

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



Report to the 39th Ministerial Session of the COMCEC

4-5 December 2023

**Istanbul,
Turkey**

A. Introduction

Message from ITFC CEO

It is my pleasure to present this report to the 39th Ministerial Session of the COMCEC on the progress achieved by ITFC to enhance trade and trade cooperation among OIC Member Countries and to support the implementation of the relevant resolutions of the previous Ministerial Sessions of the COMCEC.

As a leading provider of Sharia compliant trade solutions, ITFC was established in 2008 with a mandate to enhance trade among OIC Member Countries, through providing trade finance and trade development interventions. From inception until end of October 2023, the Corporation illustrated commendable results in both trade finance and trade development interventions. Total cumulative trade finance approvals and disbursements reached US\$73.5 billion and US\$61.9 billion, respectively. Total cumulative funds mobilized from partner banks and financial institutions reached US\$ 44.8 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.

As the global community continues to face the challenges of rising food and energy cost because of rising commodity prices and the regional conflicts, ITFC remains responsive to emerging trade finance and trade development needs of OIC Member Countries, while expanding its footprint by navigating global uncertainties and adapting to new market realities. As such, ITFC succeeded in increasing its trade finance approvals while focusing on creating impact on Member Countries' trade and economic development.

This report also illustrates the importance of supporting trade development and cooperation amongst OIC Member Countries, which is among the primary focus areas of ITFC activities. 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 of interventions, which are Flagship Programs, Integrated Trade Solutions and Targeted Interventions.

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 more 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 supporting Member Countries efforts aimed at achieving the SDGs.

Finally, ITFC will continuously make efforts to develop customized Shariah compliant trade solution products and programs, facilitate knowledge & experience transfer between Member Countries, extend ITFC's trade finance services to new beneficiaries, and support OIC trade development and cooperation initiatives.

ITFC Factsheet (2008 – 2022)

Commenced Operations on	January 10, 2008
Headquarter	Jeddah, Saudi Arabia
Member	The Islamic Development Bank Group
Authorized Capital	US\$4 billion
Subscribed Capital	US\$858.7 million
Paid- Up Capital (Par Value)	US\$746.3 million
Cumulative Approved Trade Finance Operations	US\$69.0 billion
Cumulative Disbursements	US\$ 57.5 billion
Cumulative Approvals by Sector	Energy Sector = US\$45.1 billion Food and Agriculture Sector = US\$10.7 billion Private Sector = US\$ 17.1 billion
Cumulative Intra-OIC Approvals	US\$43.6billion, representing 62.5% of the trade finance portfolio
Cumulative LDMC Approvals	US\$25.3 billion, representing 37.1% of the trade finance portfolio
Cumulative Approvals by Region	Asia and Middle East = US\$ 51.2 billion Africa and Latin America = US\$17.3 billion
Cumulative Total Number of Member Countries Served	45
2022 Approved Trade Finance Amount	US\$6.8 billion
2022 Disbursed Trade Finance Amount	US\$7.4 billion

Key Achievements (November 2022 – November 2023):

- 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 adequate liquidity position with a developing track record of accessing market funding. ITFC's membership in the Islamic Development Bank (IsDB, Aaa stable) group and the recently approved General Assembly resolution to authorize callable capital 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, notwithstanding the challenging operating environment in the key beneficiary countries, reflecting improvements in the corporation's risk management practices and framework over the past several years.
- Across 2022, ITFC financed the purchase of 3.8 million tons of food commodities to ensure that over 22 million households in member countries have access to affordable, safe and sufficient food. Through its pre-export facilities, ITFC redistributed US\$ 250 million worth of income to 600,000 farmers for the purchase of agriculture commodities. In 2023, ITFC expanded its support towards food security objectives of OIC Member Countries and as such within the scope of the IsDB Group's Food Security Response Program, (2022 – 2025) ITFC will be providing US\$4.5 billion to address and respond to the immediate food security needs of the most affected Member Countries.
- 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 and investments as tools to expand economic opportunities and support inclusive and sustainable growth across the Arab and sub-Saharan OIC member countries.
- In 2022, private sector clients, including around 180 MSMEs benefitted from US\$ 336 million of financing channeled through 18 partner banks. In 2023, ITFC is continuing to increase the number of partner banks in OIC Member Countries, which is expected to reach 38 (covering different Member Countries) by the end of the year.
- In 2023, ITFC is continuing 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.
- In the first 10 months of 2023, ITFC financing in favor of private sector and SMEs equaled to US\$ 670 million.

- Adoption of Integrated Trade Solutions - ITFC has been enhancing the way operations are structured through the introduction of Integrated Trade Solutions. Under this evolving approach, the Projects involve a coherent set of activities that include trade financing as well as trade related technical assistance (TRTA) components focused on addressing the needs of partner countries and agencies and include intervention activities such as conducting capacity development projects, introducing IT technologies and platforms, and assisting transformation of operations systems .
- 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 KSA SMEs Export Empowerment Program: ITFC launched this program in partnership with Saudi Exim Bank and Saudi Small and Medium Enterprises General Authority (Monsha'at). The program is aiming at enhancing Saudi SMEs competitiveness in global market through delivering a variety of services across four main components namely 1) Export Finance 2) Capacity Building 3) Market Access and 4) Advisory Services.
- Designing of the Trade Connect Central Asia+ (TCCA+) - ITFC designed a program to strengthen the capacities of the trade support its flagship program for the Central Asia Region, called the Trade Connect Central Asia+ (TCCA+), aimed to achieve inclusive economic growth, regional economic cooperation, and promoting trade, among the OIC member countries in Central Asia region and Azerbaijan with the rest of the world.

Excerpts from resolution of the thirty eighth session of the COMCEC (Istanbul, 26-29 November 2022, OIC/COMCEC/38-22/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 Countries and the OIC Institutions to further their full support to the implementation of the Strategy.

5- Commending the efforts of the Member Countries and the OIC Institutions for the realization of COMCEC Ministerial Policy Recommendations, invites all the Member Countries to exert every effort, to the extent possible, to implement the Policy Recommendations and requests the OIC Institutions to support the Member Countries to this end.

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

19- Also reiterates its request to the OIC Institutions working in the economic and commercial domains 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.

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

Intra-OIC Trade (Agenda Item: 5)

41- Expresses its appreciation to SESRIC and ITFC for preparing a joint study on “Impacts of Trade Facilitation and Logistics Performance on Trade Flows: The Case of Landlocked African OIC Countries”.

61- 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 Countries, contributing towards the achievement of intra-OIC trade target of 25 percent.

62- Takes note with appreciation that ITFC’s cumulative approvals and disbursement in trade finance reached, from its inception in 2008 until the end of 2021, USD\$ 66.5 billion and USD\$ 55.7 billion, respectively.

63- Takes note with appreciation that ITFC’s cumulative funds mobilized from partner banks and financial institutions, since inception, 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.

64- Welcomes the efforts of ITFC for assisting the Member States in mitigating the adverse implications of COVID-19 pandemic, where under its Rapid Response Initiative ITFC allocated USD\$ 605 million for the purchase of medical supplies, food staples, and under its Recovery Response Initiative ITFC allocated additional USD\$ 945.0 million in

favour of local and regional banks for the recovery of SMEs and the private sector participants from the negative impact of the pandemic.

65- Welcomes the efforts of ITFC for 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 and investments as a tool to expand economic opportunities and support inclusive and sustainable growth across the Arab and sub-Saharan OIC Member Countries.

66- Takes note with appreciation of the efforts of the ITFC in implementing Integrated Trade Solution Programmes, including the Indonesia Coffee Development Programme, the Cotton Bridge Programme, and various programmes for Tunisia, Bangladesh, Pakistan, CIS Countries, Maldives, Burkina Faso, and Comoros, aiming at improving the productivity, job creation, promoting exports and alleviating poverty through trade.

67- Takes note with appreciation of the trade development initiatives being implemented by ITFC under its various flagship programs including Aid for Trade Initiative for Arab States (AFTIAS), Arab Africa Trade Bridge Program (AATB), Trade Development Fund, ITFC Global SMEs Program (a new country is covered which is Kingdom of Saudi Arabia), Trade Connect Central Asia + (TCCA+) Program.

68- Takes note with appreciation of ITFC's contributions for the development of Islamic Trade Finance Industry in Member States, supporting training programs and workshops on Islamic finance and promoting Islamic Trade Finance solutions for cross border trade.

69- Welcomes ITFC's efforts to expand the scope of its trade finance products (LC Confirmation, SBLC, etc.), which is aimed at facilitating trade flows between the OIC Member States and beyond, enhancing partnerships with local and regional financial institutions for private sector and SME support.

B. ITFC Trade Finance Solutions Aimed at Advancing Trade in OIC Member Countries

ITFC extends Sharia Compliant trade finance solutions to sovereign governments, financial institutions and private & public sector companies, including the Small & Medium Enterprises (SMEs).

From inception until end of October 2023, total cumulative approvals and disbursements reached US\$73.5 billion and US\$61.9 billion, respectively. ITFC trade finance interventions reached 1,103 operations. Total cumulative funds mobilized from partner banks and financial institutions reached US\$ 44.8 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 sovereign clients.

It should be noted that from inception until the end of October 2023, the cumulative trade finance approvals for intra-OIC trade stands at US\$40.2 billion, representing 55.0% of the portfolio. For the same period, the cumulative approvals in favor of LDMCs stand at US\$27.4 billion, representing 37.3% of the portfolio.

Furthermore, it should be also noted that out of the trade finance approvals secured in 2022, 37% was allocated to Least Developed Member Countries. In addition, 71% of approvals, representing US\$4.86 billion, supported trade between OIC member countries.

In terms of year-on-year comparison, ITFC's trade finance approvals reached US\$6.8 billion in 2022, compared to the US\$6.5 billion in 2021. On the other hand, disbursements reached US\$7.4 billion, compared to US\$5.2 billion in 2021, an increase of 42%.

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, health and pharmaceutical sectors and SMEs' access to finance.

While taking the challenging market conditions into consideration caused by the various global and regional factors, ITFC is aiming to close 2023 with confidence to deliver on its mandate and serve OIC Member Countries by “**advancing trade and improving lives**”.

Sustaining Access to Energy

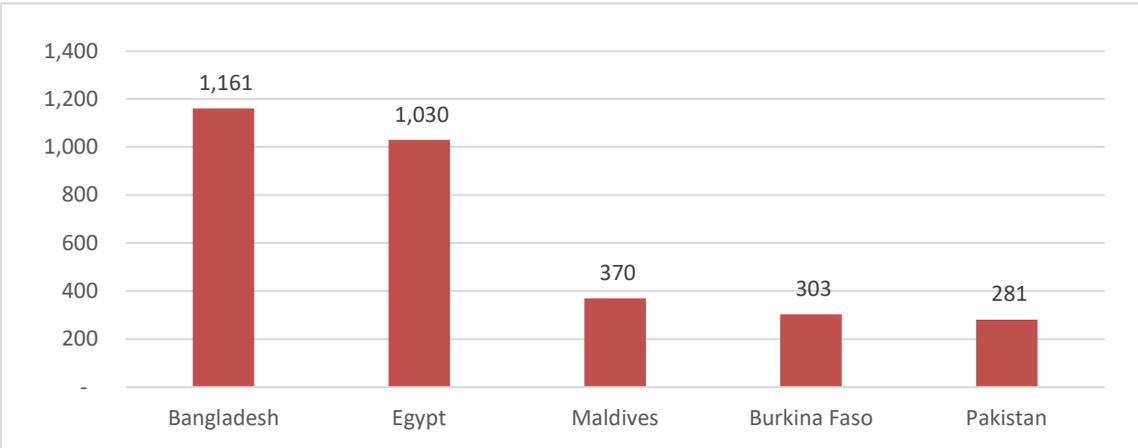
Sustainable and uninterrupted supply of energy is the key to economic and social development in majority of OIC Member Countries. ITFC supports the MCs, particularly the LDMCs, to combat poverty through providing needed financing for ensuring adequate supply of energy, which has multiple impacts on productivity,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

Therefore, improving access to energy is crucial to unlock the potential for faster economic and social development in Member Countries. In this context, ITFC considers supporting the energy sector as one of the main pillars of its strategy and objectives. As such, in 2023 ITFC remained a reliable and steadfast partner in providing financing to secure fuel and electricity supplies to maintain stable electricity generation and reaching large number of the populations including those residing in rural areas.

In 2022, ITFC successfully realized financing of the transactions in favor of 15 OIC Member Countries in the energy sector and the energy sector financing of ITFC reached US\$ 3.96 billion. Furthermore, between January to October 2023, ITFC allocated US\$ 3.2 billion to support the energy security objectives of different OIC Member Countries.

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

Figure 1: ITFC Energy Financing Top 5 Beneficiary Countries in 2022 (US\$ mln.)



Food Security and Agriculture Sector Financing

ITFC's interventions in food and agriculture sectors continued to cover commodities that help the Member Countries to create jobs, increase household income, improve productivity, alleviate poverty, and bolster food security.

Food and agriculture financing accounts for the largest share of ITFC's trade financing portfolio for Sub-Saharan Africa, which has a strong impact on enhancing food security for these countries. Although ITFC agriculture sector financing in Sub Sahara Africa is primarily for cash crops (namely cotton and ground nuts), 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:

- Contribution to IsDB Group Food Security Response Program (FSRP)
- Synergy and partnership with IsDB Agriculture Department to collaborate on boosting financing to the agriculture sector in Member Countries
- Partnership with OIC Islamic Food Security Organization
- Providing Integrated Trade Solutions
- Linking producers directly with buyers in Member Countries

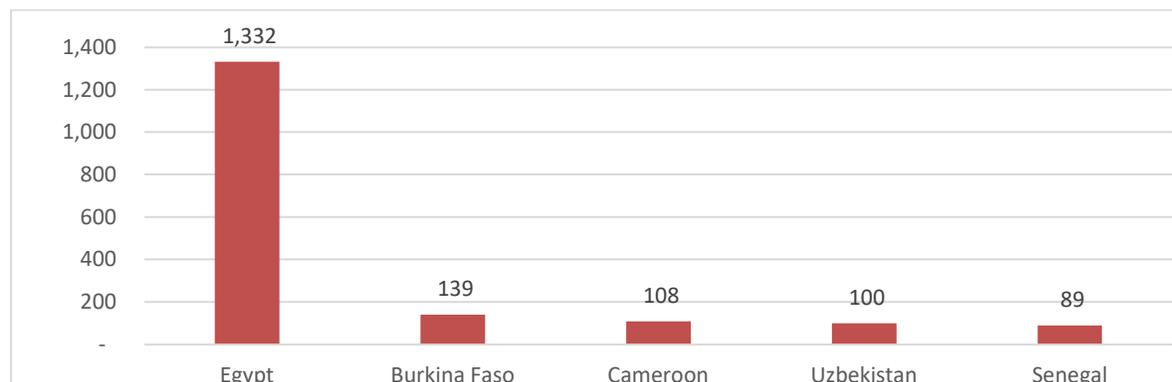
As many OIC Member Countries are experiencing food security challenges, ITFC has significantly increased its trade finance approvals for the food & agriculture sector, which reached a record of US\$ 1.85 billion in 2022. This represents 2.5 times increase when compared with the financing figure of US\$ 721 million achieved in 2020.

Furthermore, in the first 10 months of 2023, ITFC allocated around US\$ 1.7 billion to support food and agriculture sectors in various OIC Member Countries.

Furthermore, in line with the emerging needs of member countries, in 2022 ITFC announced a \$4.5 billion contribution to the \$10.5bn IsDB Group Food Security Response Program (FSRP). This program is expected to span over the three-and-a-half-year period from July 2022 until the end of 2025.

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 the 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 Top 5 Beneficiary Countries in 2022 (US\$ mln.)



Helping SMEs with Access to Finance and Private Sector Recovery

Small and Medium Sized Enterprises (SMEs) are considered one of the major contributors to the growth of 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.

In recent years, 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, in line with Sharia principles, for private sector support, with a particular focus on SMEs.

In line with the above, in 2023 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 2022, ITFC amount of financing for private sector and SME support equaled US\$757 million. A portion of this financing was allocated to support women entrepreneurship. The Lines of Financing extended by ITFC helps SMEs to access trade finance and promote Islamic finance products and services.

Mobilizing resources for funding Trade

In 2022 many global and regional changes and developments affected ITFC member countries across the board as well as the syndicated trade finance operations of ITFC. While a lot of member countries were still recovering, at varying pace, from the economic and social impact of the COVID-19 pandemic and disruption of supply chains around the

world, a major war was ensued between Russia and Ukraine – the two largest sellers of agricultural produce – that had significant effects on the supply of basic food commodities and disruption of energy supply, causing soaring in commodities and oil prices that were not experienced for more than a decade.

In 2023 the financial markets regained momentum after gradual recovery from the shocks of the pandemic, climate change and the Russia-Ukraine conflict, by overcoming all these challenges, 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 which started in 2021 and continued during end of 2023.

Throughout the year, ITFC continued to strengthen its relationship with syndicate partners who demonstrated perseverance and commitment to support ITFC’s member countries. ITFC leverages international funding through Shariah compliant instruments, the most active of which is Syndication, which helps in the mobilization of funds to support trade financing in favor of Member Countries.

This assessment of ITFC's syndicated trade finance operations recognizes the institution's leadership role in mobilizing capital from a diverse spectrum of investors and financial institutions for the Member Countries' financing needs. ITFC's syndications were successful and closed with volumes that far surpassed all initial projections and expectations as a result of these intense efforts.

In 2023, ITFC projects to reach to external mobilized funds target of up to US\$ 3733 million, which represents 53% of the total approvals. The percentage shall remain stable in 2024 to allow for more organic growth through leveraging.

C. Trade and Business Development

While the world was expecting a slow recovery of the International Trade and world supply chains, after 2 years of severe COVID-19 impact, the Ukraine crisis has erupted and worsened the food security challenges and the increasing international concerns related to International Trade Order and climate change issues. Consequently, regional economic groupings and South-South cooperation have seen an unprecedented propulsion with the purpose of ensuring more equitable trade opportunities, securing regional supply chains, especially in the strategic commodities, and developing environment friendly capacities and infrastructure.

In this context, ITFC’s Trade Development efforts this year will focus on supporting regional economic integration, strengthening Inter-regional Trade cooperation and enhancing Trade capacities and Infrastructure in the OIC Member States.

For this purpose, T&BD's Trade Development Division will be leading the implementation of 5 Flagship Programs, covering 45 Member Countries, with the aim to promote regional economic cooperation and intra- trade in Africa, Arab and CIS Regions. Moreover, under ITFC's Strategy 2.0, T&BD will continue to implement projects under its Integrated Trade Solutions, enhancing ITFC's offer and strengthening its position as a "leading provider of trade solutions" for its partners in Member Countries. Finally, T&BD will continue to meet the Member Country's specific needs, both at the levels of public and private sectors, through its Targeted Interventions.

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 Assistances (TRTAs), with its trade finance solutions in designing and implementing thematic and regional trade integration and development programs.

Some examples of the trade integrated programs include, (i) the Indonesian Coffee Export Development Program, (ii) Arab Africa Trade Bridge Program and (iii) the ITFC SMEs Program. These 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 access to 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.

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, and Nigeria.

- Accessing Member Countries: Burkina Faso, Djibouti, Guinea.

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

- **Observer Members:** The Gambia and Saudi Arabia.

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 harmonize a total of 120 standards within a period of 6 months. And the outcomes of the 2nd 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.

Harmonisation of standards for the textiles and leather products (2023-2026)

The textiles and leather is one of the key priority sectors that were identified by United Nations Economic Commission for Africa (UNECA) in their Regional Value Chain study of 2019, which also is in line with the ARSO and the Regional Economic Communities (RECs) consultations of 2019, which also identified the textiles and leather as the priority sectors for the continent. After the success of the collaboration on the pharmaceuticals and medical devices, a new chapter is initiated with ARSO, with the purpose of harmonizing not less than 75% percent of the proposed list of standards for Textiles and Leather Products in Relation to the African Fashion Industry.

AATB Country Programs

The AATB Program has designed, approved, and started the implementation of seven country programs in second half of 2022 and first quarter of 2023. AATB Program has approved and started the implementation of Egypt and Tunisia Country Programs in 2022. Moreover, the Program has designed and signed Country Programs for Benin, Cameroon, Senegal and Togo in last quarter of 2022 and first quarter of 2023, and those programs are currently in the process of starting implementation. Meanwhile, AATB Program General Secretariat is working on finalizing the design of Mauritania Country Program and it is expected to start implementation in Q4 2023.

AATB B2B Activities

- ✓ **5th B2B on Pharmaceutical products:** The Activity took place on 1-2 December 2022 in Tunis, Tunisia with participation of private sector from 16 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 to increase trade and investment opportunities between both regions.
- ✓ AATB Program also organized the **3rd B2B Activity for Agro-Food industries in Casablanca, Morocco on 25-26 January**. The event attracted the participation of 69 importers and exporters from African and Arab countries. The participating firms operated in various business segments such as Agro-Food commodities trade, food processing and services.

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 AftI 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 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”. This second phase, which was launched on 27 October 2021, is being implemented over 5 years from 2021 to 2026.

The anticipated minimum budget of the program, considering the estimated operational costs but also the large geographical scope, is US\$ 40 million. To date, US\$ 15.5 million has been mobilized from the Kingdom of Saudi Arabia (KSA), the Arab Republic of Egypt, the Islamic Republic of Mauritania, the People's Democratic Republic of Algeria, the Arab Organization for Agricultural Development (AOAD), the Islamic Development Bank (IsDB), the International Islamic Trade Finance Corporation (ITFC), and the Trade Development Fund (TDF).

The AFTIAS Technical and Coordination Committee (TCC) held three meetings during 2022, where 17 projects were approved as follow:

- 12 country projects for the benefit of: KSA, Mauritania, Algeria, Yemen, Palestine, Jordan, Comoros and Egypt.
- 05 Regional projects for the benefit: League of Arab States (LAS), Arab Organization of Agricultural Development (AOAD), Arab Tourism Organization (ATO), Arab Academy for Science, Technology & Maritime Transport (AASTMT) and GCC Standardization Organization (GSO).

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, was composed of two components:
 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, consists of assisting several SMEs to access the Canadian and other international markets.

The objective of the proposed program was 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. The program was completed at the end of July 2023.

The Trade Connect “Central Asia+” (TCCA+)

- ITFC has designed the Trade Connect Central Asia+ (TCCA+) as its flagship program in the Central Asia Region, targeting Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.
- The objective of the program is to “Achieve inclusive economic growth, regional economic cooperation and promote trade, among the targeted OIC member countries in the Central Asia Region and with the rest of the world.” With the mentioned objective, the program is expected to achieve the following 4 outcomes:
 - o Improvement in quality and consistency of production that will make products more competitive and attractive in the regional markets;
 - o Improved Trade facilitation to lower the time and costs of border crossings for regional trade;
 - o Increase in regional business interaction which will expose businesses to the opportunities that exist in regional markets and intra-OIC (GCC, Asia, and Africa);
 - o Enhance regional competitiveness through trade policy reform and Trade Support Institutions (TSIs) efficiency.
- As one of the key milestones of program design, ITFC has organized a focal point meeting on 11-12 October 2022 in Istanbul, Turkey, and a validation workshop of the program on 14-15 December 2022 in Baku, Azerbaijan, with the participation of high-level delegations from the 6 targeted countries and representatives of international as well as regional organizations active in the region. Based on the feedback and discussion during the workshop, the program design was aligned and validated.
- ITFC has also organized the Trade Connect Central Asia+ Program Partners, during the 2nd Edition of the Tashkent International Investment Forum. The Roundtable was an exceptional opportunity for an interactive and constructive discussion to present the Program to all stakeholders and highlight its targeted impact and outcomes on the trade infrastructure and trade flows, not only within the region but also with the rest of the world.

ITFC SMEs Development Program

- **West Africa SMEs Program**

West Africa SMEs Program: 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. 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, and Côte d'Ivoire PME. The program will support access to finance to 120 SMEs and is currently being implemented on the ground over the course of 2022 and 2023.

- **KSA SMEs Export Empowerment Program**

ITFC signed a tripartite MoU with Saudi Exim Bank and Saudi Small and Medium Enterprises General Authority (Monsha'at) in April 2022 to support KSA SMEs export development. As a result, KSA SMEs Export Empowerment Program was launched in November 2022. The program is aiming at enhancing Saudi SMEs competitiveness in global market through delivering a variety of services across four main components namely 1) Export Finance 2) Capacity Building 3) Market Access and 4) Advisory Services. Two capacity development workshops were organized under the program and one market access activity was conducted in last quarter of 2022 and first quarter of 2023. The export finance and advisory components are expected to commence in the 2nd half of 2023.

D. INTEGRATED TRADE SOLUTIONS

Indonesian Coffee Export Development Program (ICEDP)

ITFC, in partnership with the Sustainable Coffee Platform of Indonesia (SCOPI), starting October 2021 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. The program is aimed to attain a sustainable and impactful increase in yield and quality of coffee produced in Indonesia through the provision of capacity building activities and supporting coffee farmers to adopt Good Agricultural Practices (GAP) by 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. As of July 2023, 2,362 farmers coffee farmers (1,561 male and 804 female) from 92 farmers groups were trained in 66 villages with 1.848 Ha coverage.

Pakistan Integrated Trade Solutions

ITFC organized a four-day Training Workshop on Sovereign Debt Management on 27 – 30 March 2023 in Jeddah, KSA, which was facilitated by Fitch Learning and participated by delegations from the Government of Pakistan & Maldives, under the ITFC's Integrated Trade Solutions framework. The workshop aimed to contribute to the sustainability of public debt management in Pakistan by equipping selected representatives of the Government agencies overseeing public debt with the necessary skillset in managing sovereign debt and foreign financing.

Tajikistan Integrated Trade Solutions

Under the Integrated Trade Solution, ITFC supported the Agency on State Material Reserve (ASMR), on behalf of the Government of Tajikistan for the automation of warehouse accounting and workflow. The automation of warehouse accounting and workflow systems by ASMR is expected to enhance the efficiency of the ASMR in managing and controlling the state reserve of Tajikistan. The efficient management & control of the warehouse by ASMR will ultimately contribute to the economic improvement of the reserve management for the strategic sector managed by ASMR.

Tunis Integrated Trade Solutions

ITFC, in collaboration with the International Islamic Rating Agency (IIRA), supported the Ministry of Finance of Tunisia to assess credit risks of State-Owned Enterprises (SOEs) through assessing financial and non-financial risks of each SOE, thereby minimizing potential unexpected guarantee calls through the delivery of the sophisticated financial risk models and tools. The project enhanced skills and knowledge of relevant staff at the Ministry of Finance to identify key risk areas, that require monitoring on continuous basis and evaluate strategic plans of the management in respective companies. Selected SOEs were identified and assessed with tools to conduct prognosis assisting them improve decision making.

Turkmenistan Integrated Trade Solutions

ITFC together with the State Bank for Foreign Economic Affairs of Turkmenistan (SBFEAT) organized a three-day workshop on Islamic Trade Finance for local financial institutions and relevant public enterprises in Turkmenistan. The workshop included a variety of training sessions covering Islamic financial products and services designed to further the development of a thriving Islamic finance sector in Turkmenistan and to increase international trade. The three-day workshop enhanced the understanding of local financial institutions on Islamic Finance products and services as well as the sector's potential to address issues, and challenges while pursuing strategic growth opportunities. The numerous sessions covered a range of subjects under the areas of 'The Practical and Operational Aspects of Islamic Banking' and 'The Fundamentals of Islamic Finance'.

Maldives Integrated Trade Solutions

ITFC organized a four-day Training Workshop on Sovereign Debt Management on 27 – 30 March 2023 in Jeddah, KSA, which was facilitated by Fitch Learning and participated by delegations from the Government of Maldives and Pakistan, under the ITFC’s Integrated Trade Solutions framework. The workshop aimed to contribute to the sustainability of public debt management in Maldives by equipping selected representatives of the Government agencies overseeing public debt with the necessary skillset in managing sovereign debt and foreign financing.

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 technical assistance in favor of JSCB Agrobank, to support both banks IFRS reporting capacity to comply with ITFC’s reporting requirement.

Capacity Building for the Société Comorienne des Hydrocarbures (SCH) in Comoros: Under its Integrated Trade Solutions umbrella, ITFC will support Comoros to be trained on the following:

- Techniques for negotiating and drafting trade contracts for petroleum products.
- Debt recovery mechanisms and enforcement procedures in the OHADA area.
- Management of stocks of petroleum products, maintenance and preventive measures; and Principles and practice of Islamic finance

The training is scheduled to take place in Tunis from 20 to 25 November 2023.

Egypt Integrated Trade Solutions: Capacity Building for Women Entrepreneurs in Egypt - Promotion of Trade in Traditional and Handicraft Sectors

ITFC, jointly with the Ministry of Planning and Economic Development and the Medium, Small, and Micro Enterprises Development Agency (MSMEDA), is conducting a technical assistance program to support inclusive economic growth and business development in Egypt for 50 women entrepreneurs to benefit from various capacity building, trade, and export promotion capacity development.

E. TARGETED INTERVENTIONS

Reverse Linkage Project between Guinea and Tunisia (Year 3): “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. The project is currently establishing three inter-professional organizations in Kindia, Kankan and Boke. It has also allowed immersion visits by export associations and national institutions, including the Agence Guineene pour la Promotion des Exportations (AGUIPEX) in Tunisia. Additionally, it will help reduce food losses and increase value along the value chain through acquisition and distribution of mango dryers to producer cooperatives in Kankan and Kindia.

The African Continental Free Trade Area

o ITFC-IsDB AfCFTA Initiative

The ITFC-IsDB AfCFTA Initiative was designed by ITFC to support implementation of the AfCFTA in OIC African counties. By doing this, the Initiative is supporting intra-OIC trade in line with the OIC 10-year program of action and ITFC Strategy 2.0, especially through ITFC trade development programs to support the recovery of OIC countries and IsDB regional Cooperation and Integration strategy.

One of the landmark projects of the initiative is the joint project to support the operationalization of the African Continental Free Trade Area (AfCFTA), a partnership between the United Nations Economic Commission for Africa (ECA), the Enhanced Integrated Framework (EIF), the IsDB, ITFC and the Trade Development Fund (TDFD).

The joint project aims to strengthen the capacity of Burkina Faso, Guinea, Niger, Senegal, and Togo to support the effective implementation of the agreement. Thirty activities have been identified, including Capacity building and sensitization on the AfCFTA; Development of information tools on the AfCFTA; and Development of policy instruments to support AfCFTA implementation. Since the launch of the project in March 2022, 15 activities have been completed, more than 700 public and private officials benefited the program on areas involving harmonization of customs codes with new tariff provisions, application of rules of origin and training AfCFTA national stakeholders.



Burkina Faso, National consultation workshop for private sector actors on the implementation of the AfCFTA, 51 participants, 11-12 May 2022 - Ouagadougou



Guinea, Training workshop on Rules of Origins 60 Officials, 19-23 May 2022 - Conakry



Senegal, Awareness campaign for private sector actors on the implementation of the AfCFTA, 50 participants, 15 February 2022, Kaolack



Research on the impacts of the AfCFTA on OIC African countries: update

	<p>Training workshop on practical export modalities within the framework of the African Continental Free Trade Area (AfCFTA) for the benefit of the Mauritanian private sector from October 16 to 20, 2023 in Nouakchott (Mauritania).</p>
	<p>Validation workshop of the study report on the development of the Senegal AfCFTA project bank for resource mobilization (19-20 October 2023).</p>

ITFC, in partnership with SESRIC, finalized the second series of a research trilogy on the Impacts of the African Continental Free Trade Area on selected African OIC countries. This second research report, entitled the Impacts of Trade Facilitation and Logistics Performance on Trade Flows in African OIC Countries examines how trade facilitation policies yield important benefits at a lower cost for intra-OIC trade, if implemented adequately. The country considered in the report include Burkina Faso, Chad, Mali, Niger and Uganda. The report was presented virtually on 8 June 2022 during the 25th Annual Conference on Global Economic Analysis of the University of Purdue Global Trade Analysis Project.

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.

Climate and AfCFTA: Egypt ICF

ITFC co-organized a session on Development of Regional Value Chains under the AfCFTA as a Climate Resilient Initiative during the Egypt International Cooperation Forum (Egypt - ICF) in Cairo on 8 September 2022. The session examined how expanding intra-African trade under the AfCFTA can help reduce global emissions. Speakers discussed the

potential business opportunities, and regional value chains, emanating from the AfCFTA that could collectively be pursued and which would reduce global emissions.

Pakistan Trade Development

ITFC and The Commonwealth Secretariat in collaboration with the Pakistan Institute of Trade and Development (PITAD) and the Government of Pakistan's Ministry of Commerce, held a two-day training workshop on the Cost-Benefit Analysis of Free Trade Agreements (FTAs) from 7-8 November 2022 in Islamabad, Pakistan. The training was provided to 30 Ministry of Commerce and PITAD officials to enhance their technical capabilities to undertake trade policy negotiations and empirical analysis of the costs and benefits of Free Trade Agreements.



Training workshop on the Cost-Benefit Analysis of Free Trade Agreements (FTAs) from 7-8 November 2022 in Islamabad, Pakistan.

F. WOMEN ECONOMIC EMPOWERMENT INITIATIVES

Cameroon Digital Bootcamp

The Commonwealth Secretariat has partnered with the ITFC and Cameroon's Ministry of Trade to deliver the first of a series of digital boot camp training workshops to build the capacity of women-owned micro, small and medium sized enterprises (MSMEs) across the west central African country. The first of a series of 2 workshops was held in Douala between 9 to 11 August 2022 and focused on building the innovative skills of women-owned MSMEs operating in the sectors of agribusiness including agro-processing, wholesale and retail trade, education, health and social services, arts and crafts, events management, food, and beverage, hospitality, and tourism. The project plans to host the market access workshop in Yaoundé in Q4 2023, with a view to promoting the selected SMEs on 3 Digital platform in the region for the 40 SMEs that will benefit from the training on market access.



Cameroon Digital Bootcamp, Douala, 9 August 2022

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 the 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.

In 2021, ITFC started using digital shipping documents via a specialized platform, which reduced the transaction period from weeks to days and freed client's working capital. The transaction was awarded the Digital Banker Award 2022 - Outstanding Usage of Technology

H. THE TRADE DEVELOPMENT FUND

The Trade Development Fund (TDFD) is a unique Waqf-based development fund model in MDBs that was created to build-up and provide charitable resources for funding trade-related initiatives and interventions.

The Trade Development Fund (TDFD) is a Waqf based fund established by ITFC in 2018 to provide sustainable financial resources to support design and implementation of charitable projects to support economic empowerment of LDMCs and target poor people. The Fund commenced operations in January 2020 (06 Jumada Al-Ula 1441H).

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.

The Fund aims to provide charitable resources for the design and execution of empowering projects to enhance human and institutional capacity to enhance their employability and income. Since commencement, the Fund supported some projects in several OIC member countries, especially during COVID-19 to provide medical and food supplies.

TDFD Projects

Year	Project	Brief
2020	Republic of Tajikistan	- TDFD allocated the Republic of Tajikistan a grant for emergency medical supplies during the COVID-19 crisis.
2021	AFTIAS 2.0 Program	- Support AftIAS 2.0 to help address the potential impact of COVID-19 pandemic on Arab Countries trade.
	IsDB-ITFC AfCFTA	- Support the AfCFTA project in collaboration with IsDB and ITFC.
	Export Launchpad Bangladesh	- Provide support to the Export Launchpad –Bangladesh project, designed to strengthen the sustainable capacity of SMEs
	Trade Related Capacity Building -Saudi Arabia	- Support Al Nahda Foundation in KSA to implement a capacity building to MSME to enhance their ability to market their products.
2022	Export Launchpad Uganda	- Provide support to the Export Launchpad –Uganda project, designed to strengthen the sustainable capacity of SMEs.
	Support to Misr El Kheir Foundation- Egypt	- Provide support to develop small production facility in rural Egypt to provide employment to women for better income and living standards.
	Trade Related Capacity Building -Saudi Arabia	- Support Al-Subaie Foundation in KSA to implement a capacity building to MSME to enhance their ability to market their products
2023	Improve the Literacy of Cotton Producers in Cameroon	- Provide support to improve the literacy of Cotton farmers to strengthen their production, marketing, and income management capacities.

Support to
develop Farasan
Island-Saudi
Arabia

- Support a national project to develop impoverished Farasan Island and empower its poor residents. This project will cover multiple of themes such as food security, education, housing, and health

Way forward

TDFD focuses on targeting philanthropies to build up the resources of the Waqf account that will lead to provide more to member countries.

I. 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.