



الغرفة الإسلامية للتجارة والصناعة والزراعة
Islamic Chamber of Commerce, Industry & Agriculture
La Chambre Islamique de Commerce, d'Industrie et d'Agriculture

Report on the Activities of the
Islamic Chamber of Commerce, Industry & Agriculture (ICCIA)
For submission to the
38th COMCEC Follow-up Session
(24-25 May 2022)

*Report on the Activities of the
Islamic Chamber of Commerce, Industry & Agriculture (ICCIA)
For submission to the 38th Follow-up Session of the COMCEC*

ICCIA Events 2022

1) [ICCIA Participation in the Dubai Expo 2020](#)

ICCIA's "Digital Transformation Workshop"

Islamic Chamber of Commerce, Industry & Agriculture is pleased to announce the successful conclusion of its event, "Digital Transformation Workshop," which was held with Albaraka Forum for Islamic Economy sponsorship. The workshop was conducted by Eng. Ashraf El Tanbouly, CEO at Islamic Chamber Halal Certification Services (ICHCS) on 26th – 27th November 2021. Eng. Asem Galal, a Managing Partner of Galal & Karawi Management Consulting & DMCC, highlighted the vast changes that digital transformation has made in the economic and social interactions across the world within the past few years, clarifying the challenges that several institutions face during the digital transformation process. Furthermore, Mr. Ahmed Naeemi, Head of Digital Transformation & Project Management at BIBF, emphasized the importance of digital transformation for enterprises to keep pace with the global technological developments, stressing that it represents a promising opportunity & a great challenge at the same time.

ICCIA's Panel discussion, "The way toward sustainable future."

ICCIA is honored to announce the successful conclusion of its "The Way Towards a Sustainable Future" panel discussion with the sponsorship of the Al Baraka Forum **on Wednesday, November 24, 2021**. The panel discussion took place as part of ICCIA's efforts toward achieving sustainable development and in line with international efforts to strike a balance between maximizing economic potential and addressing environmental issues. The proceedings of the panel discussion highlighted the regulations & laws to support sustainable development.

2) [Online Workshop on Digital Transformation of the Chambers of Commerce for Enhancing Trade Facilitation 9th – 10th November 2021](#)

Islamic Chamber of Commerce, Industry & Agriculture (ICCIA) organized an Online Workshop on Digital Transformation for the Chambers of Commerce for enhancing trade facilitation in collaboration with the COMCEC. The workshop's objectives are to enable OIC Member Chambers to set a digital transformation strategy and a roadmap to guide the chambers of commerce in contributing to private sector development. This will support the sustainable development of the chambers and increase business efficiency through innovation.

3) [Launch of ICCIA Workshop Series on Microfinance Directions - Regional and International Experiences:](#)

ICCIA is organizing a series of virtual and physical workshops entitled “Microfinance Directions - Regional and International Experiences.”

First ICCIA Workshop Series: Microfinance Directions- Regional and International Experiences, 9th February 2022

The Workshop was held virtually in all three languages. It was attended by 45 participants from 11 countries, represented by the Federations / Unions of Chambers of Commerce from the Arab, Africa, Europe, Central Asia, and South Asia.

**For a detailed report, please see Annex 1.*

The second session of the series: “Challenges facing Microfinance Institutions,” on March 28, 2022

The Workshop was held virtually in all three languages. 38 participants from 7 countries attended the workshop.

**For a detailed report, please see Annex 2.*

4) [Best of Entrepreneurship Series:](#)

The Islamic Chamber of Commerce, Industry, and Agriculture (ICCIA) has launched the Best of Entrepreneurship Series in Pakistan with the aim to highlight entrepreneurs of various sectors to scale up startups or explore entrepreneurial opportunities for the future. ICCIA will organize 4 such events in 2022. Based on the feedback from the first workshop and conversations with local experts, ICCIA has chosen four cross-cutting themes: Fintech, Microfinance, e-commerce, and Green Entrepreneurship for this year. Each event will bring leading entrepreneurs to share their journey, best practices, and key insights.

First event: Impact-led Entrepreneurship held on 2nd December 2021, venue: ICCIA HQ

To promote the concept of impact led business, ICCIA invited some of the most promising and accomplished companies to share their business model and journey. The program had exciting presentations from five impact-led enterprises: BYKEA, Asqurr, Penumbra, Bionks, and National Incubation Center. The event was attended by over a hundred participants, including industry leaders and development organizations as well as students from 16 universities and institutions. This program aims to provide a conducive platform for young startups, aspiring entrepreneurs, students, international organizations, and businesses to get inspired by the success stories, learn about the entrepreneurial ecosystem, and provide visibility to the best representatives of entrepreneurs in Pakistan within a given sector.

Second Event: “FinTech Ecosystem and Opportunities in Financial Markets” held on 17th March 2022

The Islamic Corporation for the Development of the Private Sector (ICD), part IsDB Group, has joined hands with ICCIA as co-organizers for developing this series in Pakistan as well as other OIC countries as it grows. Additionally, we have UN Women and our member chamber the

Federation of Pakistan Chamber of Commerce (FPCCI) as our knowledge partners. The program was attended by over 170 participants from 25 universities, business schools, incubation centers, as well as representatives of Banks and the FinTech industry. This event aimed to highlight the challenges and explore opportunities in the FinTech arena.

5) [5th World Islamic Economics and Finance Conference Theme: Re-Evaluating the Islamic Finance in Post Pandemic Era: Social Finance, Digitalization & ESG Goals, 29-30 January 2022](#)

The Minhaj University Lahore, Pakistan, has organized the 5th World Islamic Economics and Finance Conference (WIEFC). Islamic Chamber of Commerce, Industry & Agriculture (ICCIA) has participated in this Conference as a Strategic Partner. Mr. Ibrahim Nabil, Content Development Coordinator at Al Baraka Forum, represented ICCIA at the said Conference and made a presentation in the Session of “Islamic Finance and Islamic Economy.” The conference focused on the consensus that the Islamic Banking and Finance Industry (IBFI) should be more inclined towards ethical and social concerns than the conventional system. Furthermore, the optimal role of governance, innovative products, and their mechanisms in providing stability and trust will be essential to the central theme. The speakers from other countries like Australia, France, Malaysia, Saudi Arabia, Oman, Egypt, Indonesia, Nigeria, the UK, US were on board.

ICCIA WEBINARS

6) [ICCIA Leadership Talks](#)

Theme: Women Empowerment. ICCIA has conducted the following two sessions:

- Women Empowerment in Chambers of Commerce around the World
- Women Entrepreneurship in OIC Countries in partnership with the Women Development Organization of OIC

7) [ICCIA Country Focus Webinars](#)

Country, Egypt: The first ICCIA Country Focus webinar series was focused on Egypt with the participation of:

- Eng. Mohamed Abdel Karim, Executive Director of Industrial Modernization Centre - Ministry of Trade and Industry.
- Eng. Ibrahim El Araby, President of the Federations of the Egyptian Chambers of Commerce.
- Mr. Nour El Deen, Advisor to Executive Director of The General Authority for Investment and Free Zones (GAFI)

8) Partnership with existing and scalable events:

ICCIA is also establishing its partnership with existing and scalable events:

- 17th Trade Fair of OIC Countries, 13-19 Jun. 2022, Dakar-Senegal
 - ICCIA will conduct it following the events in the side-line:
 - Regional Workshop on Agricultural Entrepreneurship, 2022
 - Workshops on the Role of the Private Sector on the Operationalization of the TPS/OIC, Dakar, Senegal, June 2022.
- 18th Trade Fair of OIC Countries, Dec. 2022, Lahore-Pakistan
 - ICCIA will conduct it following the events in the side-line:
 - OIC Food Festival, Pakistan, 2022
- 9th OIC Halal Expo and 8th World Halal Summit, 23-27 Nov. 2022, Turkey

9) Planned Events and Forums for 2022

Following the renewed strategy and development of mega forums, the ICCIA has developed the following specialized, sector-based events in collaboration with its member country chambers and partners for the year 2022 (in physical format, thus dependent on the travel restrictions), **the ICCIA sector-specific forums for the year 2021 were postponed to 2022 due to Covid-19 conditions.**

- Invest in Digital Economy Forum Amman-Jordan, on 25-26 September 2022
- Sustainable Agriculture Forum, Azerbaijan in October 2022
- Sustainable Tourism Forum, Pakistan, 2022
- OIC Entrepreneurship Forum, 2022
- Workshop on Creating Awareness on the Importance of Agriculture Commodity Exchange Markets, Izmir, Turkey, 2022
- Best of Entrepreneurship Series, Pakistan 2022
- The third session and the Inauguration of Microfinance Workshop, Cairo, in partnership with FEDCOC on 14 – 15 June 2022

10) ICCIA Chad Economic Recovery Post Covid-19 Strategy:

ICCIA has developed a country plan for **Chad** in cooperation with its member chamber with the objective to establish Chad as a regional hub for capacity building and projects related to the private sector development and growth in G5 Sahel Countries. The activities and projects aim to support the economic recovery of the country post-Covid-19 by targeting the most needed areas.

Note: The above-mentioned document shall be shared upon request, please contact samrah.queshi@iccia.com

The following are the projects and events planned under the Chad Strategy:

- **Islamic Microfinance Banks**

The OIC Resolution No.2/48-E (D) welcomes ICCIA's Initiative to establish an Islamic Microfinance Banks. It also acknowledges the commitment of the Islamic Solidarity Fund (ISF) and the Kingdom of Saudi Arabia to fund the ICCIA's Islamic Microfinance Bank and other projects in favor of G5-Sahel countries.

This initiative is pertinent given the socio-economic conditions and the development gaps identified in the G5-Sahel region. The Islamic Microfinance project was also backed and encouraged by the Organization of Islamic Cooperation – OIC during the Workshop on the Promotion of the Concept of Family Bank in G5 Sahel Countries. Thus, the chamber shared the concept paper for the Islamic Microfinance Bank with the Islamic Development Bank (IsDB), which approved its funding for the feasibility study.

- **Agri-Incubation Center**

The Islamic Chamber of Commerce, Industry, and Agriculture aims to set up an Agri-Incubation Centre, which will support aspiring Agri-entrepreneurs in providing real-world farming conditions, access to the latest farming technologies, and best practices from around the world to adapt to real-world challenges. The program will specifically focus on empowering youth and women-led start-ups developing and scaling indigenous solutions across the food value and production chains. The Agri-Incubation Centre is currently open to being implemented in the African region depending on the support provided by the national governments and the interest of the international stakeholders involved in the project.

Green Waqf

The Green Waqf Initiative is based on the Islamic concept of Waqf or Endowment, which means *“assets that are donated, bequeathed, or purchased for being held in perpetual trust for general or specific charitable causes that are socially beneficial.”* Green Waqf Initiative will revitalize under-utilized or deforested land by engaging in sustainable agriculture and reforestation to support the local ecology. This not only supports and strengthens the project countries' climate ecosystem but can also contribute to food security. To ensure sustainability, the project will engage and support local communities in proximity to the Waqf land to operationalize the project and develop self-sustaining revenue streams and business models. The green waqf initiative is truly an impact project, fulfilling the triple-bottom-line of sustainable development; economic, social, and ecological. Country selection is subject to the interest of the national governments, the identification of the Waqf land, and the facilitation of other resources to operationalize the initiative. ICCIA is actively fundraising for the execution of the feasibility study for Green Waqf. The current agenda is to engage relevant stakeholders to access funds for starting off the feasibility study. The Business Development Department is engaging with the ISDB group and UN ecosystem organizations, especially with the ones where there's interest in land revitalization projects.

- **Training Programs on Digital Transformation for SMEs and Chamber of Commerce**

Islamic Chamber of Commerce, Industry & Agriculture (ICCIA) will organize workshops on Digital Transformation for SMEs in 2022. These workshops will be organized in collaboration with the Member Chambers and other relevant stakeholders. The project aims to add value to SMEs through digital transformation, facilitate data exchange and commercial matchmaking, and improve the effectiveness and efficiency of SMEs to contribute to the expansion of trade among the Member Countries. The workshops are designed to create necessary awareness of the digital transformation for SMEs among the relevant stakeholders for developing trade among the member countries.

- **Regional Workshop on the Role of the Private Sector on the Operationalization of the TPS/OIC in Chad**

Islamic Chamber of Commerce, Industry & Agriculture (ICCIA) will organize a workshop on the Role of the Private Sector in the operationalization of the TPS-OIC. The event will take place in collaboration with the Chad Chamber of Commerce and ICDT. The ICCIA will invite the member states, especially which have not yet signed and ratified the framework agreement, relevant private sector representatives, and the public sector organizations. This workshop aims to raise awareness about the importance of the framework agreement on the Trade Preferential System, Protocol on the Preferential Tariff Scheme, and the Rules of Origin.

Update on Waqf Companies & Independent Projects

OIC Arbitration Centre:

The Second meeting of the 'Board of Trustees was held virtually on 15th November 2021. The meeting was welcomed by the President Islamic Chamber of Commerce Industries and Agriculture, H.E. Sheikh Abdullah Saleh Kamil. The members of the Board of Trustees unanimously approved the appointment of H.E. Mr. Rifat Hisarciklioglu as Chairman of the Board of Directors of the Arbitration Center and H.E. Mr. Yousef Khalawi as the Vice-Chairman.

Agricultural Commodity Exchange Markets:

ICCIA is undertaking a study to assess agriculture-based economies within the OIC members to transfer such experiences to two selected countries. ICCIA is exploring funding avenues to build a modern business model for ACEM operation.

Impact Incubation Centre:

ICCIA is currently developing and exploring the entrepreneurial ecosystem and potential partners in member countries to develop the Impact Incubation Centre; in this regard progress is being made with potential partners from the private sector showing interest in working on the project together.

Annex 1



Report **ICCIA Workshop Series: Microfinance Directions** **- Regional and International Experiences** **9th February 2022**

Preamble:

Based on the strategy of ICCIA & OIC (2020-2025), whose objectives are mainly focused on creating national social protection systems & measures that are adequate for all, and ensuring that all members of society obtain equitable shares of various resources and services, including microfinance, ICCIA, represented in ICCIA Holding Company, is organizing a series of virtual and physical workshops entitled: “Microfinance Directions - Regional and International Experiences.”

These workshops are scheduled to take place during (2022- 2023), aiming to highlight the ways of developing microfinance institutions and overcome the challenges faced by OIC member countries, especially the G5 Sahel Countries, as well as reviewing the best regional and international experiences in this field, which contributes to enhancing their role in financing the targeted groups and activating entrepreneurs’ role, besides discussing ways of achieving digital transformation in financial inclusion and microfinance to serve the goals of sustainable development.

ICCIA Workshop Series: Microfinance Directions **- Regional and International Experiences, 9th February 2022**

ICCIA’s Series of Workshops “Microfinance Directions - Regional and International Experiences” will provide the opportunity to know about the latest global trends that aims at applying impact investing, communication, training, the mechanization of microfinance institutions, and developing a new microfinance model that is able to be applied in the countries of the Islamic World.

First of ICCIA Workshop Series was held on “Microfinance Directions-Regional and International Experiences” on 9th February 2022. The Workshop was held virtually in Arabic with English and French simultaneous interpretation and attended by 45 participants from 11 countries, represented by the Federations / Unions of Chambers of Commerce from the Arab, Africa, Europe, Central Asia and South Asia regions. The participating countries were from The Republic of Azerbaijan, Burkina Faso, The Republic of Chad, Arab Republic of Egypt, The Islamic Republic of Mauritania, The Republic of the Niger, The Federal Republic of

Nigeria, The Islamic Republic of Pakistan, The Kingdom of Saudi Arabia, The Republic of the Sudan, and The United Arab Emirates. List of participants is enclosed.

The Workshop also witnessed an honorary presence and was opened by high officials representative from the Women Development Organization of the OIC, Union of Chambers of Commerce & Industries of G5 Sahel Countries, the Chamber of Commerce, Industry and Agriculture of Mauritania (CCIAM) and the Chamber of Commerce, Industry, Agriculture, Mines and Handicrafts of Chad (CCIAMA).

Opening Session:

The workshop was moderated by Ms. Nourhan Hafez, Media and Communication Manager, ICCIA. She welcomed all the Honorable speakers and participation to the ICCIA Workshop on Microfinance Directions Regional and International Experiences. This workshop is organized by Islamic Chamber of Commerce, Industry & Agriculture (ICCIA), represented by ICCIA Holding Company, sponsored by Al-Bakara Forum for Islamic Economy.

She explained that as part of the efforts at all levels to alleviate poverty and to ensure that all segment of the society obtain equitable share of the economic resources, the concept of the microfinance has attracted worldwide attention lately. As one of the most prominent and effective means of reduction of unemployment and reduction of alleviate poverty. So ICCIA is organizing these workshops series this year and next both physically and virtually, aiming to highlight the ways of developing microfinance institutions and to overcome the challenges faced by the OIC Countries, especially the G5 Sahel countries as well as reviewing the best regional and international experiences in this field, which contributes to enhancing the road in financing the targeted groups and activating the entrepreneurs role besides discussing ways of achieving digital transformation in financial inclusion, in microfinance to serve the 17 Goals of the SDGs.

In his welcome speech, **H.E. Yousef Hasan Khalawi**, Secretary General of the Islamic Chamber of Commerce, Industry & Agriculture (ICCIA) extended his thanks to H.E. Ambassador Ehab Fawzy, Deputy Executive Director of Women Development Organization of the OIC, H.E. Ahmed Babe Aleya, President of the Union of Chambers of Commerce and Industries of G5 Sahel Countries and the President of the Chamber of Commerce, Industry and Agriculture of Mauritania (CCIAM) and Dr. Ali Adji Mahamat Seid, Vice President of the Federation of Chambers of Commerce and Industry of G-5 Sahel Countries & President of Chamber of Commerce, Industry, Agriculture, Mines and Handicrafts of Chad (CCIAMA), for joining this Workshop today and the future workshops. He said that this project is not only for ICCIA, but this is a project for all of us.

ICCIA will organize seven workshops and we intended to increase more physical workshop. The greatest impact can be achieved through impact. He indicated ICCIA's efforts to activate microfinance institutions all over the world. He said that our belief in the importance of activating microfinance institutions is what led to our decision to establish a specialized company in this field, capable of playing an important role at the level of countries, not a single country. He also highlighted that the interest in sustainability has come a global phenomenon. ICCIA has begun focusing on sustainability since 2019, which led us to the conviction of the necessity and importance of focusing on microfinance.

H.E. Ambassador Ehab Fawzy, Deputy Executive Director of Women Development Organization of the OIC, extended his gratitude to the ICCIA for inviting WDO to this

important Workshop on Microfinance. He highlighted that while the world's economy is currently facing the negative impacts of the COVID-19 pandemic, these impacts pose a serious threat to the progress made in women's economic empowerment, economic independence and productive life.

He emphasized the need to work collectively to mitigate such impacts. Out of this fact, WDO conducted extensive consultations with OIC member states in order to identify the thematic pillars of its first programmatic cycle. Four thematic pillars were identified namely: (1) the elimination of violence and harmful practices against women and girls, (2) the promotion of economic empowerment and financial inclusion for women, (3) the role of women in fighting corruption and (4) the women's leadership for inclusive and peaceful societies. He also added that encouraging and facilitating women entrepreneurship including by improving access to financing and investment opportunities, tools of trade business development and training can increase the share of trade and procurement from women's enterprises.

H.E. Ahmed Babe Aleya, President of the Federation of Chambers of Commerce and Industries of G5 Sahel Countries and the President of the Chamber of Commerce, Industry and Agriculture of Mauritania (CCIAM), in his speech, he appreciated ICCIA for organizing workshop on this important topic in such a hard time of COVID. He suggested establishing an Islamic guarantee fund, and he also supported the idea of establishing a specialized company in the microfinance field, which as expressed by H.E. Yousef Hasan Khalawi, ICCIA Secretary General. Federation of Sahel countries will be ready to play any role given to them in this respect. He called everybody to support Sahel countries to integrate in this project and expressed his great hope that this ambitious project would achieve its desired goals, calling for moving forward in, stressing the readiness of the Federation of Chambers of Commerce, Industry and Agriculture in the five coastal states to do whatever it takes to make it a success.

Dr. Ali Adji Mahamat Seid, Vice President of the Federation of Chambers of Commerce and Industry of G5 Sahel Countries & President of Chamber of Commerce, Industry, Agriculture, Mines and Handicrafts of Chad (CCIAMA), thanked ICCIA for organizing such an important workshop for Sahel countries. He said that Small and Medium-Sized Enterprises (SMEs) play an important role in creating jobs. SMEs support greater economic inclusiveness, Sahel countries need to integrate with African development sectors for the development of microfinance in the African region. While pointing out to the Five-Year Plan to develop G5 countries, he said that I am just pointing out to the Five-Year Plan, which aims to boost development, create job opportunities and promote microenterprises that contribute to the reduction of risks faced by people in these regions as well as reducing unemployment rates. Because of the limited resources, Sahel countries face major challenges in implementing microfinance activities and issues are very apparent so this 5 years strategic plan carry out the thing more efficiently and facilitate the poor households and business. SMEs are very important part of the Sahel countries' economies.

Workshop Technical Session:

The workshop was conducted by Dr. Hassan Ramzy, CEO of ICCIA Holding Company. The workshop shed light on implementing microfinance in G5 Sahel Countries, success factors of the project, business model and how important is impact investment to the implementation studies.

Dr. Hassan Ramzy, made detailed technical presentation on the implementation of Microfinance strategy. He said that the ICCIA's strategy plays a crucial role in expanding the private sector's role in OIC Countries to serve United Nations Sustainable Development Goals and the OIC-2025 Programme of Action.

He mentioned that this is the first Workshop of the series, which focuses on the Implementing Microfinance in G5 Countries.

- ⇒ The second workshop will be held in Cairo on 23rd March 2022 on "Microfinance and Transition to Sustainability"
- ⇒ The third workshop will be held on 23rd May 2022 on the "Challenges that face Microfinance Institutions"
- ⇒ The fourth workshop will be held on 22nd July 2022 on "Formulations of Implementing Islamic Microfinance"
- ⇒ The fifth workshop will be held on 28th September 2022 on "International & Regional Experiences in Microfinance and its role in improving the living conditions & combating poverty" – Sudan, Syria and Indonesia's experience,
- ⇒ The sixth workshop will be held on 22nd November 2022 on "International & Regional Experiences in Microfinance and its role in improving the living conditions & combating poverty" – Nigeria, Algeria, Ethiopia and Bahrain's experience and
- ⇒ The seventh Workshop will be held on 24th January 2023 on the "Digital Financial Inclusion & Microfinance in serving Sustainable Development Goals"

He presented technical aspects and details about the ICCIA Microfinance Project, the need for Microfinance in the G5 Sahel Countries, the success factors of the ICCIA project, the business model, impact investment, sustainable investment, top 8 SDGs targeted by impact investors, digital microfinance, Financial Literacy, Training and Consulting, Islamic types of financing, application phases, feasibility study, application studies, the actual implementation of this project.

Globally, there is no doubt that poverty is an obstacle for achieving sustainable, collective growth and development. Countries have unanimously agreed on the importance of combating poverty under SDG 1, "No Poverty".

ICCIA's renewed strategy is to expand the role of the OIC private sector in realizing the UN Sustainable Development Goals Agenda 2030 and the OIC Program of Action 2025. To address the problem of access to finance, especially for the low-income bracket, the Islamic Chambers has planned on establishing a Microfinance Entity in the Least Developed Countries (LDCs) in the G5 Sahel region of Africa. This covers Burkina Faso, Chad, Mali, Mauritania and Niger. The urgency of the plight for financial inclusion and provision of basic financial services is highly evident for people with limited income and resources.

However, provision of finance as a tool of economic development alone is insufficient in effectively solving the problems of global poverty. It is imperative to use it in conjunction with non-financial support tools to enable the people with better business skills and acumen to be able to run their own enterprises successfully and derive continued benefit from it. The Microfinance model is such that it incorporates skill development and training along with financing as a package deal for the borrowers. Another approach towards development is to provide finance and integrated services (saving, lending, Insurance, transfers and consulting

studies such as feasibility studies and business management) to small scale businesses to scale their activity as it may be difficult for low-income individuals to qualify as suitable clients.

Questions Answer Session:

There were some questions raised by the participants at the end of the presentation, regarding the mechanism and services of the proposed microfinance entity, which was responded by Dr. Hasan Ramazy.

Closing Remarks:

In his closing remarks **H.E. Yousef Hasan Khalawi**, Secretary General of the Islamic Chamber of Commerce, Industry & Agriculture (ICCIA) thanked all the speakers and highlighted that the Islamic Chamber affirm its serious commitment to the G5 countries. He assured that the Islamic Chamber made this commitment to the General Secretariat of the Organization of Islamic Cooperation and ICCIA will continue to do the necessary steps in collaboration with the federations of chambers of commerce in the G5 countries.

Recommendations:

- To establish an Islamic guarantee fund;
- To establish a specialized company in the microfinance field;
- To call upon the relevant OIC Institutions and International organization to support ICCIA initiative for establishing Microfinance Entity for G5 Sahel Countries to address the problem of access to finance, especially for the low-income bracket;
- To call upon the Member Institutions to support ICCIA in organizing Microfinance Workshops series, aiming to highlight the ways of developing microfinance institutions and to overcome the challenges faced by the OIC Countries.

*



الغرفة الإسلامية للتجارة والصناعة والزراعة
Islamic Chamber of Commerce, Industry & Agriculture
La Chambre Islamique de Commerce, d'Industrie et d'Agriculture



Draft Report
ICCIA Workshop Series: Microfinance Directions
Second Workshop on
“Challenges Facing Micro Finance Institutions”
28th Mach 2022

Preamble:

ICCIA has launched a Series of Workshops on “Microfinance Directions - Regional and International Experiences”, which aimed to provide opportunities to know about the latest global trends that aims at applying impact investing, communication, training, the mechanization of microfinance institutions, and developing a new microfinance model that is able to be applied in the countries of the Islamic World. These workshops are being organized by Islamic Chamber of Commerce, Industry & Agriculture (ICCIA), represented by ICCIA Holding Company, sponsored by Al-Bakara Forum for Islamic Economy. First Workshop of this Series was held on the theme of “Microfinance Directions-Regional and International Experiences” on 9th February 2022.

The 2nd Workshop on Microfinance was held on 28th Mach 2022 on the theme of “Challenges Facing Micro Finance Institutions “. The Workshop was held virtually in English with Arabic and French simultaneous interpretation. 38 participants attended the workshop from 7 Countries.

The workshop was moderated by Mr. Ahmed Khater, Communication Association at ICCIA, who briefed about the ICCIA’s initiative on Microfinance and its objectives to establish a Microfinance Bank in G5 Sahel Countries; Burkina Faso, Chad, Mali, Mauritania and Niger. He welcomed the Honorable expert speakers and gave a brief introduction of each speaker of the said workshop:

- 1) Dr. Jasmin Mahmoud Fouad, Associate Professor of Finance, Director of the Master of Science in Finance, American University Cairo.
- 2) Dr. Abdel Rahman El Helw, Expert in Participatory Finance and Director of ABWAB Consulting Casablanca
- 3) Mr. Al-Amin Mutallab, Investments Specialist in Funds & Institutions, Economic Empowerment Department - Islamic Development Bank (IsDB),

Technical Session of the Workshop:

Dr. Jasmin Mahmoud Fouad, Associate Professor of Finance, Director of the Master of Science in Finance, American University Cairo, made an excellent presentation on the “Challenges that face Microfinance Institutions in Egypt”. She explained about the microfinance and its importance to enhance the socioeconomic well-being of the poor and the low-income-household as well as the microfinance and gender equality. She highlighted that microfinance plays a central role in creating jobs for women, especially those with low education. Therefore, microfinance creates opportunities for women to play a significant role in economic development through the microcredit facilitation. Moreover, Microcredit can increase women's participation in the labor force and help to reduce the employment gap between men and women.

While giving an overview of microfinance in Egypt, she explained that Egypt has microfinance activities running since 1950s in varying forms. Agriculture sector was the first sector to benefit from the microfinance concept through providing farmers with small loans via the Principal Bank for Development and Agriculture, a government-owned bank. Egyptian Finance Supervisory Authority provides an evolving regulatory framework that adapts to the needs of the microfinance sector, in addition, it grants the microfinance companies the right to provide funds to small and medium project owners.

She underlined the main challenges facing microfinance institutions, such as; expensive outreach, high interest rates compared to mainstream banks, low access to information, lack of knowledge of financial services and low levels of nonfinancial services.

Dr. Jasmin Fouad also suggested solutions to these main challenges, such as;

- Proper regulations and enforcement of the laws and regulations
- A practical and reliable ceiling on interest rates may enhance the level of outreach in the market.
- Transparency of interest rates
- Awareness of financial technology for customers to facilitate business in terms of submitting applications and completing procedures
- The use of new technologies and IT tools and the improvement of outlets of electronic payments companies, mobile applications allow for cost-cutting in operational costs
- Improve the understanding, the characteristics of the markets, such as the cultural, social and economic environment.

Dr. Abdel Rahman El Helw, Expert in Participatory Finance and Director of ABWAB Consulting Casablanca, made a very rich presentation on the model used by the microfinance institutions to select a funding request. He emphasized that the main challenge facing the microfinance in general is reducing poverty among the target groups in addition achieving a broader economic inclusion for these groups. He mentioned that providing stimulating and facilitating economic, commercial and legal packages for the projects -financed through microfinance tools -is essential. He empathized that financial institutions either governmental or private are the main actors in facing the challenges in the microfinance sector. The government is the primary actor because they are the only actor allowed to provide the infrastructure.

While highlighting the types of funding requests presented, he mentioned that the act of requesting funds on the part of the beneficiary constitutes an obstacle in itself, as the needy is not culturally prepared to apply for funding. Most of the financing requests are related to short-

term commercial or manufacturing activities in terms of quality and time. It is difficult to guarantee profit in all projects so that the beneficiary can pay. He also discussed the selection criteria of Islamic microfinance banks. They consider projects with Shariah-compliant activity, and more prone than conventional banks to a misconception about the obligation to pay since Islamic microfinance banks have adopted the concept of economic empowerment and working to develop it through different microfinance projects .

He also stressed on the role of the microfinance projects that has a developmental impact. He stated that there is a difference between the results of the project and the impact generated by the project: i.e. the output of a project is generated due to the using of the machines however the value add of this output goes beyond the tangible value . In other words it affects the workers working in this project and their families in different ways. The impact is manifested through the following four aspects, resulting from the operation of the project:

- Economic impact (high value added, expansion of production capacity)
- Social impact (employment, versus projects focused on material capital, vocational rehabilitation of workers, combating functional illiteracy in the workplace, etc.)
- Environmental Impact (internationally recognized sustainable development goals)
- Ethical economic impact (payment dates, accounting transparency, taxes, pursuit of quality in production and management, corporate social responsibility)

Mr. Al-Amin Mutallab, Investments Specialist in Funds & Institutions - Economic Empowerment Department - Islamic Development Bank (IsDB), made an outstanding presentation on the Microfinance Institution Challenges - Selecting the optimum business Opportunity. He said that this is a very critical topic for our OIC Countries. MFIs are aiming to provide economic opportunities to the marginalized groups by providing financial and non-financial solutions. He discussed three main points (1) What is the need (2) The key issue and (3) Solution.

While addressing the need, he underlined that 13 countries within the group of OIC, have poverty rates above 30%, 41.3% of people at working age are inactive, or not engaged actively in the labor market, as they are not looking for work, 16% youth unemployment rates in OIC countries, well above the averages of non OIC developing and developed countries, 53.2% working poverty rate (living on less than US\$3.10 per day, PPP) in OIC countries.

He highlighted that the Key issues are lack of capacity/expertise and difficult MSME characteristics. These issues lead to lower volumes of transactions/financings (than would be expected) and impacts profitability, asset quality, solvency of MFIs (among other things) as well as jeopardizes the self-sustainability principle that MFIs are striving.

The possible solution the key issues would be the economic empowerment methodology aimed at providing economic opportunities to the poor with financial and non-financial Solutions towards a better life. In this respect, a paradigm shift from Financial to Economic Inclusion is aims to provide economic opportunities to the economically excluded through providing financial and non-financial solutions and by providing 'beyond banking' solutions, with the aim to change the mindset of the beneficiaries from being only recipients of aid or borrowers, to become self-reliant and real business partners.

Questions Answer Session:

There were some questions raised by the participants at the end of the presentations, which were duly answered by the expert speakers. While responding to a question related to how this bank can compete or survive with other banks in the market and how they can set interest rates, considering that the interest rates cannot be high so that the beneficiaries can repay the loan.

The expert speakers gave their views that it's challenging to ask for reduction in the interest rate, it is critical and it depends on the stakeholders and central bank to set the interests rates.

Closing Remarks:

Mr. Ahmed thanked all the honorable speakers for their excellent presentations and for the fruitful discussions.

He underlined the main challenges facing microfinance institutions, such as; expensive outreach, high interest rates compared to mainstream banks, low access to information, lack of knowledge of financial services and low levels of nonfinancial services.

Recommendations:

- In order to address the challenges faced by microfinance institutions, such as; expensive outreach, high interest rates, low access to information, lack of knowledge of financial services, the policy makers and stakeholders should consider proper regulations and enframement of laws & regulations.
- Microfinance institutions should adopt a practical and reliable ceiling on interest rates, which may enhance the level of outreach in the market.
- To create awareness on financial technology for customers to facilitate business in terms of submitting applications and completing procedures and use of new technologies and e-payments, allow for cost-cutting in operational costs.
- Microfinance Institutions should consider the impact generated by the projects, rather than only considering results of the project, which goes beyond material enrichment on project workers and community members. The impact manifested from the economic, social, environmental and ethical economic impact.
- The Microfinance Institutions should focus on the key issues, such as the economic empowerment methodology, aimed at providing economic opportunities to the poor with financial and non-financial solutions towards a better life.
