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**REPORT**  
**OF**  
**THE OIC GENERAL SECRETARIAT**  
**TO**  
**THE 32<sup>ND</sup> MEETING OF THE FOLLOW-UP COMMITTEE OF**  
**STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL**  
**COOPERATION OF THE OIC (COMCEC)**

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## **I. INTRODUCTION:**

1. Since the OIC Secretary-General's Report to the 31<sup>st</sup> COMCEC Session held in Istanbul, Republic of Turkey, on 23-26 November 2016, efforts have continued to be intensified on ensuring the speedy implementation of OIC resolutions in the domain of socio-economic cooperation. In addition to the series of interventions by the relevant OIC institutions through on-going projects on trade, infrastructure and agro-industrial development, and microfinance, the convening of the OIC Halal Food Standards and Procedures, approval of executive programme for the implementation of the OICF Framework on Tourism for 2016-2017, as well as selection of Madinah Al Munawwarah (Kingdom of Saudi Arabia) and Tabriz (Islamic Republic of Iran) as OIC City of Tourism for 2017-2018, respectively, the elaboration of Special Programme for Central Asia (SPCA), and the inauguration of Islamic Organization for Food Security (IOFS) have featured prominently on the agenda of the OIC during the year under review.
2. The convening of the 13<sup>th</sup> OIC Summit in Istanbul on 14-15 April 2016 paved the way for the adoption of a new ten year programme of action, named OIC 2025, which, among other far-reaching targets including the plan to increase the volume of intra-OIC trade to 25% from the present level of 19.78%. Other goals are in the domain of agriculture, rural development and food security, transportation, energy, industry, Tourism, employment and SMEs development.
3. In addition to the various activities conducted by the General Secretariat during the year under review, this Report shall dwell on the activities of the numerous OIC institutions working in the economic domain. In line with the statutory responsibilities of the Secretary General, a milestone was achieved through the convening of the First Annual Coordination Meeting of OIC Institutions (ACMOI) in Jeddah, OIC Headquarters on 7-8 December 2015, and the First Meeting of Trade and Investment Sub-committee (TISC) of ACMOI in Marrakesh of Morocco on 16-17 March 2016. These meetings were implemental in fast-tracking and prioritizing the implementation of various OIC resolutions, while at the same time creating synergy and effective collaboration among OIC institutions and indeed other development partners.

## **II. INTRA-OIC TRADE:**

4. During the year under review, the Organization has continued to accord priority to implementing programmes and initiatives in the area of trade financing, export credit insurance, trade promotion through trade fairs and specialized exhibitions, development of strategic commodities as well as trade facilitation measures. Accordingly, the intra-OIC trade exchanges have continued to grow since 2005. The total trade volume of OIC Member States has recorded a slight decrease of 7.7% from US\$ 4,162.25 trillion in 2014 to US\$ 4,482.08 trillion in 2015. Similarly, the total value of intra-OIC trade in 2015 amounted to US\$ 878

billion, compared to US\$ 802.25 billion in 2014, thereby recording an increase of 9.44%. At the same time, the share of intra-OIC trade in the total trade of Member States increased from 19.33% in 2014 to 19.78% in 2015, which represents an increase of 2.33%.

5. The high point of the 13<sup>th</sup> Islamic Summit is the adoption of a new strategic programme of Action for the next decade 2016-2025, which includes a new target of 25% for intra-OIC trade.

#### ***Trade Promotion:***

6. Accordingly, the OIC, through its relevant institutions organized the following trade fairs and specialized exhibitions, aimed at promoting trade exchanges and increasing access to goods and products from OIC member states:
  - *The First Organic and Local Products Exhibition of the OIC Member States, Tunis, Republic of Tunisia, 28 October – 1 November 2015:* the Exhibition Fair was attended by 405 companies from 12 OIC Member States and recorded 162000 visitors.
  - *The Second OIC Tourism and Travel Fair: Promoting Family Tourism, Sharjah, United Arab Emirates, 8-10 December 2015:* The Fair was attended by 125 Companies. Thirteen OIC Member States attended the Fair. Fair provided a platform for participating companies to promote Islamic tourism, exchange information on latest development in this sector.
7. The 15<sup>th</sup> OIC Trade Fair will be held in Riyadh, Kingdom of Saudi Arabia on 22-26 May 2016. The Second Forum of the Trade Promotion Organs (TPOs) of the OIC Member States and the Forum on Investment Promotion Agencies (IPAs) of the OIC Member States will be held in Riyadh, on 23 May 2016 and 24 May 2016, respectively, on the sidelines of the 15<sup>th</sup> OIC Trade Fair. The two forums will respectively discuss, inter alia: operationalization of Single Window modalities; development of Strategic Commodities in the OIC Member States; as well as promoting foreign direct investment and intra-OIC investment. Similarly the forums will elaborate OIC Mediation Mechanism for Settlement of Financial Disputes; and modalities for creation of a Forum for Investment Agencies in OIC Countries.

#### ***Trade Financing and Export Credit Insurances:***

8. The steady increase in trade financing interventions by the relevant OIC organs has contributed greatly to stimulating productivity and appreciable growth among the beneficiary enterprises of the OIC member states. The major preoccupation is to put in place a robust modality for ensuring access of Micro, Small and Medium Enterprises (MSME) to trade financing, particularly in the various sub-regions of the Organisation.
9. During the year under review, the Islamic Trade Financing Corporation (ITFC) has continued to expand its operations in developing intra-OIC trade, through implementation of various initiatives, such as Trade Cooperation and Promotion Programme (TCPP), Africa Trade Support Initiative (2015-2019), Supporting Strategic Commodities, Access to SMEs and Least Developed Member Countries (LDMCs), as well as regional Trade Development Programmes such as Aid for Trade Initiative for Arab States.

10. Africa Trade Support Initiative is the ITFC's 5-year strategy for Sub-Saharan Africa (The Africa Initiative). It is designed to provide a roadmap for the Africa Team and serve as the guiding framework under which the Team will operate in the 5 years and implement its strategy towards reaching yearly approval target of US\$ 1 billion by the end of 2019, while contributing to the developmental goals of the Sub Saharan Africa economies.
11. In 2015, ITFC's trade finance approval increase 16% and reached to US\$ 6.047 billion. In the same year, total disbursement was US\$ 4.5 billion. Breakdown of the approvals by region was as following: Asia/CIS US\$ 3.2 billion (53% of total approvals), MENA US\$ 2.2 billion (37% of total approval, and Sub-Saharan Africa US\$ 590 million (10% of total approval).
12. ITFC interventions in the agriculture sector continued to cover a wide range of commodities, which helped to create jobs, improving productivity, alleviating poverty, and bolstering food security. In 2015, approvals for the sector amounted to US\$733 million, which received the second largest allocation after energy. During the year of 2015, ITFC approved 16 operations in eight Member Countries. The bulk of the financing is towards support of key export commodities such as cotton, groundnuts and wheat. Africa accounts for the largest share in this portfolio with Burkina Faso, Cameroon and the Gambia being the main beneficiaries.
13. Sustainable access to energy is a key driver of economic and social development and has a multiple impacts on productivity, food security, education and so on. In this context, ITFC considers supporting the energy sector as one of the main pillars of its strategy in its interventions in MCs. As of 1436H, energy products financing represented 574 of total approval, with %34 for crude oil and %40 for petroleum products financing.
14. In order to reach a larger number of SMEs in MCs, ITFC provides Murabaha Financing to local financial institutions and commercial banks, which in turn extend the financing to SMEs. In 1436H, ITFC approved a total of US\$144 million in Two-Step Murabah financing in Sub-Saharan Africa. ITFC currently providing Murahaba Financing to eight Intermediary Financial Institutions in five countries; Nigeria, Cote D'Ivoire, Mozambique, Burkina Faso and Togo. Similarly, in 1436H, ITFC concluded a landmark export syndication for US\$350 million in favor of Turk Eximbank. The facility is utilized to support the exports of Turkey by providing financing to SMEs.
15. Similarly, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) has increased its trade expand transactions through encouraging investment flows among Member States. It fulfils this by providing Shariah compliant export credit and investment insurance services to exporters, financial institutions, and investors, to cover the risk of non-payment of export receivable resulting from commercial or non-commercial and political risks. It also provides re-insurance services to the export credit agencies of Member States.
16. ICIEC business insurance operations increased by 22% from US\$4.32 billion in 2014 to US\$5.29 billion in 2015. Similarly, new commitments increased by 8% from US\$3.56 billion in 2014 to US\$3.83 billion in 2015. Cumulatively, since inception, insurance approvals issued reached US\$27.75 billion and business insured amounted to US\$27.49 billion. The overall claims ratio (claims paid over premium earned) – the main indicator of credit insurance operations performance – stood at 19%, which was significantly lower than the

industry's ratio. The top 6 Member Countries that benefited most from ICIEC services since the inception of business through to 1436H were Saudi Arabia (24.00%), UAE (12.77%), Bahrain (10.92%), Egypt (7.50%), Pakistan (7.15%), and Turkey (5.25%).

***Trade Facilitation:***

17. The General Secretariat renewed its invitation to Member States to give effect to the various multilateral trade instruments in force among the OIC Member States.
18. During the year under review, the Kingdom of Bahrain and the State of Kuwait ratified the TPS-OIC Rules of Origin. On its part, the Kingdom of Morocco submitted its List of Products under the TPS-OIC on 18 July 2014. Accordingly, the Trade Negotiating Committee (TNC) on TPS-OIC can now convene to ensure the immediate operationalisation of this OIC trade facilitation mechanism. The status of signing and ratification of OIC economic agreements as of 30 February 2014 is annexed to this Report. In this regard, the COMCEC Coordination Office, in collaboration with Union of Chambers of Commerce of Turkey (TOBB) organized a seminar for participating member states in the TPS-OIC in Ankara, Turkey on 26-27 January 2015 to examine new developments with regard to the operationalization of this system.
19. It is, therefore, appropriate to renew invitation to Member States, which are yet to complete the signing, and ratification processes of OIC Economic Agreements to endeavour to do so at their earliest convenience. In the same vein, Member States who have signed and ratified the TPS-OIC may wish to forward their lists in line with the relevant provisions of CFM and COMCEC resolutions. This includes the submission of their specific annual installments of reduction along with the list of products (schedules of concessions), sample of certificates and specimen impression of stamps used in their customs and to complete internal legislative, and administrative measures.
20. Similarly, and in line with the objective of facilitating trade exchanges among OIC Member States, the Workshop on the "OIC Single Window Initiative and the Electronic Commerce and their Role in Promoting Intra-OIC Trade" was held in Casablanca, Kingdom of Morocco on 9-10 November 2010. The major aim of the workshop was to share knowledge, experiences and best practices among the participants on the implementation of national trade facilitation programs and promote the development and implementation of single window and paperless trade projects in the OIC Member States. The Workshop requested ICDT and ITFC to elaborate a roadmap, and Terms of Reference (ToR) for the implementation of the Single Window initiative in the Member States.

***OIC Halal Food Standards and Procedures:***

21. In line with the Resolution of the 42<sup>nd</sup> Session of the Council of Foreign Ministers held in Kuwait City, State of Kuwait, on 27-28 May 2015, the General Secretariat, in coordination with the relevant OIC institutions, organized the OIC Stakeholder Forum on Unified Halal Standards and Procedures in OIC Headquarters, Jeddah, Kingdom of Saudi Arabia, on 9-10 December 2015. Around 78 participants from 23 Countries and OIC institutions attended the Forum.

22. The Forum secured the agreement of the various stakeholders on unified Halal standards, while incorporating all variations in an annexure to the agreed OIC Halal Standards. It also agreed on the need for the creation of an independent accreditation body to operationalize the approved OIC Guidelines for Halal Accreditation Bodies Accrediting Halal Certification Bodies. This is in addition to the need for a mechanism for ensuring mutual recognition of Halal certificates by OIC countries.

### **III. COOPERATION IN THE DOMAIN OF TRANSPORT**

#### ***Activities of the Organization of the Islamic Ship-owners Association:***

23. The 36th Executive Committee and 27th Session of the General Assembly of the Organization of the Islamic Ship-owners Association (OISA) were held in Dubai, United Arab of Emirates (UAE) on 12 November 2014. The outcome of the Meeting was the signing of Memoranda of Understanding with three Maritime and Ship Building Companies, such as Emirates Classification Society (TASNEEF); Arab Ship Building and Repair Yard (ASRY) and Arab Federation of Shipping (AFS). The MoUs envisaged the promotion of cooperation between these organisations and members of the OIC in the area of ships classification, technical consulting, training services, and maritime certificates as well as shipbuilding. Similarly, the annual meeting of OISA for 2015, held in Dubai, United Arab Emirates on 21 October 2015.

### **IV. AGRICULTURE, FOOD SECURITY AND RURAL DEVELOPMENT**

24. Since the 31st Session of COMCEC was held in Istanbul, Turkey in November 2015, the General Secretariat has continued to take necessary arrangements for convening of the Inaugural General Assembly of the Islamic Organisation for Food Security (IOFS), and 7th OIC Ministerial Conference on Food Security and Agricultural Development in Astana, Kazakhstan on 26-28 April 2016.
25. In this regard it is encouraging to note that since the last November two more OIC Member States, namely Egypt and Cote d'Ivoire have signed the Statute of IOFS. In addition, Niger and Burkina Faso have ratified the same. This brought number of IOFS signatory countries to 25, while ratified ones to 3.
26. Similarly and considering the strategic importance of IOFS, the 13th Islamic Summit Conference called on OIC Member States to accede to the IOFS statute, including its early ratification to ensure the operationalisation of the Organization. It also called on OIC Member States to actively participate, at a high-level, in the inaugural session of IOFS General Assembly in Kazakhstan in April 2016.

#### ***Inaugural General Assembly of Islamic Organisation for Food Security in Kazakhstan***

27. The inaugural General Assembly of IOFS was held in Astana, Kazakhstan on 26-28 April 2016. The inaugural General Assembly has elected the 8-member Executive Board of the IOFS as well as has appointed interim Director General of IOFS Secretariat. In addition, the General Assembly considered and approved a 5-year Plan of Action of the Organization that would seek to implement quick-win programmes, aimed at fast-tracking exchanges and cooperation among IOFS Member States. Such programmes include, among others: creation

of a comprehensive database and conducting research on all aspects of the food security; establishment of Agriculture SME Fund; and development of Regional Food Security Programmes (RFSP).

### ***7th OIC Ministerial Conference on Food Security and Agricultural Development:***

28. The Seventh OIC Ministerial Conference on Food Security and Agricultural Development (MCFSAD) was held in Astana, Kazakhstan on 26-28 April 2016, concurrently with the inaugural General Assembly of IOFS. The 7th MCFSAD examined the practical modalities for the implementation of the various decisions of the previous Ministerial Conferences and relationship between the Conference and the new specialized institution, IOFS.
29. The Astana Conference reiterated the need for the OIC Member States to allocate more resources from their national budgets to agricultural development and food security programmes in line with the relevant decision of OIC on allocation of 6% national budgets for this purpose. It also urged OIC Member States to continue to support cross-border and regional projects aimed at enhancing intra-OIC cooperation in the area of agriculture, rural development and food security.
30. OIC Agriculture ministers also requested the IOFS to further study the creation of OIC Food Security Reserve as recommended by the 4<sup>th</sup> MCFSAD and conduct a detailed study with regard to creation of an OIC cooperation framework in this domain.
31. With regard to OIC Cotton Action Plan, the Conference again called on the concerned Member States to resubmit their respective cotton projects in a comprehensive bankable format, approved under this Plan, and to show considerable interest in the new projects being identified to enhance cooperation in this vital economic sector.

## **V. EMPLOYMENT AND PRODUCTIVITY**

### ***3rd OIC Labour Ministers Conference***

32. The 3rd OIC Labour Ministers Conference, which was held in Jakarta, Indonesia on 28-30 October 2015, expressed support for the continued implementation of the Executive Programme for the OIC Framework for Cooperation on Labour, Employment and Social Protection. It also adopted the Statute of OIC Labour Center in Baku and requested the Secretary General to submit the same to Council of Foreign Ministers for approbation. Similarly, the Conference underscored the need to further strengthen the implementation of occupational safety and health of the workers and to promote fair, safe and orderly labor migration through relevant national laws and regulations. To this end, it the General Guidelines on Occupational Safety and Health (OSH), aimed at protecting workers from occupational hazards and risks while improving productivity. Other decisions of the Conference include the call on IDB to expand its Youth Employment Support (YES) Programme to all OIC Member States; the determination of OIC Member States to improve conditions and reduce obstacles faced by the youth, women and people with disabilities in finding and maintaining decent work as well as to enhance technical cooperation and exchange good practices in the domain of labour, employment and social protection.

33. The Conference also welcomed the offer of Indonesia to organize a Workshop on Research and Studies of Islamic Concepts and Practices related to employment issues in 2016. Presently, the General Secretariat is working with the relevant Indonesian Authorities on necessary arrangements for convening of the said workshop.

#### ***OIC Framework for Cooperation on Labour, Employment and Social Protection***

34. In the light of the 3rd OIC Labour Ministers Conference resolution, the General Secretariat has requested the members of the Steering Committee for the Implementation of the OIC Framework for Cooperation on Labour, Employment and Social Protection to communicate their programme of activities in 2016 for the implementation of the Executive Programme for the OIC Framework. The activities in the Executive Programme include: development of programmes on occupational health safety and health at workplace; establishment of an OIC Labour and Professional Training Observatory; legal protection for employees and labour market legislations; social security protection for workers; and exchange of information and best practices on labour issues, among others.

#### ***Venue of 4<sup>th</sup> OIC Labour Ministers Conference***

35. The 3<sup>rd</sup> OIC Labour Ministers Conference requested the Secretary General to consult with Member States on the venue and date of the 4th Islamic Conference of Labour Ministers (ICLM) scheduled for 2017. Subsequently, the Government of the Kingdom of Saudi Arabia has graciously offered to host the 4<sup>th</sup> ICLM in 2017.

#### ***The 3rd meeting of the OIC-OSHNET***

36. SESRIC, in collaboration with the Ministry of Labour and Social Security of the Republic of Turkey (MoLSS), is organizing the 3<sup>rd</sup> meeting of the OIC Occupational Safety and Health Network (OIC-OSHNET) in Istanbul, Turkey on 8 May 2016 on the sidelines of the Eight International Conference on Occupational Safety and Health scheduled for 8-11 May 2016. The meeting will review the activities undertaken since the creation of the network in 2011. The meeting will also discuss the implementation of the General OSH Guidelines which was endorsed by the 3rd OIC Labour Ministers Conference in Jakarta, Indonesia.

## **VI. TOURISM SECTOR DEVELOPMENT**

#### ***The Ninth Session of the Islamic Conference of Tourism Ministers***

37. The Ninth Session of the Islamic Conference of Tourism Ministers (ICTM) was held in Niamey, Republic of Niger on 21-23 December 2015. The Conference was attended by 17 member states, comprising Ministers in charge of Tourism and heads of delegation as well as representatives of relevant OIC institutions and regional organizations. The Conference approved the Resolution on Tourism Development and, the Executive Programme for the Implementation of the OIC Framework on Tourism for 2016-2017.
38. The 9<sup>th</sup> ICTM considered the decision of the 5th Coordination Committee Meeting on Tourism, held in Niamey, Niger, on 22 December 2015, on the selection of the Madinah Al

Munawwarah (Saudi Arabia) and Tabriz (Islamic Republic of Iran) as OIC City of Tourism for 2017 and 2018, respectively.

39. The Conference reviewed the activities on the commemoration of the OIC City of Tourism 2015 (Al-Quds Al Sherif) as well as took note the Report and Recommendations of the Workshop on Improving Tourism Potential of Al-Quds Al-Sherif City, held in Istanbul, Turkey, on 24-25 November 2015. While commending the various projects submitted by SESRIC, ICDT, and IRCICA in commemoration of Konya as OIC City of Tourism 2016, the ICTM urged all member states to submit their respective plans for the commemoration of this City to the General Secretariat.
40. The Conference also adopted various resolutions on how to accelerate the implementation of the OIC Framework for Development of Tourism, including the activities of the various OIC institutions working in the domain of tourism promotion. The Conference agreed the establishment of a Working Group on Islamic Tourism as well as a Working Group on Tourism Marketing. The Republic of Indonesia will chair the Working Group on Islamic Tourism and Malaysia will chair the Working Group on Tourism Marketing as the focal points.
41. The Conference also examined a number of issues concerning the implementation of the OIC Framework on Tourism, reiterating the need for tourism infrastructure development; promoting of Shariah-compliant tourism products; branding Islamic tourism in the international for a elaboration of Programme of Action of tourism marketing strategy; encouraging and facilitating private sector investment in tourism; and facilitation of movement of tourists among the OIC Member States. Conference welcomed the offers of Egypt and Iran to host the 3<sup>rd</sup> and the 4th OIC Tourism Fairs in 2017 and 2019, respectively. The People's Republic of Bangladesh will host the next 10th Islamic Conference of Tourism Ministers in 2017.

***Regional Project on Sustainable Tourism Development in a Network of Cross-Border Parks and Protected Areas in West Africa***

42. The 13th Steering Committee Meeting of the “Regional Project on Sustainable Tourism Development on a Network of Cross-border Parks and Protected Areas in West Africa” was held in Casablanca, Kingdom of Morocco, on 15-17 February 2016. The Meeting was attended by delegates of members of the Committee and representatives of the ICDT and IDB Group. The meeting adopted programme of activities for 2016 and urged participating Member States to submit their national projects in bankable format for further necessary action. The ICDT and SESRIC have jointly organize a Workshop on “Setting up Tourism Projects.

***2<sup>nd</sup> OIC Tourism Fair***

43. In compliance with the resolution adopted by the 8<sup>th</sup> Session of the ICTM, the 2<sup>nd</sup> OIC Tourism Fair was held in Sharjah, United Arab Emirates on 8-10 December 2015, under the patronage of H.H. Sheikh Dr. Sultan Bin Mohammed Al Qassimi, Member of the Supreme Council of the State of the United Arab Emirates and Ruler of Sharjah. The Fair was attended by approximately 125 companies representing the 13 Member States.

## **VII. COOPERATION IN THE FINANCIAL SECTOR**

### ***Central Banks and Monetary Authorities of OIC Countries:***

44. The Annual Meeting of the Central Banks and Monetary Authorities of the OIC Member States, which was initially scheduled to take place in Paramaribo, Suriname on 23-24 October 2015, has been postponed. This postponement was made due to the low number of confirmations from Member States. Presently, the SESRIC, as convener of the meeting, is presently working with host authorities for rescheduling the said event.

### ***Development of Microfinance Institutions:***

45. The OIC has been pre-occupied with addressing the problem posed by inadequate investment and paucity of resources to support development efforts in its Member States, particularly among its poor and vulnerable segments. In this regard, the diversification of funding sources has become crucial, more so considering the ever increasing demand for financial resources.
46. Keeping in view the importance of microfinance for poverty alleviation and empowerment of poor and low-income people, the OIC and its relevant institutions have initiated several microfinance development programmes. These include IDB Microfinance Development Programme (IDB-MDP); and a US\$ 500 million Microfinance Support Programme (MFSP) of the Islamic Solidarity Fund for Development (ISFD), among others. Under IDB Microfinance Development Programme, a number of microfinance related projects are being implemented in Bangladesh, Indonesia, Sudan, Senegal, Tunisia, Egypt, Pakistan and Tajikistan. In a similar way, up to date, ISFD within the framework of MFSP has approved US\$111.47 million for financing a number of projects in the various OIC countries.
47. In order to overcome the impediments to the expansion of microfinance services and to promote sustainable development of microfinance in OIC Member States, the OIC General Secretariat and IDB will organize a Seminar on Islamic Microfinance for Poverty Alleviation in OIC Member States, in Bogor, Republic of Indonesia on 14-15 May 2016, on the sidelines of the 41<sup>st</sup> Annual Meeting of IDB Group. The objective of the event is to kick-start a platform to share and deepen the understanding on the Islamic Microfinance models, good practices, governance and standards developed by the Central Bank and Islamic Microfinance Institutions in OIC Member States. One of the main objectives of this event is also to review and complete the 3 years Program on Islamic Microfinance for Poverty Alleviation and Capacity Transfer (IMPACT). This program will provide a platform for information sharing, networking, advocacy, research, and capacity building on financial inclusion in OIC Member Countries and beyond.

### ***Development of Islamic Social Finance***

48. Islamic social finances such as zakah and awqaf are also assuming great significance within the OIC development agenda, as an effective tool for mobilizing funds to address the problem of financial exclusion faced by Micro, Small and Medium Enterprises in OIC Member States, within the framework of its poverty alleviation initiatives.

49. Within this context, the Islamic Research and Training Institute (IRTI) has produced second report on Islamic Social Finance in 2015. This report presents the historical trends, future challenges and prospects for the various segments of the Islamic social finance sector in six African countries, namely Sudan, Nigeria, Kenya, Mauritius, South Africa and Tanzania. In addition, IRTI has continued to organize training activities in various OIC Member States with regard to development of the Islamic social finance sector.
50. In a similar vein, the 1st Annual Coordination Meeting of OIC institutions, which was held in Jeddah on 7-8 December 2015, has initiated the process of convening of a Workshop on Islamic Social Finance as well as A Forum of Zakat Institutions and Providers in OIC member states during the current year. The latter is in light of the need to implement the existing ruling of the IIFA on investment of Zakat funds in profit-generating projects.

## **VIII. ROLE OF PRIVATE SECTOR**

### ***32<sup>nd</sup> General Assembly and 23<sup>rd</sup> Board of Directors Meetings of ICCIA:***

51. The 32<sup>nd</sup> General Assembly and 23<sup>rd</sup> Board of Directors meetings of the Islamic Chambers of Commerce, Industry and Agriculture (ICCIA) were held in Jeddah, Kingdom of Saudi Arabia on 30-31 March 2016. The meetings reviewed the on-going programmes and activities of ICCIA, with particular reference to the issues related to a trademark for Halal products and certificates, and resource mobilization, among others. The major planned activities of ICCIA for 2016 include: 17<sup>th</sup> Private Sector Meeting for OIC Countries; 9th Businesswomen Forum of OIC Countries; Trade Exchanges Exhibition; Chambers of Commerce Forum; Business Owners Conference; and Launching of Excellence Awards. The welcomed the offer of Republic of Turkey to host the 24<sup>th</sup> Meeting of ICCIA Board of Directors in Konya, Turkey during the last quarters of 2016.
52. Similarly, the 9<sup>th</sup> Forum for Businesswomen in Islamic Countries would be held in Riyadh, Kingdom of Saudi Arabia 24 May 2016. Similarly, the 17<sup>th</sup> Private Sector Meeting will be organized in one of OIC Member States in 2016, under the theme “Explore the Opportunities Inherent in the Textile and Clothing Sector in OIC Countries”. Other major planned activities of ICCIA for 2016 include: Trade Exchanges Exhibition; Chambers of Commerce Forum; Business Owners Conference; and Launching of Excellence Awards.

## **IX. SPECIAL FUNDS AND REGIONAL ECONOMIC PROGRAMMES**

### ***Islamic Solidarity Fund for Development (ISFD):***

53. The 13th Islamic Summit held in Istanbul, Republic of Turkey on 14-15 April 2016 expressed its appreciation for the numerous contributions by Member States to the Islamic Solidarity Fund for Development (ISFD) and commended the various interventions under the Fund, which have reached US\$ 562 million cumulatively. The meeting also considered the need to increase the impact of ISFD interventions on scaling-up micro-finance support, vocational training and food security; improving social and economic services to vulnerable segments in OIC countries; as well as attaining its target capital of US\$ 10 billion. Accordingly, the meeting called on Member States to redeem their pledges and announce new commitments, including allocation of Waqf (endowment project) in favor of ISFD. The meeting also called

for the participation of private sector foundations and high net-worth individuals in OIC Member States in the Fund. Accordingly, the meeting renewed its commitment to mobilize intra-OIC investment through support for Islamic financial products and Islamic social finance.

54. The ISFD, since its establishment by 3<sup>rd</sup> Extraordinary Islamic Summit in 2005, has executed various programmes and projects in the area of poverty eradication and capacity building in OIC member states. During its Five-Year Strategy, the ISFD created such flagship programmes as Vocational Literacy Programme (VOLIP), Microfinance Support Programme (MFSP) and Sustainable Villages Programme (SVP).
55. So far, a number of projects have been approved under these two programs with a total value of US\$247.52 million (US\$136.05 million for VOLIP, and US\$111.47 million for MFSP). ISFD contributions amount to US\$74.53 million (US\$50.01 million for VOLIP, and US\$24.52 million for MFSP). The bulk of the approvals have been allocated to African countries.
56. The main sectors of focus have been (i) Agriculture (incl. Rural Development), which accounted for around 43 percent of the ISFD financing, and (ii) Education (incl. VOLIP), which accounted for around 24 percent of the ISFD financing. The Least Developed Member Countries (LDMCs) have been the main beneficiaries of these operations, enjoying more than 80% of the Fund's financing. In fact, 61% of these approvals were made for Africa, 15% to the CIS countries, and 12% to Asia and Middle-Eastern countries.
57. The cumulative ISFD approvals up to the end September 2015 amounted to US\$ 562.2 million. Out of this amount, US\$ 19.6 million was disbursed on a grant basis. It is worth noting that the value of the projects financed by ISFD approvals amounted US\$ 2.7 billion, thus attaining a leverage ratio of 1 to 5 (i.e. every US\$1.00 provided by ISFD has mobilized almost US\$ 5.00 from external funding).
58. Similarly, the cumulative disbursements so far have reached US\$97.33.0 million, compared to US\$81.9 million as at the end of 2014. As the number of approved ISFD, projects which fulfill the disbursement criteria increases, disbursements are expected to keep their rising trend.
59. Although eight years have passed since the commencement of the ISFD operations in 2008 and the conclusion of its Five-Year Strategy (2008-2012), the Fund is still constrained by the low level of mobilized resources, compared to its approved target capital of US\$10.0 billion. As of 15 October 2015, the level of pledged capital contributions to the ISFD stood at US\$2.68 billion, with US\$1.68 billion, committed by 44 member countries, and US\$1.0 billion by IDB. The total amount of received contributions thus far is US\$2.42 billion, of which US\$850 million was paid by the IDB and US\$1.57 billion by Member States.
60. In the light of the above-mentioned constraints, ISFD is urgently in need of funds to expand its activities towards alleviating poverty and improving social services and infrastructures. In this regard, member states are kindly invited to redeem their respective pledges and to make additional financial commitments. Similarly and in line with the resolution of 11th OIC Summit, member states are also requested to provide landed property in their respective

countries for wakf projects as in-kind contribution to ISFD resources. This is in addition to the request for encouraging Private Sector establishments in OIC Member States to contribute to ISFD funds.

61. In line with the resolution of, the 42nd Council of Foreign Ministers (CFM), the General Secretariat has concluded arrangements to convene a pledging conference during the next IDB Board of Governors meeting in Jakarta, Indonesia in May 2016. In the same vein, member states have been requested to donate landed property for wakf projects as in-kind contributions to ISFD funds.
62. It is envisaged that the funds mobilization session will shore up funds for this important poverty alleviation of the OIC, thereby enabling it to take on further projects within the three strategic sectors of micro-finance, vocational training and food security.

***Special Programme for Development of Africa (SPDA):***

63. As reported to the 31st Session of COMCEC, the approval phase of SPDA was accomplished in November 2012, resulting in the approval of a total of 480 projects in 22 OIC African Member States. The successes achieved in the course of implementation of SPDA indicate that economic regionalism for advancing intra-OIC cooperation should be further mainstreamed as a means of achieving rapid integration in OIC Member States.
64. Consequently, and in line with the 13<sup>th</sup> Summit Communique, the General Secretariat, in collaboration with relevant OIC institutions, is presently working on preparation of OIC regional integration policy/strategy, which will provide a general framework for elaboration of OIC regional economic programmes for OIC Member States in Africa, Asia, and Middle East and North Africa (MENA) as well as national level alignment with such initiatives. Thus, this policy is expected to be based on two mutually reinforcing pillars: the first is supporting cross-border and integrative projects, and the second, enhancing trade and investment among OIC Member States. It is, therefore, expected that elaboration of a successor programme to SPDA will be one of the central components of proposed OIC regional integration policy/strategy.

***OIC Plan of Action for Cooperation with Central Asia:***

65. Within the framework of OIC Plan of Action for Cooperation with Central Asia (OIC-PACCA), the Special Programme for Central Asia (SPCA) was prepared by Islamic Development Bank (IDB) in close coordination with General secretariat. The SPCA is anchored on three of the seven priorities of the OIC PACCA namely: Trade & Transport, Agriculture, and Energy. This five-year (2016-2020) programme aims at supporting projects with high regional impact by using various resources. The total financing estimate for the programme amounts to US\$ 6 billion including US\$ 2.500 million from IDB Ordinary Capital Resources (OCR), US\$ 375 million Regional Concessional Allocation, US\$ 1.250 million Trade Finance, US\$ 500 million Private Sector Financing and US\$ 1.375 through Resource Mobilization and financing.
66. In this regard, a Regional Consultation Workshop was held in Istanbul, Republic of Turkey on 14-15 March 2016 and deliberated on the priority sectors identified by draft SPCA, the issue

of resource mobilization, institutional and operational modalities for implementation of the projects, as well as monitoring and evaluation arrangements. The Workshop attended by Central Asian Member States, OIC institutions as well as relevant regional and international organizations.

67. The SPCA is expected to be launched at the 41<sup>st</sup> IDB Board of Directors in Jakarta, Indonesia on 17-19 May 2016 and to be endorsed by the High Level Meeting on OIC Plan of Action for Cooperation with Central Asia and the 43<sup>rd</sup> Council of Foreign Ministers (CFM) in Uzbekistan in October 2016.

## **X. ECONOMIC ASSISTANCE TO OIC MEMBER STATES AND MUSLIM COMMUNITIES IN NON-OIC COUNTRIES**

68. In line with the objectives of promoting partnership, mutual assistance and solidarity among OIC Member States, the OIC Member States and institutions continued to provide assistance to some OIC Member States and Muslim communities in non-OIC countries. These countries and communities include: Benin, Guinea, Cote d'Ivoire, Comoros, Somalia and people of Jammu and Kashmir. In addition, the following projects were submitted for the purpose of mobilizing funding from OIC Member States. The projects include:

- Equipping Technical and Vocational Training Institutions in 120 days (Government of Benin);
- Establishment of a Micro-Finance Office in the three provinces (Government of Burkina Faso);
- Construction of a Training Center (Government of Burkina Faso);
- Improvement of Cattle Breeding (Government of Burkina Faso);
- Development of Women Entrepreneurship in Comoros (Government of Comoros);
- Design of a Fenton Oxidative Waste Water Treatment Plant (Government of Nigeria);
- Construction and Equipment of a Vocational Training Facility for Somali Youth (Government of Somalia);
- Joint OIC-UNOSSC project on Livelihoods Improvement and Economic Regeneration through South-South Cooperation in Somalia.

69. In view of the foregoing, the OIC Member States are kindly requested to provide the General Secretariat with information about their respective assistance to OIC Member States and Muslim communities in non-OIC countries as well as consider the possibility of making resource or in-kind contributions for the implementation of the above mentioned projects.

### ***Malaysian Capacity Building Programme for OIC Countries (CBP4OICC)***

70. As it was reported to the 31st Session of COMCEC, following consultations with the Government of Malaysia, the latter indicated its desire to implement the next phase of the CBP4OICC. Meanwhile the General Secretariat has been notified that the relevant authorities in Malaysia have been working on the preparation of the Status Report for the implementation of the 3 pilot projects executed under the first phase of CBP4OICC in Mauritania, Bangladesh and Sierra Leone.

## **XI. COOPERATION WITH OTHER REGIONAL AND INTERNATIONAL ORGANIZATIONS**

71. During the Year under review, the General Secretariat has continued to interface with international organisations for the sake of widening partnership for the implementation of OIC resolutions in the following manner:

### ***Collaboration between OIC General Secretariat and UN Office for South-South Cooperation***

72. A Memorandum of Cooperation between the Department of Economic Affairs of the General Secretariat and UN Office for South-South Cooperation has been concluded at OIC Headquarters in Jeddah, Saudi Arabia on 24 January 2016. In addition, a Strategic Framework for Cooperation between UNOSSC and Department of Economic Affairs during 2016-2018 has also been agreed by the both sides.
73. On the basis of the Memorandum, a regular mechanism of cooperation between Department of Economic Affairs of the General Secretariat and UNOSSC has been created to execute the Strategic Framework, which includes projects in the domain of rail transportation, tourism, cotton rehabilitation, capacity building as well as assistance to Somalia and Yemen.

## **XII. THE OIC-2025 PROGRAMME OF ACTION:**

74. The 13<sup>th</sup> Islamic Summit held in Istanbul, Republic of Turkey on 14-15 April 2016 expressed its satisfaction for successful conclusion of the OIC Ten Year Programme of Action (TYPOA), which provided the Islamic Ummah with a forward looking blueprint with a view to enhancing Joint Islamic Action in various domains and reiterated its commitment to working together for a better tomorrow and enhancing the well-being of our people. It also affirmed commitment to address the shortcomings in the previous decade and to introduce the necessary improvements for the effective implementation of the new OIC Programme of Action (2016-2025).
75. The Summit Conference adopted the OIC-2015: Programme of Action for the next decade and called upon the Member States, the OIC organs and institutions, international partners as well as other stakeholders to undertake all necessary measures for its effective implementation.
76. The OIC-2025: Programme of Action comprises 17 priority areas in such domain as peace and security, Palestine and Al-Quds, poverty alleviation, science, technology and innovation, education, health, environment, climate change and sustainability as well as culture and interfaith harmony and humanitarian action among others. The economic component includes poverty alleviation, trade, investment and finance; agriculture and food security; employment, infrastructure and industrialization; transport; energy; tourism as well as entrepreneurship and SMEs development. Each priority area has specific goals and actions. The identified goals and actions in the domain of economic issues are:

## **1. Poverty Alleviation**

### *Goals:*

- Implement nationally appropriate social protection systems and measures for all and by 2025 achieve substantial coverage of the poor and the vulnerable.
- Decrease by two-thirds the prevalence of extreme poverty in the Member States, currently measured as people living on less than US\$1.25 a day.
- Reduce at least by one-third the proportion of population of all ages living in poverty in all its dimensions.
- Promote equitable share to economic resources for men and women, particularly the poor and the vulnerable, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance.
- Create sound policy frameworks, at national, regional and international levels, based on pro-poor and gender-sensitive development strategies to support accelerated investments in poverty eradication actions.

## **2. Trade, Investment and Finance**

### *i. Intra-OIC Trade and Investment*

#### *Goals:*

- Promote trade exchanges among the OIC Member States.
- Promote and establish free trade and export processing zones in OIC Member States, and facilitate intra-OIC investments, including inward FDI flows by the public and private sectors.
- Enhance partnership among public and private companies within and among OIC countries.
- Develop partnerships between the productive sectors of the Member States in order to strengthen the competitiveness of the production and exporting entities.
- Increase production and competitiveness of products in the Member States.
- Further increase intra-OIC trade by 6% up from the current percentage in 2015.
- Implement the Trade Preferential System of the OIC (TPS-OIC), and encourage OIC Member States in other Regional Trade Agreements (RTA) areas to join TPS-OIC and intensify efforts to ensure its success.

- Implement vigorously the General Agreement on Economic, Technical and Commercial Cooperation among the OIC Member States and similar multilateral instruments on trade and investment.
- Continue implementing the COMCEC Strategy for Building an Interdependent Islamic World, in its entire sectors towards increasing the intra-OIC trade and investment with a view to be overarching goal of enhancing the economic and commercial cooperation among the Member States.

ii. Islamic Finance Development

*Goals:*

- Develop sound and well-regulated Islamic financial system and related prudent institutions to ensure orderly development of Islamic finance.
- Facilitate the flow of financial resources and direct foreign and portfolio investment flows among the OIC Member States.
- Develop and promote Islamic financial products to advance socio-economic development in OIC Member States.
- Promote cooperation in Islamic Banking and Finance such as regulations, adoption of standards, sharia governance mechanism and product development.

3. Agriculture and Food Security

*Goals:*

- Increase agricultural productivity and profitability of farming systems to achieve sustainable food and nutrition security in the OIC Member States.
- Develop food production systems based on agricultural diversification, conservation of water, and efficient use of land.
- Improve the policy environment and regulatory framework to develop agricultural sector and food production.
- Promote the optimization of utilization of land and other natural resources for agricultural sector and food production.
- Promote and support intra-OIC investment in agricultural sector and food production.
- Consolidate the structures of the Islamic Organization for Food Security to achieve its objectives of coordinating intra-OIC food security operations.

#### **4. Employment, Infrastructure and Industrialization**

##### *i. Industry*

###### *Goals:*

- Increase local productive and export capability of OIC Member States with a focus on value added sectors in agriculture, manufacturing, maritime and services.
- Increase the value addition in natural resource-based industries paying special attention to employment generation, Science, Technology and Innovation development, and the sharing of technology.
- Develop and facilitate green industry and industries based on blue economy.

##### *ii. Transport*

###### *Goals:*

- Reduce costs of export/import and improve services through development of adequate transport corridors and networks so as to increase the competitiveness of OIC Member States.
- Establish safe, secure and interconnected multimodal transport corridors and networks among the Member States to facilitate trade, social and cultural exchanges among them.

##### *iii. Energy*

###### *Goals:*

- Enhance capacities of OIC Member States in energy production, trade and distribution with the aim of ensuring access to energy for all.
- Ensure access to affordable, reliable, sustainable, and modern energy for all.
- Increase the share of electricity generation through alternative renewable energy sources.

##### *iv. Tourism*

###### *Goals:*

- Publicize and highlight the opportunities and possibilities of investment which exist in OIC Member States and the best practices of some Member States in tourism sector.
- Establish alliances between tourism stakeholders with a view to strengthening joint tourism marketing and promoting cooperation efforts at the sub-regions level as well as at the level of the OIC region as a whole.

- Enhance the role of Public-Private Partnerships (PPPs) in the expansion and upgrading of the existing tourist capacities and activities and for the construction of new facilities of appropriate quality and service standards, using up-to-date technologies.
- Promote regional and cross-border tourism projects in the Member States to attract investments.
- Promote awareness about Islamic tourism services in the Member States and beyond.

v. Labour, Employment and Social Protection

*Goals:*

- Promote the exchange of information and best practices as well as strategies, policies and experiences in the area of occupational safety and health, employment, social protection and migration, with a view to promoting a culture of prevention and control of occupational hazards.
- Promote labour protection, which comprises decent conditions of work, including wages, working time and occupational safety and health, essential components of decent work.
- Improve information transparency on employment statistics and promote vocational training programmes.

vi. Entrepreneurship and SMEs development

*Goals:*

- Develop a dynamic and well-functioning private sector for increasing investment and trade, economic growth, industrialization and structural transformation.
- Increase the contribution of SMEs to the overall economic growth and development of OIC Member States and enhance their competitiveness and dynamism by facilitating their access to information, market, human resource development and skills, finance as well as technology.
- Promote and encourage women's SMEs.

77. Before the specific goals are defined the Programme identified certain principles for the implementation of OIC-2025 as: reflective of the aspirations of the peoples of the Member States; Islamic Solidarity, partnership and cooperation; country ownership and leadership; collective approach for identification of targets and implementation of projects; good governance; effective coordination and synergy. The goals in the Programme will be implemented in harmony with the existing OIC agreements/strategies/plans of action, including those of the OIC Standing Committees, namely Al-Quds Committee, COMIAC, COMCEC, and COMSTECH, and other framework documents between the Member States.

### **XIII. CONCLUSION:**

78. The inauguration of the Islamic Organisation for Food Security as the newest OIC specialised institution in Astana, Kazakhstan during the year under review has created a new vista for a rewarding OIC cooperation in the domain of agriculture, rural development and food security. In the same vein, the adoption of quick-win projects for immediate implementation have the potentials of rejuvenating intra-OIC projects aimed at increasing competitiveness, youth and women employment and infrastructure development in OIC member states. Equally significant is the expected multiplication of activities for enhanced OIC cooperation with the OIC member states in Central Asia, a situation that will promote regional integration within the OIC within the framework of the eventual creation of a wholly integrated OIC community.
79. Furthermore, the annual celebration of the OIC City of Tourism is gradually creating a popular awareness within the OIC, such that would be consolidated by the progressive development of Islamic Tourism. In this regard, the various activities carried out during the year on the popularization of Islamic finance products, notably the expected outcome of the Workshop on Islamic Microfinance being held in Bogor, Indonesia on ? May 2016, will contribute greatly to the core priority of OIC for poverty reduction and investment promotion within OIC.
80. In this regard, it is gladdening to acknowledge the various support and cooperation received from OIC Member States both in the form of early accession to the various OIC multilateral agreements, and commitments to the funding of relevant OIC projects. However, it is necessary to underscore the importance of increased ownership of, and early feedback on, various OIC projects and programmes by the esteemed member states. In the same breadth, the contributions of the various OIC institutions to the implementation of OIC resolutions, programmes and projects are very commendable. It is expected that these fruitful collaboration would continue in leaps and bounds during the coming years, considering the positive results demonstrated by the new coordination mechanism involving the OIC General Secretariat and the various OIC institutions.

**OIC General Secretariat  
Department of Economic Affairs,  
18 April 2016**