

**ITFC PROGRESS REPORT ON ENHANCING
INTRA-OIC TRADE**



**ITFC report to the 36th Meeting of the Follow-up Committee of
the COMCEC**

20 – 21 October 2020

Ankara, Turkey



١٠ سنوات في تعزيز
التجارة من أجل حياة أفضل

10 years in advancing
trade and improving lives

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A. Introduction

Message from ITFC CEO

It is my pleasure to present to the 36th meeting of the Follow up committee of the COMCEC this report on the progress achieved by ITFC to enhance trade and trade cooperation among OIC Member Countries and to support the implementation of the relevant resolutions of the 35th Ministerial Session of the COMCEC.

As you know, ITFC was established in 2008 with a mandate to enhance trade among OIC Member Countries through providing trade finance and trade-related technical-assistance. Pursuant to this mandate, ITFC aims to be a recognized provider of trade solutions for OIC Member Countries' needs. From inception till 2018, the Corporation achieved commendable results in both trade finance and trade development. Total cumulative approvals and disbursements reached US\$53 billion and US\$43 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$27.3 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of Member Countries. Despite the recurring global financial and economic slowdown, ITFC succeeded to increase its trade finance approvals, while focusing on creating impact on Member Countries' trade and economic development. In this regard, I am pleased to inform that ITFC continues to measure the development impact of its interventions through its Development Impact Framework (DIF).

Since the beginning of the year 2020, the world witnessed the outbreak of novel coronavirus (COVID-19), which is posing an unprecedented challenge to the global economy, International Islamic Trade Finance Corporation ITFC, provided \$300 million in emergency financing to mitigate the socio-economic risks faced by OIC member countries. These funds are being directly funneled towards eligible OIC member countries in most need of support – for critical supplies of energy, healthcare, food security and other life support requirements. An additional fund – the 'Recovery Response Program' (RRP) – earmarks another \$550 million for deployment over the next two years. The RRP is aimed at fixing the socio-economic damage which is expected to last longer than immediate impact of the virus.

As a custom, ITFC continues to work closely with the OIC Institutions to create the required synergy for developing and implementing programs and to further capitalize on mutual strengths and experiences to contribute to the accomplishment of the objectives set by the OIC Plan of Action-2025 and COMCEC Strategy. Furthermore, as an active player on the global front, ITFC remains committed to efforts aimed at achieving the SDGs.

ITFC will continuously make efforts to develop customized Shariah compliant trade solutions programs, facilitate knowledge & experience transfer between Member Countries, diversify ITFC's trade finance, and support OIC trade development and cooperation initiatives.

Finally, ITFC is pleased to note the confidence reposed by the Member Countries and its development partners in the attainment of its vision and mission.

Brief about ITFC

Commenced Operations on	January 10, 2008
Headquarter	Jeddah, Saudi Arabia
Member	The Islamic Development Bank Group
Mandate	Contribute to economic development of Member Countries through trade advancement
Authorized Capital	US\$3 billion (2019)
Subscribed Capital	US\$857.19 million (2019)
Paid- Up Capital	US\$749.788 million (2019)
Cumulative Approved Trade Finance Operations (2008– 2019)	759 operations, totaling US\$51 billion
Cumulative Disbursements (2008 – 2019)	US\$ 40.5 billion
Cumulative Approvals by Sector (2008 – 2019)	Energy Sector = US\$ 37 billion Agriculture Sector = US\$ 6.3billion Industrial Sector = US\$ 2.6 billion Line of Financing (SMEs) = US\$ 2.1 billion
Cumulative Approvals by Region (2008 – 2019)	MENA/ASIA/CIS = US\$ 43.6 billion Africa = US\$ 7.7 billion
Total Number of Clients Served (2008 – 2019)	568
Total Number of Member Countries Served (2008 – 2019)	45
2019 Approved Trade Finance Operations	US\$ 5.8 billion
2019 Number of Operations	84

Important Achievements up to August 30th, 2020

- Implementation of Transformational Strategy – ITFC reached another milestone achievement with the start of the implementation of a 3 Year (2017-2019) transformational roadmap. The move aims to build a structurally new business model capable of generating sustainable returns, growth across trade finance markets, development of new products and new lines of business, good visibility on global platforms and achieving organizational excellence.
- Moody's Investor Service reaffirmed long-term issuer rating of A1 and short-term issuer rating of P-1 to the International Islamic Trade Finance Corporation (ITFC), with stable outlook. The assigned credit rating will further strengthen ITFC position in financial markets and facilitate the mobilization of resources from financial institutions. The continuous achievement of this paramount milestone reflects ITFC's relentless efforts – despite challenging market conditions – to achieve its development mandate by maintaining strong capital position, moderate leveraging scenarios, prudent treasury investment practices and adequate liquidity management policies.
- Introduction of Development Impact Framework – ITFC has taken a leap forward in fulfilling its mandate of Advancing Trade and Improving Lives in alignment with the Sustainable Development Goals through ITFC's in-house Development Impact Framework.
- Adoption of Integrated Trade Programs - ITFC is innovating in the way operations are structured through the introduction of Integrated Trade Programs. The Projects are defined as an approach that includes trade financing with a soft intervention component such as capacity development.
- Launching of Arab Africa Trade Bridges (AATB) Program – ITFC launched a flagship trade development program, which is designed to enhance trade as a tool to expand economic opportunities and support inclusive and sustainable growth across the Arab and sub-Saharan OIC member countries.
- Launching of the West Africa SMEs Program – ITFC has launched this flagship program in 2018, aiming at building the capacity of the SMEs in selected Member Countries to enable them to benefit from the lines of financing extended by ITFC to partner banks in those countries.
- Building on its achievements of the first 11 years, ITFC this year, as at end of Q2, 2020, reached Approvals and Disbursements of US\$2.4 billion and US\$2.49 billion respectively, which are 48% and 62% of the annual targets set at US\$5.0 billion and US\$3.8 billion respectively.

Excerpts from RESOLUTION OF THE THIRTY FIFTH SESSION OF THE COMCEC (Istanbul, 25-28 November 2019, OIC/COMCEC/35-19/RES)

17- Expresses its appreciation to the COMCEC Coordination Office, SESRIC, ICDT, IDB Group, ICCIA, and SMIIC for their efforts towards the implementation of the COMCEC Strategy.

19- Also reiterates its request to the OIC Institutions working in the economic and commercial fields to continue coordination with the COMCEC Coordination Office, including through the

Sessional Committee, in order to ensure progress and complementarity in the implementation both of the COMCEC Strategy and the OIC 2025: Program of Action, especially in the areas of trade and investment.

21- Requests the concerned Member States to actively participate in the activities to be organized by the COMCEC Coordination Office, SESRIC, ICDT, IDB Group (ITFC), ICCIA, and SMIIC in the cooperation areas of the COMCEC Strategy and calls upon these institutions to send invitations to the Member States sufficiently in advance of the meetings so as to ensure their participation.

Trade Financing Activities

57- Appreciates the trade finance, promotion and development activities of ITFC and the mobilization of funds from the international market and development partners for funding the trade operations in the Member States, contributing towards the achievement of intra-OIC trade target of 25 percent.

58- Takes note with appreciation that ITFC's cumulative approvals and disbursement in trade finance reached, since its inception until now (Q2, 2020), USD 53 billion and USD 43 billion respectively, and its total approvals and disbursement as of end Q2, 2020 reached USD 2.4 billion and USD 2.44 billion respectively.

59- Commends the efforts of ITFC in financing SMEs and the Least Developed Member Countries and intra-OIC trade and takes note of its efforts to diversify its portfolio and extend more financing for agriculture sector that has direct and prominent impact on improving productivity, job creation, increasing export revenues and alleviating poverty.

60- Calls upon the Member States to complete their membership requirements for the institutions of the IDB Group (ITFC and ICIEC) so that the IDB Group implements its mandate successfully.

61- Takes note of the trade promotion and capacity development initiatives being implemented by ITFC under its various flagship programs including Aid for Trade Initiative for Arab States (AFTIAS), Arab Africa Trade Bridge Program (AATB), Trade Development Fund and West Africa SMEs Program.

62- Takes note of the efforts of the ITFC in implementing Integrated Trade Solution Programmes, including Indonesia Coffee Development Programme, Guinea Reverse Linkage Programme, the Cotton Bridge Programme, Program for the Development of Dates Sector in Medina Region, Rapid eTrade Readiness Assessment of Iraq, the Gambia Aflatoxin Mitigation Programme, and various programmes for Tunisia, Bangladesh, Pakistan, CIS Countries, Afghanistan, Burkina Faso, Comoros and Djibouti.

63- Also takes note of ITFC's efforts for the diversification of Islamic Financial Instruments, supporting training programs on Islamic finance and promoting Islamic Finance solutions at international fora.

64- Congratulates ITFC for the reconfirmation of the Assignment of Credit Rating by Moody's long-term issuer rating of A1 reflecting the ITFC's strong capital position, moderate leveraging scenarios and adequate liquidity management policies and also congratulates ICIEC for its 12th

consecutive years for having maintained its Aa3 standalone Rating by Moody's, which confirms ICIEC's financial sustainability of its operations.

65- Takes note of the ITFC's high level Capacity Building Program provided to CIS countries and Afghanistan on Islamic Finance, as part of its trade-related Technical Assistance Programs provided to Member Countries and calls upon the relevant OIC Institutions to join and support these efforts.

B. ITFC Trade Finance Operations for Development

ITFC fulfills its mandate through two main lines of business: 1) Trade Finance, and 2) Trade Development. On the trade finance side, ITFC extends trade financing to sovereign governments, private & public sector companies, and Small & Medium Enterprises (SMEs) through lines of financing extended to local and regional Banks.

ITFC's achievements since its inception in 2008 (1429H) up to now (Q2 2020), have been remarkable in both trade financing and trade development arenas. ITFC's achievements since its inception in 2008 (1429H) have been remarkable in both trade financing and trade development areas. Total cumulative approvals and disbursements reached US\$53 billion and US\$43 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$27.3 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of Member Countries. Furthermore, ITFC continues to extend financing to a number of Member Countries under the multi-year framework agreements in place for many of the large-ticket sovereign clients. Regional initiatives such as the Africa Initiative continues to make noticeable progress.

Despite numerous challenges faced in 1st Half 2020, ITFC performed remarkably well. It remained resilient in the delivery of its mandate by sustaining its support, as evidenced by the impact and additionality of its intervention in Member Countries. As such, out of the total trade finance approvals, 34% was allocated to Least Developed Member Countries. In addition, 83% of approvals, representing US\$2.0 billion, supported trade between OIC member countries.

In terms of year-on-year comparison, trade finance approvals were higher by 12% in 2019, increasing from US\$5.2 billion in 2018 to US\$5.8 billion, although some Member Countries from SSA and the CIS continued to face the challenge of lingering negative impact of 2015-2016 low commodity prices and foreign currency shortages. Nevertheless, the increase in trade finance approvals reflects the modest improvements in market environment, particularly the increase and stabilization of oil prices in 2018 and continuing into 2019.

ITFC continues to enhance its development impact by illustrating noticeable achievements in moving away from transaction-based model of trade support to a program-based approach, where trade finance operations are integrated with trade development and capacity building in order to multiply the development impact. In addition, the Corporation continues to deliver on its

commitments and maintain its solidarity with Member Countries on sectors that are key to economic and social development, particularly energy, agriculture and SMEs' access to finance.

As we look forward, while taking the market conditions into consideration, ITFC is **“gaining momentum”** and stepping into 2020 with vigor and confidence to deliver on its mandate to serve its member countries by **“advancing trade and improving lives”**.

Trade Finance Department Interventions under COVID-19

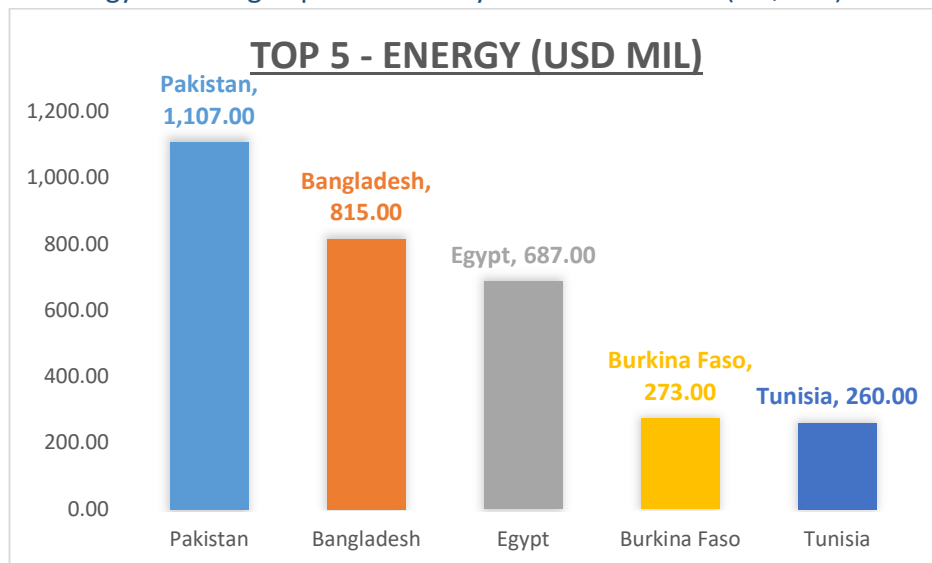
“Under its Trade Finance intervention, the International Islamic Trade Finance Corporation (ITFC) has received numerous requests for financing support, amounting to \$1.0 billion, to help Member Countries' efforts in combatting the COVID 19 Pandemic. ITFC is currently working on a total of 19 financing requests received from 15 MCs and Financial Institutions. Out of these, 11 are new financing (out of which 5 are jointly under consideration with ICD), while the remaining 8 are repurposing from existing operations. ITFC has revised the initial allocation of \$300m made under the SRRP, increasing its Trade Finance allocations for COVID support based on the requests received from MCs for repurposing of previously approved operations. So far, a total of \$581.18 million has been approved, out of which \$415.4 has been disbursed”.

Sustaining Access to Energy

Sustainable and uninterrupted supply of energy is the key to economic and social development. ITFC helps the MCs, particularly the LDMCs, to combat poverty through providing needed financing for ensuring adequate supply of energy, which has multiple impacts on productivity, health, education, sustainable employment, food and energy security.

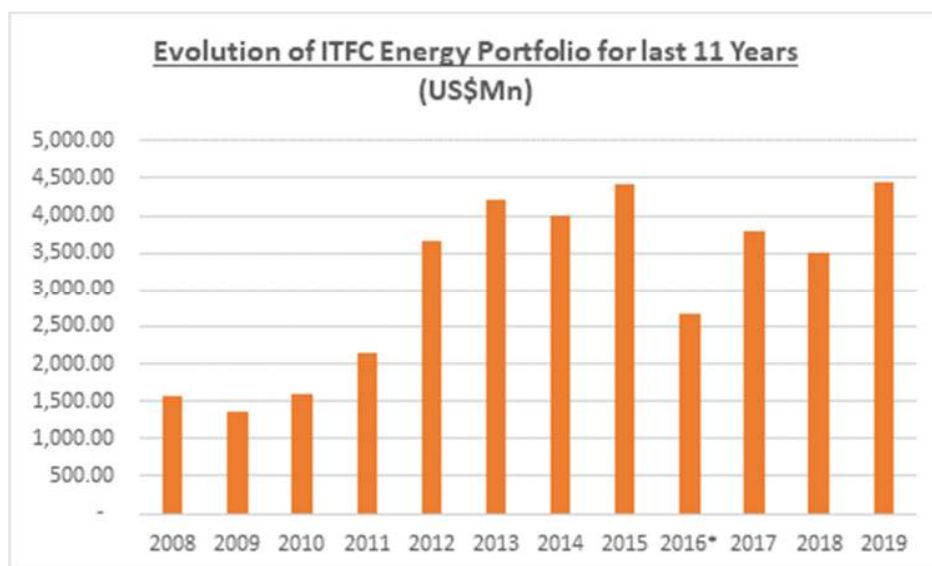
Therefore, improving access to energy is crucial to unlock the potentials for faster economic and social development in MCs. In this context, ITFC considers supporting the energy sector as one of the main pillars of its strategy and objectives. As such, in 2018 ITFC remained a reliable and steadfast partner in providing financing to secure fuel and electricity supplies in order to maintain stable electricity generation and reaching large number of the populations including those residing in rural areas.

Figure 1: ITFC Energy Financing Top 5 Beneficiary Countries in 2019 (US\$ Mn)



In many Member Countries where there are only limited financiers willing and able to fund energy sector-related transactions, which often require sizable funding, ITFC acts as a catalyst in mobilizing resources from international markets to fund large size syndicated deals.

Figure 2: ITFC Energy Financing Portfolio 2008 - 2019



In 2019, the financing for the energy sector rebounded in dollar terms, reflecting the more stable oil prices, as well as increased demand for oil financing from some Member Countries. However, historically the volume of financing was much higher during the period of high oil prices (2012-

2015). This environment impacted ITFC's financing towards the energy sector with the following outcomes:

- Energy products financing represented 76% of total approval in 2019, balanced between crude oil and petroleum products financing.
- The bulk of the energy-related financing are for countries in MENA, Asia and Sub-Saharan Africa.

Agriculture & Food Security

ITFC's interventions in agriculture continues to cover commodities that help the Member Countries to create jobs, improve productivity, alleviate poverty, and bolster food security. It is worth mentioning that ITFC provides significant support to food security in Sub-Saharan Africa, where a large portion of the trade finance portfolio is allocated to the agricultural sector, which has strong impact on enhancing food security for the countries. In fact, agriculture accounts for the largest share (59%) of ITFC's trade financing portfolio for Sub-Saharan Africa. Although agriculture financing is primarily for cash crops (namely cotton and groundnuts), it nonetheless helps boost food security as farmers use part of the agricultural inputs funded by the financing to grow food crops. Also, the funding allows farmers to receive timely payments for their crops, thereby enhancing their household income.

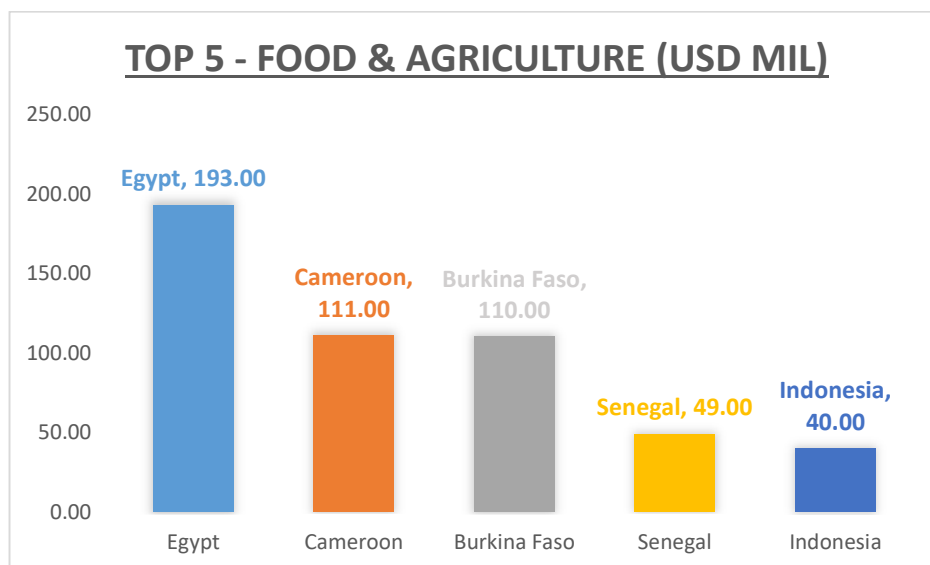
In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding for sugar and palm oil (Indonesia), as well as rice and cotton (Turkey).

The following are some of the measures taken to enhance food security and further support the agriculture sector:

- Synergy and partnership with IsDB Agriculture Department to collaborate on boosting financing to the agriculture sector in Member Countries
- Partnership with the new OIC Islamic Food Security Organization
- Providing Integrated Trade Solutions
- Linking of producers directly with buyers in Member Countries.

In H1, 2020, overall approvals for the agriculture sector reached 8% of the portfolio, which received the second largest allocation after the energy. During this period, ITFC approved 7 operations for the agriculture sector in 7 Member Countries. See figure 11 for breakdown by countries.

Figure 3: ITFC Agriculture Financing Beneficiary Countries for 2019



The following are the key features of ITFC's financing in this segment:

- The agriculture portfolio is balanced between the important import commodities (such as raw and refined sugar, fertilizers and other agriculture inputs) and support of key export commodities (such as cotton, groundnut and grains);
- Africa and Mena accounted for the largest share in this portfolio with the main beneficiaries being Egypt, Burkina Faso, Cameroon, Cote d'Ivoire, and Indonesia.
- In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding in support of agriculture-related products such as rice (Comoros), coffee beans and palm oil (Indonesia), wheat and sugar (Tajikistan), as well as edible oil and soya beans (Egypt).

Access to Finance for SMEs

Small and Medium Sized Enterprises (SMEs) are considered one of the major components of the economy, as SMEs play a crucial role in job creation, poverty alleviation and revenue generation. However, limited access to finance among the SMEs still remains a major obstacle for their business expansion and growth. As such, in its 10-year Strategy, ITFC has further prioritized the importance of establishing partnerships with regional and local Financial Institutions (FIs) for the provision of alternate sources and modes of financing for private sector support, with a particular focus on SMEs.

In line with the above, in 2020 ITFC continued to enhance its cooperation with existing partnerships and made fresh efforts to establish new partnerships with FIs aimed at enabling SMEs so that they can access needed financing for their trade operations. In order to reach a larger number of SMEs in MCs, ITFC provides Murabaha Financing to local financial institutions through Two-Step Murabaha Financing (2SMF) and Lines of Financing mechanisms to banks which, in turn, extend the financing to SMEs and private sector clients. This not only contributes to creating

needed access to finance, but it also helps promote Islamic banking as partner banks are introduced to Islamic financing instruments.

Mobilizing resources for funding Trade

Economic turmoil associated with the COVID-19 pandemic has had wide-ranging and severe impacts upon financial markets, including stock, bond, and commodity (including crude oil and gold) markets.

The year 2020 is an inflection year as it represents the bouncing back of the financial markets from low-level interest rates environment, reversing the trend upward. The fundamental interest rates environment including the Fed fund rate was increased twice, and LIBOR increased by almost one and half times. This increase was coupled with other market dynamics such as increase of crude oil prices. These dynamics put growing pressures on the markets and borrowers, increasing the cost of borrowing for both ITFC's clients and syndicate partners. That, in turn, increased demands on ITFC to mobilize additional resources to satisfy the rising financing volumes to cater for higher import bills of energy products as well as other commodities.

Despite the above challenges, during 2020 as of 30 August 2020, ITFC had been successful to mobilize a total of US\$1,441.08 million from within IsDB Group and its Syndicate Partners in the market for funding 16 syndicated operations in favor of 10 Member Countries. The mobilized funds from the market represents 56% of the total of the total trade financing provided by ITFC this year.

Mobilizing resources for Trade Development

Facing an increased demand for trade development from its member countries, ITFC has increased its seed funding contribution to facilitate mobilization of resources from other partners, including Governments, MDBs, development agencies and project-oriented donors and sponsors.

The total amount of mobilized resources for Trade Development activities stood at US\$701,745 as of 20 September 2020. These mobilized funds were vital in joining hands with partners to implement important programs and projects, including the Global Elearning Program in the CIS region—greatly benefiting financial institution in these unprecedented times—, The Guinea Reverse Linkages Program, the AATB.

C. Trade and Business Development

Regarding the trade development area, and within its newly adopted strategy 2016-2025, ITFC offers Trade Integrated Solutions, combining trade finance with trade development components, designed to address some of the trade development challenges of its Member Countries. In this regard, ITFC blends its trade development interventions, including its Trade Related Technical Assistances (TRTAs), with its trade finance solutions in designing and implementing thematic and regional trade integration and development programs.

Some examples of the trade integrated programs include, (i) the Indonesian Coffee Export Development Program, (ii) Arab Africa Trade Bridge Program, (iii) the Aflatoxin Mitigation Program in the Gambia, (iv) the West Africa SMEs Program. All projects incorporate trade development and trade finance components, with the aim to address twin challenges of the sectors and countries such as limited access to finance and international markets, development of sectorial and regional competitiveness through implementation of capacity development programs and trade facilitation measures.

Below is an overview of the initiatives and projects currently in the Trade and Business Development portfolio.

Trade and business development interventions during the COVID-19 outbreak

Support the setting up the Tunisia National Center for Education Technologies "CNTE" Information and Communication Technology "ICT" Academy: The International Islamic Trade Finance Corporation (ITFC) is to support the establishment of the Tunisia National Centre for Education Technologies (CNTE) as part of the Islamic Development Bank (IsDB) 3 R's COVID-19 Response Program to allow for remote learning through virtual classrooms in the wake of mass school closures during the pandemic.

Provision of Medical needs for the State of Palestine: The State of Palestine, through its Palestinian International Cooperation Agency, has requested the support of the International Islamic Trade Finance Corporation (ITFC) to provide urgent medical needs for fighting COVID-19 pandemic. In alignment with the IsDBG 3Rs Response Package, ITFC, has allocated financial support to the Ministry of Health.

Provision of food supplies to M Bulak Company in the Kyrgyz Republic: The Kyrgyz Republic made a request to ITFC for the financing of medical equipment to face the COVID-19 situation. M Bulak Microfinance company in Kyrgyzstan has requested the support of the International Islamic Trade Finance Corporation (ITFC) to provide food package relief program to most vulnerable people in the country. In alignment with the IsDBG 3Rs Response Package, ITFC, has allocated support to the Kyrgyz Republic.

Provision of Medical Equipment needs for the Republic of Maldives: ITFC has responded to the request made by the Maldives to procure the national requirement of medical supplies including test kits, ventilators and other PPEs required for the health sector. In response to the

request received from STO, ITFC provided a grant of US Dollar 50,000 and thereby, a ‘Grant Agreement’ was signed between STO and ITFC on 2nd May 2020.

Provision of medical equipment needs for Burkina Faso: ITFC has responded to the request made by Burkina Faso to fight against COVID-19 based on as providing laboratory equipment, prevention and control of infections, management of patients, communication, building capacities of medical teams. The ITFC has signed the agreement under its Rapid Response Initiative to support member countries of the Organization of Islamic Cooperation (OIC). These programs aim to enhance the resilience of the population and medical staff in the fight against COVID-19.

Provision of food supplies and medical equipment needs for the Islamic Republic of Afghanistan: The International Islamic Trade Finance Corporation under its COVID-19 Rapid Response Initiative (RRI) provided emergency food and medical supplies to the Islamic Republic of Afghanistan. This support was facilitated by the Islamic Organization for Food Security (IOFS) to work with local manufacturers to deliver staple foods and medical support for the country. Products include wheat flour, rice, corn, sugar, and peas, whilst medical equipment include COVID-19 medical equipment and devices. This grant is also supported by ITFC’s new Trade Development Fund (TDFD), to mitigate the impact of COVID-19 in the country.

KSA Capacity Development Programs to support the recovery of Tourism sector in Arab countries Post- COVID-19: The Arab Tourism Organization established a core team that includes local, regional and international stakeholders including ITFC to come up with solutions to mitigate the negative impacts of COVID-19 on the Tourism sector in Arab countries given the fact that Tourism is considered Trade in Services and it is one of the most deeply hit sectors as a result of this pandemic. ITFC has allocated 10,000 USD to cover the enrolment fees of 50 students.

Support the mitigation of COVID-19 impact on the dairy sector’s food security and safety in Sudan (ongoing): The Republic of the Sudan, through the UNIDO made a request for support in financing the purchase of food supplies to face the COVID-19 situation. Simultaneously, UNIDO in collaboration with the Ministry of Industry and Trade of the Sudan will arrange the available local dairy sector producers of the above emergency goods, to provide food package relief program support to the country.

Provision of medical equipment needs in the Republic of Tajikistan: The International Islamic Trade Finance Corporation (ITFC) through its newly launched Trade Development Fund (TDFD), provided to the Republic of Tajikistan with a grant for the provision of emergency medical supplies during the outbreak of the new coronavirus (COVID-19).

The grant funded the delivery of critical medical supplies to include personal protective equipment such as hooded epidemic grade protective overalls and N95 standard Professional Protective Masks.

The ITFC’s recently launched TDFD aims to support trade development projects in member countries of the OIC and Muslim communities in non-member countries around the world as part of its strategy for enhancing trade within the Islamic world.

Arab-Africa Trade Bridges Program (AATB): Update on the AATB COVID-19 response:

The intra-regional trade between Arab States and African Member countries does not reflect the trade potentials between both regions. As a result, the International Islamic Trade Finance Corporation (ITFC), Islamic Development Bank (IsDB), The Kingdom of Morocco, the Kingdom of Saudi Arabia, Saudi Export Program (SEP), Arab Bank for Economic Development in Africa (BADEA), the Islamic Corporation for the Insurance of the Investment and Export Credit (ICIEC), Afreximbank, and OFID agreed to form a partnership platform to address this issue by developing a regional Trade & Investment promotion program to boost intra-trade between the two regions.

AATB Program aims to be 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.

Following the official launch during 22-23 February 2017, the emphasis was given to establish a sound governance structure at IsDB Group level to integrate different programs and initiatives of the Group Members under this Program. In this regard, IsDB President has created the IDB AATB Steering Committee to coordinate IDB entities and complexes' interventions under the AATB Program. Moreover, the 1st meeting of the AATB Governing Board was held on 1&2 November 2018 with the participation of the countries members of the Board as well as the Member organizations. In addition, and since the launching of the program, ITFC has been leading the efforts for the implementation of various projects and activities. The 2nd AATB Executive Committee meeting was held on 5th April 2019 in Marrakech. The meeting discussed and approved a number of documents and decisions related to the management and implementation of the program.

The Executive Committee of the AATB program, in its meeting held virtually on 9 April 2020, has approved an "AATB Response to COVID-19 Crisis", in order to strengthen the capacities of member countries to respond to the pandemic and enhance the resilience of the health sector in the countries of both the African and Arab regions.

In this regard, it was decided to work on a contingency plan to assist Arab & African countries to overcome the impacts of the crisis through different activities. A very important and ambitious interventions were implemented in benefit of the Arab & African countries:

- **E-Learning and Knowledge Sharing Platform on "Preparing for and Responding to the COVID-19 Pandemic in African IsDB Member Countries"**: one of the agreed response initiatives was that the AATB Program, in coordination with its partners, to set up a temporary Medical Online Platform. The objective of this platform was to facilitate learning and knowledge sharing between medical teams from African (Francophones) IsDB member countries and other countries in Africa and around the world, which are advanced in the preparation and response protocols to the COVID-19 Pandemic. Partners in the 3 webinars organized were as follow:
 - > The Islamic Development Bank (IsDB)
 - > The International Islamic Trade Finance Corporation (ITFC)
 - > The Moroccan Society of Anesthesia, Analgesia, and Resuscitation (SMAR)

- > The Moroccan Society of Emergency Medicine (SMMU)
- > The Moroccan Society for Medical Simulation (SIM)
- > The Morocco Red Crescent (CRM)

Three Webinars were organized on 25 April 2020, 3rd & 17th of May 2020 and main Outcomes were:

1. Enhance the preparedness and response of African countries to soften COVID-19 impacts;
2. Create synergy and complementarity among African countries to fight COVID-19;
3. more than 130 doctors and members of national committees from 17 African countries were gathered, discussed, and shared knowledge on pandemic preparedness and response, leveraging international expertise in this area.
4. Provide to participants from African countries with different protocols to deal with COVID-19 cases.

- **Financial support to the Republic of Benin for Responding to the COVID-19 Pandemic:** it was decided to set up, in each municipality, a site for sorting and screening asymptomatic cases and certain target groups, referral of symptomatic cases and severe cases to the treatment centers. departmental charge, transport of samples to departmental COVID-19 laboratories.

To this end, 17 laboratories will be made operational in all departments and 89 sorting and screening sites (each municipality will have at least one sorting and screening site). Depending on the protocol to be used, rapid diagnostic tests (RDTs) and PCR will be used.

- **Support with equipment and Capacity Development on preparing and responding to COVID 19 Pandemic for the Laboratories network in the sub-Saharan countries (ongoing):** to support the network of laboratories in West Africa with necessary medical equipment and to facilitate the transfer of knowledge and expertise from Institut Pasteur de Dakar to laboratories in 10 African countries. That's in collaboration with the IsDB reverse linkage.

- **Harmonization of Standards for Pharmaceuticals and Medical Devices in African Countries: (ongoing)**

The project aims to Identify the State of the Pharmaceutical and Medical Devices Manufacturing in Africa, Analysing why Africa Needs to Establish Pharmaceutical and Medical Devices Manufacturing, and Responses to Epidemics and Pandemics in Africa. That's through Providing a rapid response and intervention to the ongoing coronavirus pandemic (Covid-19), Analyse of existing international, regional and national standards for their suitability to be adopted as African Standards.

The expected outcomes of the project will be essentially by Creating the basis for harmonization of medicines regulations and mutual recognition of regulators to facilitate intra-African trade in pharmaceuticals and medical devices.

- **OCP agribooster Program (ongoing):** 2020 Emergency Rice Program in Côte d'Ivoire. The Agribooster offer is an end-to-end value chain solution that aims to answer that goal by facilitating the provision of quality inputs (fertilizers, hybrid seeds, etc.), with payment facilities (credit) and securing the purchase of farmers' production.
 - **A specific Country program for Egypt (ongoing)** in collaboration with the Export Development Authority (EDA) to assist the local producers and exporters to find potential markets for their products and define different tools that can be used to enhance their accession to the new markets. In addition to covering the cost of membership of Egypt to the international platforms of Trade Opportunities Information.
 - **Session on a new horizon for the Arab African Trade & Investment flows during the Annual Forum on AfCTA: Cairo, 22-23 November 2019:** the objective of participation was to highlight the trade & investment collaboration opportunities between Arab & African countries, to shed light on conditions for regional value chains and integration into global value chains, to promote the AATB Program as a platform for cooperation between both regions, and enhance the visibility of ITFC efforts as an important player in the implementation of the AfCFTA.
 - **Training on Regional Trade in the World Trade for French Speaking African Countries: Casablanca, 20-29 January 2020:** the ITFC and the Ministry of Industry, Trade and Green and Digital Economy of the Kingdom of Morocco co-organized in collaboration with the Moroccan Higher Institute of Commerce and Administration of Enterprises (ISCAE) a training course on Regional Trade in the World Trade, for the benefit of French-speaking African countries members of the OIC.
- This training for civil servants in ministries and public institutions was held from 20 to 29 January 2020 at ISCAE headquarters in Casablanca, Morocco.
- **Support the FITA 2020: Tunisia, 3-4 February 2020:** The forum was organized in cooperation with the Ministry of Foreign Affairs, the Ministry of Development, Investment and International Cooperation and the Ministry of Trade, and is expected to record the presence of more than 4000 economic actors in the presence of several officials and decision-makers from Africa.

Aid for Trade Initiative for Arab States (AfTIAS) Program

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

The Aid-for-Trade (AfT) agenda is one of key global initiatives aiming at strengthening the capacity of developing countries to participate in and benefit from international trade. The ITFC, as the trade financing and trade developing arm of the IsDB Group, has been part of the AfT initiative since the very beginning alongside other regional development and financial Institutions.

In that respect, and since 2012, ITFC has offered its full support to prepare and launch the Aid for Trade Initiative for the Arab States (AfTIAS) Program for the benefit of the Arab Region, as a response to a request received from the WTO Arab Group in Geneva. In this context, the 1st Phase

of the AfTIAS Program was designed and implemented between 2014 and 2018, to address the spectrum of the intra-Arab trade, which remains the lowest among the regional groupings in the world. Through this phase, AfTIAS program contributed to implement a total of 28 projects in 19 Arab countries.

The last AfTIAS Board meeting held in January 2019, expressed its satisfaction on the outcomes of the AfTIAS program evaluation carried out in 2018, and which emphasized on the lessons learned, as well as the recommendations to be applied to the Program in its 2nd Phase.

The Arab Economic Summit held in Beirut (20/01/2019), adopted a decision calling upon ITFC to prepare the 2nd phase of AfTIAS in cooperation with the League of Arab States and the Arab countries.

Based on this decision, the design for AfTIAS 2.0 program was undertaken from July 2019 to February 2020, and then updated in March 2020 to take into account the changed environment and the needs arising from the COVID-19 pandemic impact on the economies of the region.

The design of AfTIAS 2.0 takes into account the key lessons learnt identified in the evaluation of the first phase of AfTIAS, in particular, firstly, the need for a strong consultative process during the design phase, the need for a clear theory of change with measurable indicators of success to be developed during the design process. Secondly, AfTIAS 2.0 should be tightly focused on areas where it would have greatest impact. Thirdly, the need for adequate financial and human resources to manage any further iteration of AfTIAS was also highlighted.

The AfTIAS 2.0 is designed to be a five-year program starting early 2021. Its development objective of which 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”. It aims at:

- increasing intra-regional trade through the removal of market access barriers,
- increasing the role of Arab states in global value chains, and
- 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.

The targeted budget of the Program, considering the large geographical scope and the COVID-19 economic impact, is US\$ 40 million.

In terms of the implementation approach, AfTIAS 2.0 Program, which is covering the trade of goods and services, will operate on the basis of the following five main facilities:

The Trade Development and Competitiveness Facility : It will operate on an open call basis and focus on the requests from the Arab Countries that will address 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.

The Inclusivity Support Facility: It will also operate on an open call basis and focus 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.

The Regional Investment Proposal Preparation Facility (RIPPF): It will support and reinforce the capacities of government administrations in the Arab region to prepare bankable proposals for investment financing of trade infrastructure projects.

The Reverse Linkage Facility: It will make 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.

The Research and Surveys Facility will provide research necessary for the operation of AfTIAS 2.0 by providing essential data to allow evidence-based decision making. It will also support the development of centre[s] of excellence in areas critical to AfTIAS 2.0. And finally, it will provide support to NGOs within the region as well as governments of LDCs to help them prepare high quality applications under the different open calls.

It's worth mentioning that AfTIAS 2.0 Program document was adjusted in March 2020 to be relevant in consideration of the massive impacts which COVID-19 has in the Arab region. Indeed, as a trade development program, AfTIAS 2.0 will play an important role, especially in the medium- and long-term, in the economic recovery plans.

The AfTIAS 2.0 Program Document shows how each and every facility of the program, indicated, above, can be used as an element in the COVID-19 response strategy.

Reverse Linkage Project between Guinea and Tunisia: “Development of Guinean Mango and Cashew Sectors Exportation using the Value Chains Approach”

Background:

During the visit of H.E Pr. Alpha Condé, President of the Republic of Guinea to IsDB HQs in August 2017, he requested the support of ITFC in developing the export sector, particularly the agricultural products.

Following this request, the IsDB and ITFC collaborated to support Guinea for the enhancement of the value chain for exporting agricultural products through the Reverse Linkage mechanism. Tunisia was selected to be the provider of knowledge and expertise given the sound experience of Tunisian institutions in agricultural products export.

Project Goal and Objective:

The main objective of the project is to contribute to the efforts of the Government of Guinea towards developing and improving the whole value chain for exporting Mango and Cashew.

The specific objectives of the project are: (i) Strengthen the technical and organizational capacities of the institutions in charge of promoting exports of the mango and cashew; (ii) Establishment of

the inter-profession for the two mango and cashew sectors and the strengthening of their capacity in the development of strategies and plans for the development of market-oriented value chain; (iii) Diversify the exportable supply of the mango sector thanks to the development of dried mango activity; (iv) Upgrade of the Guinean Packaging and Carton Society and the Kankan Packaging Station; and (v) Supporting institutions and economic operators of two value chains in the market access process and training of export advisers.

The project's components are: (i) Improving the ecosystem of the export value chain by strengthening the capacities of the export support institutions and linking the stages/components of the value chain by establishment of two the inter-professional organizations; (II) Strengthening the value chain activities for mango preservation and processing; (iii) Providing tools and instruments for support to market access; and (iv) Coordination, communication and monitoring of project implementation.

The project was officially launched on February 26, 2020, in Conakry to be implemented over three years (2020-2022).

Export Launchpad Bangladesh: International Trade Capacity Building and Market access support program:

Program background:

Export Launchpad Bangladesh is a technical assistance program in Bangladesh, which is a joint initiative of the ITFC, Trade Facilitation Office Canada (TFO Canada), the Government of Canada, through Global Affairs Canada, and in collaboration with the Bangladeshi Business Promotion Council (BPC). It was launched in November 2019.

The Export Launchpad Bangladesh program has a following overarching objective: Develop human resources in the field of international trade and equip the BPC with the capacity to deliver trade training and support services to Bangladeshi exporters and potential exporters. This goal is to support these firms grow their export activities and contribute to the sustainable economic development and poverty alleviation in Bangladesh. The program's objective will be reached through the following two components:

The first component of the Program, train-the-trainers, aims to establish an exporter training platform implemented through a lead Trade Support Institution (TSI) and other TSIs in Bangladesh.

Under this component, 32 participants (17 women) from 9 Trade Support Institutions/Trade Promotion Organizations/Business Support Organizations were trained during July and August 2020.

The second component of the Program will be focused on preparing and strengthening the capabilities of Bangladeshi SMEs and their products in order to access the Canadian market. It is expected to be implemented during Q 4 of 2020.

Indonesian Coffee Export Development Program (ICEDP)

Under its new strategy, to offer trade integrated solutions to member countries, in 2017 ITFC has undertaken an integrated trade solution program to address the 2 main challenges in the Indonesian coffee industry: financing and capacity building. In the financing part, ITFC approved warehouse financing facilities for SME coffee exporters in North Sumatra to meet their working capital requirements for the export transactions. In the area of capacity building, ITFC, in collaboration with local NGOs, has extended the first phase training programs to 349 coffee farmers in 11 villages in Karo and Dairi District, North Sumatra from 2018 till 2019. The training was designed to address the common challenges in coffee farming (i.e. lack of knowledge on good agricultural practices, lack of knowledge in organic coffee farming, poor yield, etc.) faced by the coffee farmers. The 349 trained coffee farmers were graduated in July 2019 and have been benefitted by the program and were acquired with the necessary skills to improve their quality and quantity of coffee production.

In 2020, ITFC is partnering with the Sustainable Coffee Platform of Indonesia (SCOPI) to design and develop a 5-year program as the new phase of the integrated trade solutions to enhance the capacity of the Master Trainers in a wider reach. In this phase, ITFC will extend its program to North Sumatra Province and Aceh Province as 2 of the highest Arabica coffee producing provinces in Indonesia. The program is aimed to enhance the capacity of the existing Master Trainers and to identify the new Master Trainers as the extensionists who will then extend the capacity development on the good farming practices to the coffee farmers in a wider reach and a bigger impact to improve their quality and quantity of coffee production which will ultimately improve the livelihood of the coffee farmers.

West Africa SMEs Program

The West Africa SME Program is an integrated program between Trade & Business Development (T&BD) and Trade Finance (TF) designed to offset the trade finance gap for SMEs and facilitate access to finance. ITFC conducted an exploration and fact-finding mission to West Africa in August 2017 to get a clear understanding of the reasons why SMEs do not benefit as much as expected from the lines of finance provided to Banks. During this fact-finding mission, ITFC delegation met with over twenty (20) stakeholders in Togo, Benin, Burkina Faso, Senegal and Cote d'Ivoire to better understand the needs of SMEs in the region and how ITFC's interventions could be relevant to add more value. The key findings of the mission have indicated a clear need (business as well as development wise) to design and launch an ITFC's West Africa SMEs Program.

The Program will have a positive impact both on banks and SMEs alike. For Banks, it will increase, among others, trade finance products offering; provide training and SMEs assessment tools to start or strengthen their SMEs lending practices. For SMEs, it will increase substantially the number of bankable SMEs that access financing and build their capacity to decrease default rate on Bank loans. The pilot is structured in two clusters: a Bank and SME cluster whose implementation expects to result in additional Banks' approval and disbursement of financing for SMEs and reduction in rejection of SMEs lending proposal. The program was launched on 5 September 2018 in Burkina Faso with Coris Bank, as part of the implementation of SME Cluster, 26 out of 50 flash diagnostics have been completed and 9 SMEs for a target of 20 were selected to benefit for technical training and business plan update. The remaining 24 diagnosis and 11 firms to be chosen is currently ongoing. The Banking cluster is expected to start end of Q2 2019.

With the recent approval of a line of finance to CORIS Bank Senegal, a 2nd pilot of the program was launched in November 2019 as a result of a partnership between multilateral, private and public sector actors to propose various financing instruments (loan, equity guarantees and technical assistance grants) to increase the financing envelopes and reduce the cost of financing for SMEs. Along with ITFC, partners include the Organisation Internationale de la Francophonie (OIF), the Délégation Générale à l'Entreprenariat Rapide - DER (Government of Senegal) and Coris Bank. More than 100 multisector Senegalese SMEs will be selected, including at least 40 SMEs led by women (20% of total SMEs), will participate in a 15-month long program that will include pre and post financing support consisting of technical assistance to project preparation, submission of loan applications and post financing project follow up.

In the context of COVID-19, the project was repositioned to give priority to SMEs directly or indirectly involved in health care (digital health services, pharmacy, supply and logistic of health products, import of health products) and sectors that mitigate constraints created by interruptions of schools and closure of stores (including agroindustry and education). The combination of different financial instruments and technical assistance will help increase the financing volume at limited risks for banks and lower costs for SMEs. As of 22 July 2020, a first cohort of 38 SMEs was being assessed by the program partners. SMEs are trained in working capital management techniques and crisis management, which allows them to mitigate the impacts of the crisis. The project is currently under implementation.

Regarding the banking component, it is being delivered to a partner in Burkina Faso and Senegal during 2020.

Aflatoxin Mitigation Program in the Gambia

Background:

- Groundnuts are of paramount importance to The Gambia. About 45% of agricultural land is devoted to production. The sector employs nearly 70% of the workforce, and exports account for 66% of the total exports of agricultural products.

- Aflatoxins (Aflatoxin) counts as the principal trade risk. It has prevented Gambian groundnuts to access premium markets in the European Union (EU), where permitted limits of aflatoxins are capped between 4 parts per billion (ppb) and 10 ppb, while The Gambian groundnuts have remained equal or above 20 ppb.
- Consequently, production has scaled down, resulting in low prices being earned on export, unattractive prices to producers and reduction in farm participation.
- Annual economic losses over the period 2000 - 2015 is estimated at USD\$20 million.
- The Aflatoxin Mitigation Program (AMP) was developed in response to this issue. It concerns the purchase of Aflasafe, a biological control product that has proven effective in reducing aflatoxin in groundnuts.
- When verified as aflatoxin-free, the groundnuts will be purchased from the farmers at a 10% premium on the declared farm gate price, processed and exported to the EU for a minimum 35% premium price.
- In this context, the Ministry of Finance & Economic Affairs requested ITFC's support for the implementation of the AMP, in collaboration with National Food Security Processing and Marketing Cooperation (NFSPMC). Thus, the Aflatoxin Mitigation Program (AMP) was designed to enhance the quality of Groundnuts for export into the European and other international markets.

AMP Expected Outcome:

- Reduction of Aflatoxin contamination in groundnuts to levels of zero and less than 10 ppb in order to export large volumes and generate high returns and income for the producers.

AMP Expected Outputs:

- Reduction of Aflatoxin contamination to levels of zero and below 10ppb
- Increase export value of groundnuts revenues
- Enhance capacities of farmers and SMEs to produce high quality products in line with international market standards and clients' requirements;
- Reduce Aflatoxin contamination along the groundnut value chain.

Main Achievements (2018):

- **June 2018:** 700 farmers were selected by NFSC in collaboration with "Cooperative Produce Marketing Societies" and Farmers Associations, to benefit from the project.
- **July 2018:** The selected farmers were trained on the use of the Aflasafe (safe natural solution to the problem of aflatoxin) by an international Expert from the International Institute of Tropical Agriculture (IITA).
- **August 2018:** 50 metric tons of Aflasafe was supplied by Bamtaare services of Senegal.
- **A total of 4730 hectares** were treated by Aflasafe under supervisor of NFSC and agricultural extension staff.
- **November – December 2018:** The sampling of farmers has been conducted and results showed very good results

Main achievements (2019)

- September - October 2019: The 50 tons of Aflasafe were purchased. Due to the erratic rain pattern 25 tons was distributed for application in 415 farms.
- August 2019: The bulk of the farmers on the list were trained over the years and now understand the method of application and the importance to mitigate aflatoxin both in terms of trade and health. Farmers were gathered in their individual communities whereby they were instructed prior to the application of the product. This was done in place of the train trainer approach considering the erratic rain pattern and as to avoid delays and gaps. A total of 30 new entrants were trained and all the others who are not new with the program received refresher instruction.
- November 2019: Purchase of test equipment and lab consumables: Due to procurement problem for Aflatoxin testing items and consumables a qualitative test with Aflatest kits was done on samples collected. Arrangement is on to acquire some items for quantitative test especially during processing and export.
- December 2019 – March 2020: Buying of Farmers stock from Aflasafe treated farms is in progress, +16.67% on farm gate price for 5000 tons of groundnuts.
- Following the test results from the ITA laboratory the Food Safety and Quality Authority gave clearance to the Corporation to export the two lots to Europe. A potential buyer in the UK also requested sample from these lots which was drawn and sent to PPECB laboratory in South Africa. Test results from PPECB show 3.46 ppb total Aflatoxin, the test results from PPECB is attached to this report. The Corporation was able to secure a contract with a buyer in the United Kingdom for the two lots as birdfeed. The Aflatoxin results of the lots are close to the limit set for edibles but due to period of their market they got sold as bird feed. The lots were sold at \$1140 per Mt compared to other lots with higher Aflatoxin content sold at \$780.
- The two lots have since been containerized for shipment to the United Kingdom.