

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

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**ITFC report to the 38<sup>th</sup> Meeting of the Follow-up Committee of  
the COMCEC**

**24 – 25 May 2022**

**Ankara, Turkey**

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## A. Introduction

### **Message from ITFC CEO**

ITFC is pleased to participate in the 38<sup>th</sup> meeting of the Follow up committee of the COMCEC and to present this progress report on ITFC efforts to enhance trade and trade cooperation among OIC Member Countries and to support the implementation of the relevant resolutions of the 37<sup>th</sup> Ministerial Session of the COMCEC.

As you know, since its establishment in 2008 with a mandate to enhance trade among OIC Member Countries, through providing trade finance and trade-related technical-assistance, ITFC goal has been to be a provider of trade solutions for OIC Member Countries' needs. From inception till end of 2021, the Corporation achieved commendable results in both trade finance and trade development. Total cumulative approvals and disbursements reached US\$61.5 billion and US\$50.2 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$ 38.0 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of the OIC 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).

This report also elucidates how supporting trade development and cooperation amongst OIC Member Countries remained the primary focus of ITFC. In this regard, ITFC expanded its partnerships with international, regional, and national institutions to design and deliver Trade Related Technical Assistance (TRTA) to Member Countries through its various types on interventions, which are Flagship Programs, Integrated Trade Solutions and Targeted Interventions.

As the COVID-19 pandemic has posed unprecedented challenges to the global economy, ITFC swiftly repurposed its financing engagements and made available new financing to focus on the critical needs of OIC member countries. ITFC's initial Rapid Response Initiative made US\$300 million available to assist 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. In fact, ITFC exceeded this amount, reaching total approvals of US\$604.7 million, supporting member countries across the developing world, from Middle East and Africa to Asia and CIS countries.

Moreover, as part of its Recovery Response Initiative, ITFC has allocated an additional US\$550 million to support strategic sectors, as part of the Islamic Development Bank (IsDB) Group US\$2.3 billion 3Rs (Respond, Restore, Restart) Strategic Preparedness and Response Program (SPRP) for COVID-19 pandemic.

It should be noted that while finalizing the implementation of the R1 (Respond) initiative, in line with the emerging needs and requirements of OIC member countries, ITFC initiated activities under R2 initiative, where the Corporation has allocated US\$802.0 million to local banks for the recovery of SMEs and the private sector clients from the negative impact of the pandemic, as well as for the purchase of vaccine.

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.

The strategic framework of ITFC in the coming years will focus on several objectives including building partnerships to create sustainable development impact through providing integrated trade finance and trade development solutions to Member Countries. 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 solution products and 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**

<b>Commenced Operations on</b>	January 10, 2008
<b>Headquarter</b>	Jeddah, Saudi Arabia
<b>Member</b>	The Islamic Development Bank Group
<b>Mandate</b>	Contribute to economic development of Member Countries through trade advancement
<b>Authorized Capital</b>	US\$3 billion
<b>Subscribed Capital</b>	US\$857.19 million
<b>Paid- Up Capital (Par Value)</b>	US\$745.19 million
<b>Cumulative Approved Trade Finance Operations (2008– 2021)</b>	924 operations, totaling US\$61.4 billion
<b>Cumulative Disbursements (2008 – 2021)</b>	US\$ 50.1 billion
<b>Cumulative Approvals by Sector (2008 – 2021)</b>	Energy Sector = US\$41.1 billion Food and Agriculture Sector = US\$8.9 billion Financial Sector = US\$ 5.9 billion

	Other Sectors = US\$ 5.2 billion
<b>Cumulative Approvals by Region (2008 – 2021)</b>	Asia and Middle East = US\$ 45.9 billion Africa and Latin America = US\$15.5 billion
<b>Total Number of Member Countries Served (2008 – 2021)</b>	45
<b>2021 Approved Trade Finance Amount</b>	US\$6.5 billion
<b>2021 Disbursed Trade Finance Amount</b>	US\$5.2 billion
<b>2021 Number of Operations</b>	91

### **Key Achievements up to March 31, 2022:**

- As the world witnessed economic uncertainties in 2019, and this was compounded with the emergence of COVID-19 during early 2020, resulting in a global pandemic, ITFC conducted a strategy review and the results indicated that the ITFC Corporate Strategy remains sound, however adjustments to the business model are required to take advantage of opportunities in the ‘new-normal’ market. Through prudent strategic planning, ITFC has been able to pursue an innovative direction with a five-year medium-term Strategy 2.0 plan to address the growth opportunities stemming from the COVID-19 associated crisis. 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 Investors Service, ("Moody's") has affirmed the International Islamic Trade Finance Corporation's (ITFC) A1 long-term issuer rating. ITFC's short-term issuer rating was also affirmed at Prime-1. The rating affirmation reflects ITFC's strong capital position and is also supported by its very robust liquidity position despite the nascent track record of accessing market financing. ITFC's membership in the Islamic Development Bank (IsDB, Aaa stable) group underpins the corporation's high strength of member support. The outlook remains stable which reflects Moody's expectation that the corporation's planned leveraging of its balance sheet will remain gradual, and that the formation of new non-performing exposures (NPE) will remain subdued.
- Building on the achievements of previous years, during the first quarter of 2022, ITFC recorded approvals and disbursements of US\$2.42 billion and US\$2.45 billion, respectively.
- Across 2021, ITFC financed the purchase of 1.5 million ton of food commodities to ensure that over 25 million households in member countries have access to affordable, safe and sufficient food. Through its pre-export facilities, ITFC redistributed US\$ 240 million worth of income to 600,000 farmers for the purchase of agriculture commodities.

- Expanding the Arab Africa Trade Bridges (AATB) Program – ITFC and partner institutions continue to expand and implement the AATB Program, which is designed to promote trade as a tool to expand economic opportunities and support inclusive and sustainable growth across the Arab and sub-Saharan OIC member countries.
- Over 62,000 patients, 3,000 health workers and 50 medical facilities have benefitted from PPE, medical equipment and pharmaceutical products purchased from ITFC financing in 2020 or ITFC’s technical assistance programs.
- Over 7500 MSMEs have benefitted from US\$ 373 million of financing channeled through 26 partner banks.
- 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 the West Africa SMEs Program in Cote d’Ivoire– After successful pilot projects in Burkina Faso and Senegal, ITFC is launching this flagship program in Cote d’Ivoire in 2022, aiming at supporting the country’s efforts to build the capacity of the SMEs in selected Member Countries, enabling them to benefit from the lines of financing extended by ITFC to partner banks in those countries.
- Launching of the CIS Region Trade Development Program (design phase) - ITFC is developing a program to strengthen the capacities of the trade support institutions and the private sector in the CIS Region countries, as well as promoting the regional cooperation initiatives in partnership with stakeholders and developing partners.
- In 2021 and first quarter of 2022, ITFC has continued to expand its LC Confirmation product offering, which is aimed at facilitating trade flow between the member countries and beyond, enhancing partnerships with local and regional Banks and Financial Institutions for SME support, as well as ensuring the steady supply of essential goods and commodities.

**Excerpts from resolution of the thirty seventh session of the COMCEC (Istanbul, 24-25 November 2021, OIC/COMCEC/37-21/RES)**

**Report on the COMCEC Strategy and Its Implementation (Agenda Item: 2)**

- 1- Welcomes the Progress Report submitted by the COMCEC Coordination Office highlighting the progress achieved in the implementation of the Strategy; commends the Member Countries and the OIC Institutions for their valuable contributions to its implementation and requests the Member States and the OIC Institutions to further their full support to the implementation of the Strategy.
- 6- Commending the efforts of the Member States and the OIC Institutions for the realization of COMCEC Ministerial Policy Recommendations, invites all the Member States to exert every

effort, to the extent possible, to implement the Policy Recommendations and requests the OIC Institutions to support the Member States to this end through capacity development and training programmes for implementation of policy recommendations.

7- Also commends the OIC Institutions' efforts in helping the member countries in their efforts towards mitigating the adverse effects of the COVID-19 pandemic, among others, "the COMCEC COVID-19 Response Program" launched by the CCO; publication titled "Socio-Economic Impacts of COVID-19 Pandemic in OIC Member Countries," COVID-19 Pandemic Database for OIC Member Countries, and various training and capacity building programs conducted by SESRIC; "Strategic Preparedness and Response Program for the COVID-19 Pandemic" initiated by the IsDB Group; the webinars on the impact of COVID-19 on intra-OIC trade and investment flows organized by the ICDT in collaboration with OIC and International Institutions; various trade finance and trade activities (financing support for the purchase of medical supplies, food staples and SMEs, webinars, support for equipment and capacity development, harmonization of standards, etc.) undertaken by ITFC to assist Member Countries' fight against COVID-19 pandemic and information sharing activities of the ICCIA to counter the COVID-19 crisis at both the Governmental as well as the Private Sector levels.

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

19- Reiterates the relevant resolutions of the 35th and 36th COMCEC Session, which emphasize the role of COMCEC in ensuring the overall coordination of the activities of the OIC relating to economic and commercial cooperation among the Member States, in accordance with its mandate and also emphasizes the role of COMCEC Coordination Office (CCO) in undertaking activities with the Member States, the OIC Institutions and other international organizations in order to realize the objectives of the COMCEC as outlined in its Statute.

20- 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 of both the COMCEC Strategy and the OIC 2025: Program of Action, especially in the areas of trade and investment.

22- 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.

#### **Intra-OIC Trade (Agenda Item: 5)**

34- Expresses its appreciation to SESRIC and ITFC for preparing a joint "Study on African Continental Free Trade Area (AfCFTA) Potential – The Case of OIC African Countries".

iv) Trade Financing Activities



- 62- 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.
- 63- Takes note with appreciation that ITFC's cumulative approvals and disbursement in trade finance reached, since its inception in 2008 until the end of 2020, USD 54.88 billion and USD 44.92 billion respectively, and its total approvals and disbursements for 9 months of 2021 reached USD 5.32 billion and USD 3.39 billion respectively.
- 64- Welcomes the efforts of ITFC for conducting special programs to mitigate the adverse implications of COVID-19 pandemic in the OIC Member Countries on trade and business development where ITFC allocated USD 605 million in favor of OIC Member Countries for the purchase of medical supplies, food staples and SMEs / private sector support.
- 65- Also commends ITFC's allocation of US\$557 million to support Member States in purchasing the COVID-19 vaccine and SME recovery.
- 66- Takes note with appreciation that ITFC's cumulative funds mobilized from partner banks and financial institutions, since inception in 2008 until the end of 2020, reached US\$32.8 billion, reflecting ITFC's critical role as a catalyst to mobilize financial resources for the benefit of Member Countries.
- 67- Calls upon the concerned 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.
- 68- Takes note of the trade promotion and capacity development initiatives being implemented by ITFC under its various flagship programs including the launching of the second phase of the Aid for Trade Initiative for Arab States (AFTIAS), Arab Africa Trade Bridge Program (AATB), Trade Development Fund (TDFD) and West Africa SMEs Program, and calls upon Member Countries to support AfTIAS, AATB and TDFD.
- 69- Takes note with appreciation 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, various programmes for Tunisia, Bangladesh, Pakistan, CIS Countries, Afghanistan, Burkina Faso, Comoros, and Djibouti.
- 70- Commends ITFC's Integrated Trade Solutions in enhancing the position of the corporation to be a leading Islamic trade solution provider and welcomes the efforts of ITFC for launching of the advisory services to that end.
- 71- Expresses its appreciation to ITFC for launching of Letter of Credit Confirmation product in 2021 and commends the efforts of ITFC in promoting digital solutions in trade in particular for its first digital trade transaction successfully executed on Bolero platform and for organizing the

Workshop on Central Bank Digital Currencies (CBDC) with the Central Bank of West African States (BCEAO).

72- Takes note of ITFC's efforts for organizing the B2B Meeting on pharmaceuticals products in the 2nd Intra-African Trade Fair (Durban-South Africa).

73- Takes note of ITFC's efforts to diversify its portfolio and extend more financing for SMEs and agriculture sector that has direct and prominent impact on improving productivity, job creation, increasing export revenues and alleviating poverty.

74- Expresses its appreciation to ITFC for its West Africa SME Program aiming to assist SMEs involved in health care (digital health services, pharmacy, supply and logistic of health products, import of health products) in the context of COVID-19, and sectors that mitigate constraints created by interruptions of closure of stores.

75- Commends the efforts of ITFC for launching of CIS Trade Development Program in 2022 aimed at strengthening the capacities of the trade support institutions and the private sector in the CIS countries, in partnership with stakeholders and development partners, to enhance foreign trade of Member Countries in the region.

### **Increasing Productivity of Agriculture Sector and Sustaining Food Security (Agenda Item: 9)**

128- Also takes note of the efforts of the IDB Group in agriculture sector including the launch of the Regional Rice Value Chain Development Program for the benefit of 10 OIC countries (Benin, Burkina Faso, Cote D'Ivoire, The Gambia, Guinea, Mali, Niger, Senegal, Sierra Leone and Sudan) in Sub-Saharan Africa and the support for the Regional Soil Fertility Mapping Project of West Africa involving six OIC counties (Cote D'Ivoire, The Gambia, Guinea, Mali, Senegal and Sierra Leone) in West Africa with the aim of improving crop production and productivity in the targeted areas.

## **B. ITFC Trade Finance Activities for Advancing Trade**

ITFC fulfills its mandate through two main lines of business, within the scope of trade solution offerings: 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) have been remarkable in both trade financing and trade development arenas. From inception until end of 2021, total cumulative approvals and disbursements reached US\$61.4.8 billion and US\$50.1 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$38.0 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of OIC 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 the challenging operating environment caused by COVID-19 pandemic, ITFC performed remarkably well. Its business model 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 in 2021, 23% was allocated to Least Developed Member Countries. In addition, 61.5% of approvals, representing US\$4.0 billion, supported trade between OIC member countries.

It should be noted that since inception until the end of 2021, the cumulative trade finance approvals for intra-OIC trade stands at US\$35.83 billion, representing 56% of the portfolio. For the same period, the cumulative approvals in favor of LDMCs stand at US\$23.57 billion, representing 36.8% of the portfolio.

In terms of year-on-year comparison, ITFC's total trade finance approvals reached US\$6.5 billion in 2021, compared to the US\$4.7 billion in 2020. On the other hand, disbursements reached US\$5.2 billion, compared to US\$4.1 billion in 2020.

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, food & agriculture and SMEs' access to finance.

While taking the challenging market conditions into consideration caused by the emergence of the pandemic, ITFC is stepping into 2022 with confidence to deliver on its mandate and serve OIC member countries by "*advancing trade and improving lives*".

### **Trade Finance Interventions under COVID-19**

The outbreak and rapid spread of COVID-19 has resulted in an unprecedented crisis in health and economies in OIC member countries and around the globe. ITFC responded well to these challenges, demonstrating solidarity with member countries. ITFC, as part of the IsDB Group 3Rs Response Initiative, rapidly allocated US\$300 million in emergency financing in the first phase of its intervention, to mitigate the socio-economic obstacles faced by OIC member countries. However, due to the severity of the crisis, it was observed that the needs of the member countries extended beyond just medical supplies to include food and other essential commodities. To this end, the intervention was scaled up with a total allocation of US\$604.7 million under the R1 (Respond) initiative, which included both new and repurposed facilities to fund the purchase of medical supplies, food items and other essential commodities.

Furthermore, as part of its Recovery Response Initiative, ITFC has allocated an additional US\$550 million to support strategic sectors, as part of the Islamic Development Bank (IsDB) Group US\$2.3 billion 3Rs (Respond, Restore, Restart) Strategic Preparedness and Response Program (SPRP) for

COVID-19 pandemic. As of first quarter 2022, under R2 initiative, ITFC has allocated US\$802.0 million to local banks for the recovery of SMEs and the private sector clients from the negative impact of the pandemic, as well as for the purchase of vaccine.

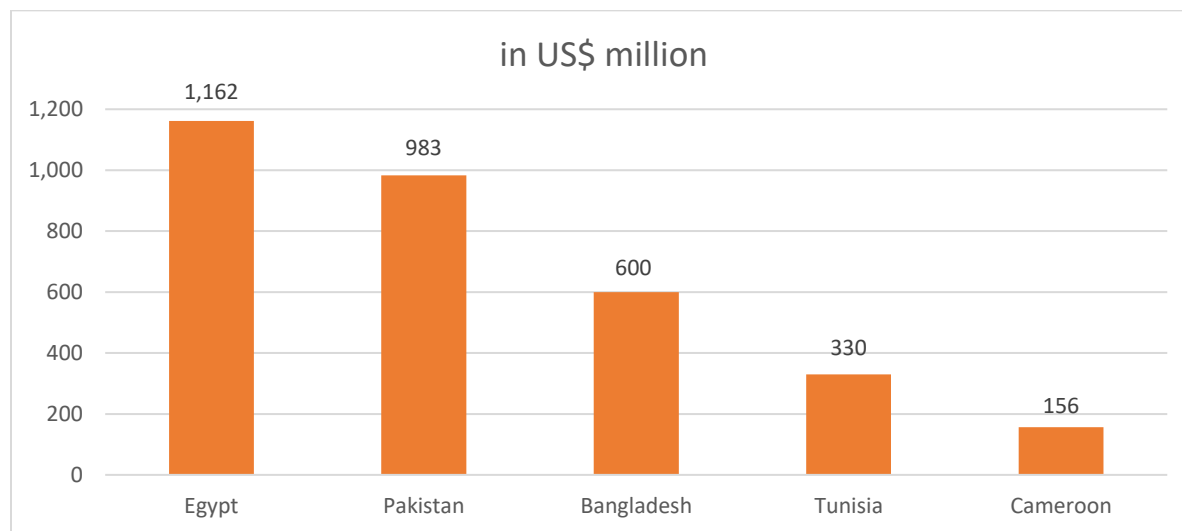
### **Sustaining Access to Energy**

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 2021 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.

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

**Figure 1: ITFC Energy Financing Approvals for Top 5 Beneficiary Countries in 2021**



In many OIC 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.

### **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 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.

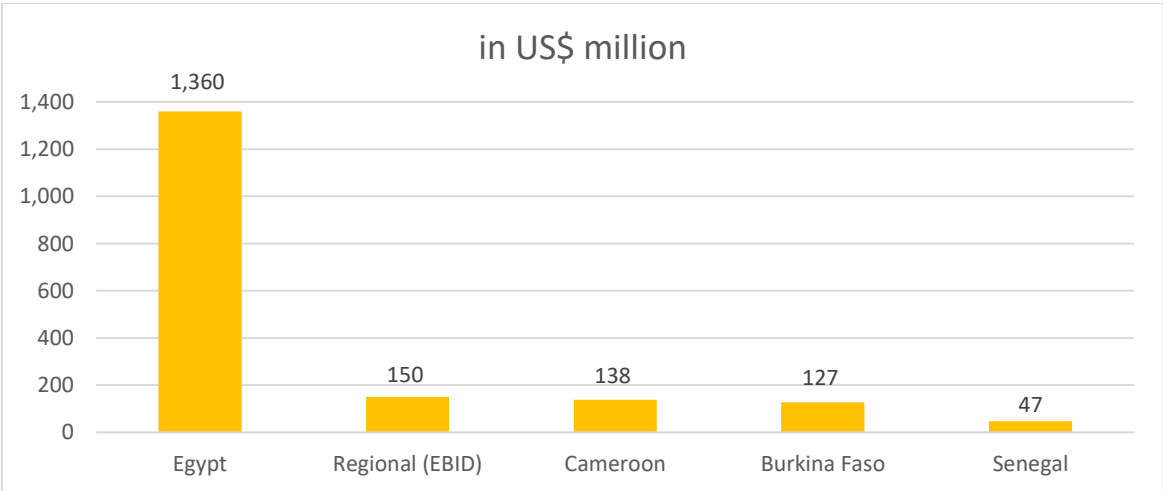
The following are some of the measures taken to enhance food security and further support the agriculture sector:

- 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.

As many OIC Member Countries are experiencing food security challenges, ITFC has significantly increased its trade finance approvals for the food & agriculture sector, which reached a record of US\$ 1.778 billion in 2021. This represents 2.4 times increase when compared with the financing figure of US\$ 721 million achieved in 2020. The cumulative financing allocated to this sector by ITFC reached US\$ 8.9 billion since 2008.

It should be underlined that ITFC also supports food & agriculture indirectly through multisectoral lines of trade financing extended to local banks to be utilized by private sector and SMEs. For instance, under the scope of Line of Trade Financing facilities extended by ITFC to local banks, SMEs imported wheat, flour, edible oil, sugar, and other food items.

**Figure 2: ITFC Food & Agriculture Financing Top 5 Beneficiary Countries for 2021**



The following are the key features of ITFC's financing in the Food and Agriculture Sector:

- 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).
- Middle East, Africa and CIS accounted for the largest share in this portfolio with the main beneficiaries being Egypt, Burkina Faso, Cameroon, Uzbekistan and Senegal. In addition to the interventions in Sub-Saharan Africa, ITFC also extended funding in support of agriculture-related products such as edible oil and wheat (Egypt), rice (Comoros), coffee beans and oil (Indonesia), wheat and sugar (Tajikistan) and agriculture input (Uzbekistan).

### **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.

Since the emergence of COVID-19 pandemic, 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 2021 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. 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.

In 2021, ITFC established new partnerships with 6 Banks and FIs in member countries to support the trade finance needs of private sector and SME clients. In 2021 the total amount of financing for private sector and SME support equaled US\$707 million, while the total number of active partner Banks stands at 30. The Lines of Financing extended by ITFC helps SMEs to access trade finance solutions and contribute towards the recovery of SMEs from the negative impacts of the pandemic.

### **Mobilizing resources for funding Trade**

In 2021 the financial markets regained momentum after gradual recovery from the shocks of the pandemic, as the global economic outlook improved with COVID-19 vaccine rollouts and massive public policy support by states. With these positive developments in the markets, regaining the existing partners and attracting new syndicate partners was a major activity during 2021, enabled by the fact that the travel restrictions were eased further, thus emphasized to meet potential investors in liquid markets like GCC and other markets in Europe, Asia and Middle East.

During the year, ITFC continued to solidify its relationship with the syndicate partners who showed perseverance and commitment to support during the challenging and testing period of the

pandemic, giving them favorable and preferential treatment, while at the same time, continued the efforts to expand its syndicate partners’ network.

ITFC uses Islamic instruments to leverage international financing, and among these instruments, Syndication remains the most active instrument that helps in mobilization of funds to support trade financing in favor of ITFC member countries.

This year ITFC has been ranked by Bloomberg and Refinitiv as the leading Bookrunner and top Mandated Lead Arranger (MLA) in Global Islamic Financing league tables.

	<b>Bloomberg:</b> 2021 Global Islamic Financing League Table	<b>Refinitiv:</b> 2021 Global Islamic Finance League Table
<b>Bookrunner</b>	<b># 1</b> 21% market share	<b># 1</b> 38% market share
<b>MLA</b>	<b>#1</b> 18% market share	<b># 1</b> 33% market share

As a fruit of these intensive efforts, ITFC’s syndications that were raised successful and closed with volumes that far surpassed all initial projections and expectations. The participations coming from ITFC’s syndicate partners resulted in mobilizing:

- US\$ 4,493 million
- to fund 29 operations
- in 14 member states

The mobilized funds from the market represent 68% of the total trade financing provided by ITFC this year. The top example worth mentioning is: The largest syndication in the history of ITFC in favor of the Government of Egypt to support the essential needs of food security of the country.

### C. Trade and Business Development

Regarding the trade development area, and within its 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 Assistancess (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 and (iii) 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 trough 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 mitigation of COVID-19 impact on the dairy sector's food security and safety in Sudan** (ongoing): The project is a joint collaboration between ITFC & UNODO within the Recovery Response Program to face the COVID-19 impact and challenges.
- Under this framework, the Ministry of Industry of Sudan requested UNIDO and ITFC a technical assistance for an immediate project intervention on the dairy sector.
- The project aims to increase the resilience of dairy sector in Sudan toward COVID19 by enhancing the dairy food safety systems and production practices to minimize the risk of food contamination and ensure the safety of workers and personnel.
- It is planned to conclude the project by July 2022. Presently, the project has:
  - Reviewed and assessed the selected dairy processing SMEs/enterprises Good Manufacturing Practices (GMP) and food safety practices to identify the needed measures to comply with the new WHO Covid-19 guidelines.
  - Identified processing and food safety constraints, reviewed and synthesized result and make recommendations to build capacity.
  - SMEs staff and personnel on the new guidelines supported by e-learning and visual materials.

### **Arab-Africa Trade Bridges (AATB) Program:**

The AATB Program is a multi-donor, multi-country and multi-organizations program, aiming to promote and increase trade and investment flows between African and Arab member countries; provide and support trade finance and export credit insurance; and enhance existing capacity building tools relating to trade.

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.

The AATB Board of Governors (BoG) is the Governance body of the program responsible in providing strategic guidance and advice focusing on the short and long-term challenges and opportunities of the Program. It is also responsible for creating criteria for selecting projects and activities and promoting their objectives.

- **Member Countries:** Morocco, Egypt, Tunisia, Senegal, Benin, Togo, Cameroon, Mauritania, Guinea, Djibouti
- **Member Institutions:** Islamic Development Bank (IsDB), International Islamic Trade Finance Corporation (ITFC), Arab Bank for Economic Development in Africa (BADEA), African Export-Import Bank (Afreximbank), Islamic Corporation for Investment and Export Credit Insurance (ICIEC), OPEC Fund for International



Development (OFID), Islamic Corporation for the Development of the Private Sector (ICD)

- **Observer Members:** Saudi Arabia, Gambia, Nigeria, Côte d'Ivoire

### **AATB Investment Pillar Webinar (8 February 2021)**

With the global economic environment remaining under duress despite efforts to curb the pandemic, many member countries in the Arab and African regions continue to remain vulnerable. In February, under the umbrella of the Arab-Africa Trade Bridges (AATB) Program, ITFC alongside the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the Islamic Corporation for the Development of the Private Sector (ICD), in collaboration with IsDB Group Business Forum “THIQAH”, hosted a webinar on key trade finance and investment components aimed at fostering regional trade. Over 1,000 development institutions, sovereign funds, banks, investment and private equity companies, and key government and corporate sector representatives were in attendance.

Discussions centered around bridging the gap between the regions by leveraging the investment, trade, and insurance pillars of the AATB program to drive business opportunities across key industries such as agro-food, health, and pharmaceuticals, building and construction materials and equipment, as well as machinery and electrical equipment.

More than 1,290 participants have attended the webinar through Zoom and YouTube representing 90+ countries.

The survey results indicated 95% satisfaction rate, and many positive comments and feedback were received.

More than 1,000 media partners have published our news.

### **Harmonization of Standards for Pharmaceuticals and Medical Devices - (Phase 1, 2, and 3)**

With the progress made toward the implementation of AfCFTA beginning of 2021, it is recognized the need for a well-informed and appropriate prioritization strategy for the development and harmonization of standard in the sector.

After successful implementation of the phases 1 and 2 during 2020 and 2021, the AATB in collaboration with Afreximbank, BADEA, and ARSO, launched the third phase 2022 of the project which involves the analysis of existing international, regional and national standards for their suitability to be adopted as African Standards. These will then be notified to Member States for adoption compliance as National Standards.

In the concluded Phase1 (2020), the technical committees were able to harmonise a total of 120 standards within a period of 6 months. And the outcomes of the 2<sup>nd</sup> Phase of the project (2021) were: 76 out the 77 standards had been harmonized in Medical devices and equipment, and Pharmaceuticals and medicinal products: 38 out the 39 standards had been harmonized in Pharmaceuticals and medicinal products.

### **Egypt Country Program (year 3)**

The 2022 Plan will focus on integrated trade solutions to support the Egyptian entities through trade financing and development components that provide institutional support and build capacities, focusing on priority sectors, including the cotton value chain, driving female entrepreneurship, and boosting SME growth.

#### **Developing Egyptian exports to access African markets**

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

3 Workshops were held for exporting companies in Cairo (20 December 2020, and 6 June 2021) and Damietta (8 March 2021) and aimed at facilitating knowledge transfer on the technical requirements, export planning and guidance services required to effectively access African markets.

Through the Arab Africa Trade Bridges (AATB) Program, ITFC partnered with Expolink in the implementation of Export Incubator program.

The Six months program was launched on 20 June 2021 with the special focus on the characteristics of the African Market. That's by enhancing the capability of 60 participants representing Egyptian Private sector to define the potential to exchange with the African Markets.

EIP is considered as an academic - practical program that aimed to build the export capacity in Egypt, which in turn on the long term reach its impact for more job creations, adding to inclusive social and economic development.

- EIP offered a comprehensive export support program ranging from incubation services, training, adding to facilitating the access to finance and various market linkages.
- EIP was directed to initiating, developing and supporting the export journey of young entrepreneurs, fresh graduates, innovative start-ups, local manufacturers or established enterprises that are willing to export successfully to global markets. Through the online learning mode, participants had an opportunity to acquire both an inclusive academic knowledge coupled with practical mentoring that is designed to cover the export business fundamentals to be well equipped for exploiting the export global opportunities and to explore the various export related career options.

### **Support with equipment and Capacity Development on preparing and responding to COVID 19 Pandemic for the Laboratories network in the sub-Saharan countries:**

In alignment with the IsDB Group 3Rs emergency Package, ITFC, through the Trade Development pillar and the Arab Africa Trade Bridges Program decided to positively consider the request from Institut Pasteur to support the network of laboratories in 10 West African countries with necessary medical equipment and to facilitate the transfer of knowledge and expertise from IPD to laboratories in West Africa region.

Testing kits for identifying COVID –19 and clothes protection for medical staff were supplied to 10 west African countries, 3 online trainings were organized for the African laboratories to help in the capacity development and raise awareness about protocols and standard operating procedure (SOP) to diagnose the coronavirus.

### **AATB participation to the Intra-African Trade Fair (IATF 2021):**

Organized by the African Export-Import Bank (Afreximbank) in collaboration with the African Union (AU), the African Continental Free Trade Area (AfCFTA) Secretariat and the local South African Authorities in Durban, the second Intra-African Trade Fair (IATF2021) took place in Durban from 15 to 21 November 2021.

IATF2021 was considered as a platform to promote trade under the AfCFTA and brought together continental and global buyers and sellers, and enabled stakeholders to share trade, investment, and market information as well as trade finance and trade facilitation solutions designed to support intra-African trade and the economic integration of the continent. In addition to establishing business-to-business and business-to-government exchange platforms for business deals and advisory services, IATF2021 operated Virtually as an interactive online platform that replicates the physical event.

IATF2021 focused on Africa’ s creative economy as well as the automotive industry with dedicated programmes. conferences and series of workshops run alongside the exhibition and featured high-profile speakers and panelists addressing topical issues relating to trade, trade finance, payments, trade facilitation, trade-enabling infrastructure.

- a- 4<sup>th</sup> B2B on Pharmaceutical products: The Activity took place on 17-18 November 2021 during the Intra-African Trade Fair (IATF 2021) With participation of Private sector from 15 Arab & African Countries, as well as representatives from the ACAME and National Pharmacies. the B2B activity connected companies in the Arab and African region from pharmaceutical sector in order to increase trade and investment opportunities between both regions.
- b- Round table on Harmonization of African Standards on Pharmaceutical products and medical equipment: The Roundtable took place on 17 November 2021 during the Intra-African Trade Forum (IATF 2021) in Durban, South Africa. The discussions highlighted the progress made and its impacts on the continental economy in the context of the AfCFTA. The speakers of the event included Heads of the following institutions: ITFC, Afreximbank, BADEA, ARSO, AU, UNECA, AfCFTA highlighted the importance of the program and its expected contribution to enhancing the health resilience and improve the trade and investment in this sector.

**3<sup>rd</sup> AATB Board of Governors Meeting in Cairo on 14 March 2022:** the meeting discussed the strategy of the program for the next year focusing on the main objectives in response to the member countries needs as well as paying attention to new themes like the Climate change and Green Economy. The meeting took place in Cairo with a high-level participation from the member countries and institutions.

**Roundtable on "Regional Value Chains and its Importance in Increasing Trade and Investment Flows between Arab and African Countries":** on the sideline of the 3<sup>rd</sup> Board of Governors meeting of AATB Program, the General Secretariat of the program organized a Roundtable on "Regional Value Chains and its Importance in Increasing Trade and Investment Flows between Arab and African Countries" in Cairo on 14 March 2022. The Roundtable witnessed the participation of 9 Ministers from Egypt (5 Ministers), Saudi Arabia, Nigeria, Mauritania, Benin and Heads of International organizations as well as representatives from both Arab and African public and private sectors.

### **THE AFRICAN CONTINENTAL FREE TRADE AREA**

**ITFC-IsDB AfCFTA Initiative:** The Islamic Development Bank (IsDB) and the International Islamic Trade Finance Corporation (ITFC) have engaged in a joint initiative for the African Continental Free Trade Area (AfCFTA). The specific objective is to maximize the positive spillovers of economic development for African countries, including LDCs, through supporting the Operationalization of AfCFTA. The partnership was initiated by the ITFC to ensure African countries and supporting institutions are ready to reap the expected benefits of the Agreement. The initiative includes the following three components:

- Support to the AfCFTA Secretariat in the form of institutional set-up and capacity building
- Support the operational instruments of the AfCFTA
- Support the formulation and implementation of AfCFTA National Strategies.

The Enhanced Integrated Framework (EIF) and United Nations Economic Commission for Africa (UNECA) have joined component 3 of the Initiative to support implementation of more than 30 activities recommended by AfCFTA national Strategies formulated in 7 African Countries: Burkina Faso, Guinea, Mauritania, Niger, Senegal, Togo and Tunisia. These strategies aim at complementing the broader development framework of each country, especially in relation to trade and industrialization policies. Apart from operationalization of national strategies, the partnership will help to strengthen the capacity of national stakeholders.

**Research on the impacts of the AfCFTA on OIC African countries:** ITFC and the SESRIC (Statistical, Economic and Social Research and Training Centre for Islamic Countries) have started a research partnership on the African Continental Free Trade Area (AfCFTA). The partnership will produce a research trilogy intended to evaluate the impacts of the AfCFTA on selected OIC African countries and will derive practical recommendations to help countries navigate the road to full AfCFTA implementation. The first paper was published in July 2021 and observed the result of tariff reduction on 24 economic sectors in 6 countries: Cote d’Ivoire, Egypt, Guinea, Mozambique, Tunisia and Uganda.

**Egypt International Cooperation Forum:** ITFC co-organized a session on AfCFTA titled “AfCFTA: Prospects and Challenges of Digital Trade for the Private Sector” during the Egypt International Cooperation Forum (Egypt - ICF) held in Cairo on 8-9 September 2021. The session brought together international policymakers, multilateral development partners and the private sector to discuss the pivotal role the AfCFTA can take in addressing the entire spectrum of constraints preventing private sector participation in digital trade. Discussions attempted to provide insights on the ways digital trade could contribute to the broader AfCFTA mission and which issues the ongoing negotiations for the AfCFTA ecommerce protocol could tackle in priority—data protection, payment systems, trade facilitation, taxation, dispute resolution—

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

- ITFC, on behalf of the IsDB Group, has been an active partner and contributor to the Aid for Trade global initiative, since its inception by the World Trade Organization (WTO) in 2005. The main reason behind this contribution is that the AfT initiative has been perceived by ITFC as a mechanism to support its MCs, to build their capacities to benefit from trade liberalization. To achieve that goal, ITFC has been carrying out the activities related to Aid for Trade Global Initiative through its different flagship programs.
- The AftIAS 2.0 Program is considered as one of the important flagship programs developed by ITFC. It was designed to be a five-year program (2021-2026) taking into consideration the impacts of COVID-19 on trade in the Arab region. Its development objective is to “enhance the environment for international trade in the Arab region by making it more efficient and inclusive, thereby creating opportunities for employment and contributing to sustainable development”.
- The targeted budget of the program, considering the large geographical scope and the COVID-19 economic impact, is US\$ 40 million. In this regard, ITFC is thankful to the partners who decided to contribute to the AftIAS 2.0 Program budget (currently US\$ 15.5 million), namely: Saudi Arabia, Egypt, Algeria, Mauritania, the Arab Organisation for Agricultural Development (AOAD), the IsDB, the ITFC and the Trade Development Fund (TDF).

The AftIAS 2.0 Program was officially launched on 27 October 2021 in Jeddah. The 1<sup>st</sup> set of projects (8) was approved by the AftIAS Technical and Coordination Committee (TCC)’s 1<sup>st</sup> meeting, organized on 31<sup>st</sup> of March 2022 in Jeddah.

### **The Export Launchpad – Uganda:**

- In December 2021, the Uganda Export Promotion Board (UEPB) expressed the need for a technical assistance aiming at developing the export sector, which is the key factor for Uganda economic development and job creation.
  
- In this context, ITFC partnered with TFO (Trade Facilitation Office) Canada, for the design of the Technical Assistance program in Kampala and other parts of Uganda, with the kick-off of a program titled “Export Launchpad Uganda”, with the objective of addressing key constraints faced by both women and men-led SMEs
  
- The program, which was previously successfully implemented in Senegal in 2017-2018 and Bangladesh in 2020, is composed of two phases. The first component:
  1. Training of trainers “ToT”- aims at developing human resources in the field of international trade and to equip the Trade Support Institutions (TSIs) with the capacity to deliver trade related training programs and support services to exporters and potential exporters.
  2. The second component, funded by the Government of Canada, considers assisting several SMEs to access the Canadian and other international markets.

The objective of the proposed program is to develop human resources in the field of international trade and to equip the Uganda Export Promotion Board (UEPB) with the capacity to deliver trade training and support services to Ugandan exporters and potential exporters.

## **West Africa SMEs Program**

West Africa SMEs Program – Senegal Pilot: The West Africa (WA) SME Program is designed to offset the trade finance gap for SMEs and facilitate access to finance. It aims to have a positive impact both on banks and SMEs alike. For Banks, it will increase the offering of trade finance products, provide training and SMEs assessment tools to start or strengthen their SMEs lending practices. For SMEs, it will substantially increase the access to financing and build their capacity to decrease default rate on Bank loans. Along with ITFC, partners include the Organization Internationale de la Francophonie (OIF), the Délégation Générale à l’Entrepreneuriat Rapide - DER (Government of Senegal) and Coris Bank. The combination of different financial instruments and technical assistance will help increase the financing volume at limited risk for banks and lower cost for SMEs. About 100 multisector Senegalese SMEs have benefited from pre-and-post-financing technical assistance for project preparation, submission of loan applications and post financing project follow up. Up to date, a total to 61 SMEs benefitted from the program, 70% of which have submitted funding requests and 51% of them have received around € 1,084,674. Firm received financing from our partner bank Coris, but also from other financing partners and foundations in Senegal, demonstrating the positive repercussions locally. Regarding the banking component, a capacity building programme was provided to support Coris banks on SME finance operations, in particular lending operations, procedural set-up, staff competencies.

**Côte d’Ivoire:** After Burkina Faso and Senegal, the West Africa SME Program has opened a new chapter in Côte d’Ivoire in 2021. In partnership with Bridge Bank, Agence Côte d’Ivoire PME and the Fonds de Garantie des Credits aux PME. The program will support access to finance to 120 SMEs over the course of 2022 and 2023.

## **D. INTEGRATED TRADE SOLUTIONS**

### **Indonesian Coffee Export Development Program (ICEDP)**

ITFC, in partnership with the Sustainable Coffee Platform of Indonesia (SCOPI), is implementing a 5-year program as the new phase of the Indonesia Coffee Export Development Program as its integrated trade solutions for the Indonesian coffee sector by extending the technical assistance for Indonesian coffee farmers while designing a suitable trade financing for the Indonesian coffee export. In this phase, the program is targeting North Sumatra Province and Aceh Province as 2 of the highest Arabica coffee-producing provinces in Indonesia, while aiming to enhance the capacity of the coffee farmers and existing Master Trainers while identifying the new Master Trainers as the extensionists who will then extend the training to the coffee farmers in a wider reach.

**Djibouti Integrated Trade Solution for the benefit of the International Hydrocarbon Company of Djibouti (SIHD):** ITFC in collaboration with the Vocational Training Center of the Tunisian Company of Refining Industries (STIR)/Tunisia, designed and implemented the capacity development program in the petroleum sector for the benefit of 14 professional staff from the International Hydrocarbon Company of Djibouti (SIHD).

**Study on Bangladesh Petroleum Corporation (BPC) Storage Facility:** ITFC has observed that due to limited refinery and storage capacity, BPC cannot avail the advantage of lower international petroleum price and is unable to maintain sufficient petroleum inventory level for long-term usage in-line with the Country's demand. To minimize the demand-supply gap, the Govt. of Bangladesh has invigorated its effort to identify the optimum and ideal inventory days of the BPC storage facility and enhance gas production along with initiatives to import a significant quantity of LNG. In this regard, and based on the request of BPC, ITFC supported the Govt. of Bangladesh with a Study to assess the current BPC storage facility, the ideal inventory days, and recommend the potential new storage facility to support the country in securing its energy needs and avail the advantage of lower international petroleum price to stockpile for the country's need. Furthermore, the study is expected to contribute to the efforts of the People's Republic of Bangladesh to address the supply-demand gap in the energy sector, while integrating ITFC's trade financing facility for the BPC with the development of BPC's capacity in optimizing their inventory storage capacity.

**The Advanced Islamic Finance Workshop for Financial Institutions in Bangladesh:** ITFC Organized the Advanced Islamic Finance Workshop for 11 Financial Institutions, in Bangladesh. the workshop was attended by 20 delegations from 11 FIs in Bangladesh, with the following objectives:

- Enhancing knowledge and understanding of targeted FIs in specific Islamic Finance products and services
- Address specific Islamic Finance knowledge and capacity related obstacles faced by the targeted FIs
- Contribute to the promotion and advancement of Islamic financial products and services in Bangladesh
- Enhance the cooperation with local FIs and the Central Bank of Bangladesh
- Present ITFC's trade finance solutions, including modes of financing, and implementation of ITFC financing facilities

**Uzbekistan Integrated Solution on the building capacity of FIs on IFRS reporting for JSCB Turonbank and Agrobank:** ITFC requires the local banks in Uzbekistan to submit annual and half year IFRS reports, which helps to better assess the quality of the portfolio when compared with local Generally Accepted Accounting Principles (GAAP). ITFC is providing a technical assistance in favor of JSCB Turonbank, JSCB Agrobank, to support both banks IFRS reporting capacity to comply with ITFC's reporting requirement.



## E. TARGETED INTERVENTIONS

**Reverse Linkage Project between Guinea and Tunisia: “Development of Guinean Mango and Cashew Sectors Exportation using the Value Chains Approach”** IsDB and ITFC are partnering to support Guinea for the enhancement of the value chain for exporting agricultural products through the Reverse Linkage mechanism. Tunisia is the provider of knowledge and expertise given the experience of Tunisian institutions in agricultural products export. The main objective of the project is to contribute to the efforts of the Government of Guinea towards developing and improving the value chain for exporting Mango and Cashew. The project’s will: (i) Improve 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) Strengthen the value chain activities for mango preservation and processing; (iii) Provide tools and instruments for support to market access.

**Providing urgent aid to the Republic of Sudan:** The ITFC extended support to Sudan to overcome the social and economic impacts of the pandemic and to limit these consequences after the damage and losses due to the flooding experienced in the country. In this critical situation, ITFC has decided to respond favorably and to allocate financial support through the Arab Organization for Agricultural Development (AOAD) to soften the negative impact of the COVID-19.

## F. WOMEN ECONOMIC EMPOWERMENT INITIATIVES

### **She Trades Egypt:**

The purpose of the project is to increase participation of 50 women-owned SMEs in export-oriented value chains by enhancing their competitiveness and their capacity to penetrate both local and regional markets, achieved by:

1. Reinforcing the capacity of trade promotion organizations and women associations to provide better, effective and efficient business services to Egyptian SMEs owned by women along the value chain requirements; (output 1)
2. Enabling women-owned SMEs to offer goods that meet buyers' requirements; (Output 2)
3. Linking women-owned SMEs with targeted buyers through business matchmaking meetings. (Output 3)

As a result, it is expected that the 50 beneficiary women-owned SMEs in the handicraft sector were selected to benefit from higher incomes translating into increased resources to strengthen and grow their businesses and a better livelihood for the community in general. The project, to be concluded in 2022, will be instrumental in ensuring a multiplier effect and extending the experience to a larger group of women that are active in different sectors in Egypt.

**SHE Trade Morocco:** SHE Trade Morocco intends to increase the participation of women-owned businesses in trade by improving their competitiveness and strengthening market linkages. Funded by ITFC and the IsDB, the project will leverage the expertise and networks of ITC SheTrades brand as well as TFO Canada's expertise in export capacity building, exporter-readiness and access to the Canadian market.

Twenty-five women-owned SMEs in the processed foods sectors have been selected from 4 Moroccan regions and will be provided capacity training to access international markets. All SMEs already demonstrated a solid commitment and motivation to improve their processes and activities to better comply with market and buyer requirements. The project will also deliver technical assistance to four national business service providers—Agence Marocaine de développement des Investissements et des Exportations (AMDIE); Association des Femmes Cheffes d'Entreprises du Maroc (AFEM), Fédération Nationale de l'Agroalimentaire (FENAGRI) and Association Marocaine Des Exportateurs (ASMEX)— in order to enhance their ability to provide better, effective and efficient business services to women owned SMEs.

An extensive diagnostic was conducted on each of the SMEs and a restitution workshop was organized in Casablanca on November 25, where work plans and capacity building activities were presented and discussed.

In April 2022, 8 women owned SMEs attended the SIAL Canada trade fair (<https://sialcanada.com/>). A series of training sessions will be organized by TFO Canada on how to access the Canadian market to prepare for this important event.

## G. DIGITALIZATION AND TRADE

### **Developing a new product suite**

As ITFC is the leading among MDBs in Islamic Trade (Finance and Development) and as a member of the IsDB Group that is a pioneer in the field of Sharia-compliant trade finance, this created an opportunity for ITFC to lead the market in development of Shari'ah compliant new trade finance products. The business model of ITFC, adopted in 2017, is demand driven based on markets/clients need. It focuses on introducing new products that will address trade finance needs of markets under a Shari'ah compliant umbrella and contribute to the diversification of ITFC offerings.

The Product Development process was developed to ensure answering real demand and cross function engagement in the development process. It goes through a rigorous Shari'ah compliance check before piloting.

In 2021, the Product Development team worked on introduction of 3 new products and process these through the Product Development Team (PDT), Product Development Review Committee (PDRC), and the IsDBG Shari'ah body. It is expected that these products will be piloted and launched in 2022.

## H. TRADE DEVELOPMENT FUNDING MECHANISMS

The ITFC Trade Development Fund (TDFD) is Waqf based fund that was established in 2018 with aims to provide sustainable financial resources to support the design and implementation of Trade Development activities and projects in MCs. ITFC. The Fund commenced operations in January 2020.

The fund consists of two bank accounts; a WAQF Bank Account dedicated to build up resources and an Operational Bank Account dedicated to providing resources for implementation of trade related interventions, Liquidity in the WAQF Account is invested in Shari'ah compliant investments. 50% of net returns are added back to the Waqf account while the other 50% of net returns are transferred to the Operational Bank Account to provide for onward funding of design and execution of Trade Development interventions.

### Self-funding Engine for Growth

Progress in 2021 is seen on the implementation of the Operations Plan in 2021 in providing grant support to 4 projects, namely AfTIAS 2.0, IsDB-ITFC's AfCFTA Initiative, and Export Launchpad – Bangladesh, and a capacity building on Export Strategies and International Marketing for women-led SMEs in Kingdom of Saudi Arabia. In addition, significant progress has been made in setting up the administrative infrastructure as well as the relevant governance structure and processes for investment. Moreover, the Trade Development Fund was able for the first time in 2021 to invest its assets in relatively high yielding financial instruments (Sukuk and Trade Finance Transactions) aside from overnight placements.

On the resource mobilization front. The efforts in 2021 have been concentrated inside the host country considering COVID-19 flight restrictions. Several relevant philanthropic entities have been contacted for possible agreements. Work is still ongoing in this front.

## I. Leveraging partnerships with global Banks, FIs and International Organizations as catalyst for trade financing and Trade development

In 2021, ITFC remained active on many fronts including policy advancement, resource mobilization and trade development programs implementation thanks its network of strategic partners. ITFC continued its activities with the African Union Commission through participation in both Senior Officials and Ministerial sessions of the AU 3rd ordinary session of the Specialized Technical Committee for Trade, Industry and Minerals (STC-TIM). With the International chamber of Commerce (ICC), ITFC continued its activities through participation in the ICC Banking Commission and the Sustainable Trade Finance Working Groups. Engagements were executed with the SESRIC, notably through Joint Policy Publication of the first series on the research trilogy on the Impacts of the AfCFTA on OIC African countries. Together with the IsDB, United Economic Commission for Africa (UNECA) and Enhanced Integrated Framework (EIF), ITFC has accelerated its support to the African Continental Free Trade Area. The partners officialized the launch of a project to implement more than 30 activities recommended by AfCFTA national Strategies in 7 Countries: Burkina Faso, Côte d'Ivoire, Guinea, Mauritania, Niger, Senegal, Togo and Tunisia. ITFC also plays role as a key sponsor and active participant during the

second Intra-African Trade Fair in Durban in partnership with the Afreximbank and the AU Commission. The partnership with Afreximbank has continued to bear fruits with major initiatives including the signature of a US\$250 million Line of Financing and the continuation of the project of Harmonization of Standards of Pharmaceutical and Medical Products in Africa.

## J. INNOVATION

Innovation is an essential tool in today's business toolkit and an integral ingredient to business sustainability and development. The COVID-19 pandemic has upended many aspects of life, both personal and professional, with many asserting that the crisis will have a lasting impact on the way business is conducted. However, the crisis has also created significant new opportunities for growth which can be seized through innovation.

In 2021, 3 innovation ideas were implemented, and 3 business innovation activities related to developing innovation culture and communication were undertaken. The ideas were "Education Continuity in MCs" to enhance the capacity of teachers for online teaching, "Help the Hungry" to support MCs by providing food kits to families, and "ITFC Environment Footprint" to track and identify responsible ways to reduce ITFCs carbon footprint.

Over the next 3 years, from 2022 to 2024, and in alignment with strategy 2.0, the plan is to focus on business innovation and culture building. For this reason, restructuring the innovation function is the first step to transition to Business Innovation. Restructuring will enhance the innovation delivery and relevance to ITFC and eventually affect income directly. This will include the process, from ideation to implementation and adoption and scaling. The restructuring may include development of an arm length independent body to facilitate safe environment for testing and prototyping. The aim is to build resilience and tackle fragility, improve financing conditions, and increase competitiveness. A pilot initiative will be conducted related to business innovation. The long-term goal is to position ITFC as a leader in business innovation for trade through the development of an innovation culture.