beneficial to the Member Country.

14. In this regard, the Bank has developed a new analytical tool, the IsDB Global Value Chain Model and Filter Tool, to identify these industry and product champions (See Annex for detailed analysis of the model). Once these are identified, and a comprehensive analysis of market demand, growth potential, value added, and sectoral linkages is undertaken, the *GVC analysis* is used to identify *bottlenecks, capacity gaps, and the product's potential* in the whole chain from the initial production stage to the export distribution. Hence, relevant interventions will focus on addressing gaps and bottlenecks in the GVC of the country's product/industry champions.
15. Therefore, at each stage of the value chain, IsDB departments and entities, based on sectoral policies, can identify interventions that the Bank can undertake to strengthen the chain, while leveraging other sources of funding to maximize the development impact of the GVC, and supporting the MCs in progressing towards their Sustainable Development Goals (SDGs).

## **Annex 1 - Overview of IsDB Global Value Chain Model and Filter Tool**

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The IsDB's Global Value Chain (GVC) approach takes a forward-looking approach by identifying potential value chains through an in-house methodology that focuses on competitiveness of a country based on industries and products. The Bank's new quantitative tool in selecting and identifying the value chain is based on three paradigms that focus on the potential of intermediate goods rather than the final goods. These three paradigms of the Bank's approach that guides the quantitative tool for value chain identification is described as the "Triangle of ISDB's Value Chain Approach".

The first paradigm is the "natural potential" of a country. This paradigm considers the existing comparative advantage of a country at industry level. It considers a particular economy with the given economic structure and ecosystem that can efficiently produce an export, relative to other countries in the world. The second paradigm is the "dynamic potential" which takes a forward-looking approach to identify and quantify potential products or intermediate goods that are potential product champions by using a few indicators such as market growth, global demand projections, market distance and potential export concentration. The third paradigm is the "surplus and spillover potential" which evaluates the static value added of an industry and the interlinkages within different industries in a particular economy. The aim of the "surplus and spillover potential" is to identify the forward and backward linkages, potential spillover effects from interlinkages of industries and to maximize the value added in a specific industry.

Based on the three paradigms in the triangle, the Bank's quantitative tool in identifying the value chains is developed with the aim to suggest the highest potential products in particular industries where a country would be able to plug into the global value chain. Although most IsDB member countries might have already identified the first paradigm, which is the natural potential of the industries, the approach in this quantitative tool takes two steps further with the dynamic potential as well as the surplus and spillover potential to provide greater depth in identifying the potential products that can be plugged into the global value chain. These steps are illustrated in a "Value Chain Filter tool. The Value Chain Filter tool is a systematic tool to quantify each step of the three paradigms in the triangle of value chain approach.

Following this GVC approach, the Gabon MCPS is anchored on two product champions, namely manganese and wood. Further analysis will inform the thematic and sectoral interventions that will be implemented to deliver the expected outcomes of this partnership strategy. This GVC-based Member Country Partnership Strategy (MCPS) for Gabon for the period 2019 to 2023 sets the country and development contexts, the government's response to them, and presents the results

of the analytics that identified the product champions. It is informed by three detailed analyses: a country diagnostic study, a GVC analysis, and a donor density report, all of which will be published separately as economic works on Gabon. The Strategy will be complemented by an MCPS Program which will detail the interventions, programs, and projects as well as their expected results and financing mechanisms.

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