



itfc
International
Islamic Trade
Finance Corporation

REPORT TO THE

40th

**MEETING OF THE
FOLLOW-UP COMMITTEE OF**

**THE
COMCEC**

ITFC PROGRESS REPORT ON ENHANCING INTRA-OIC TRADE

22 – 23 May 2024

Ankara, Turkey

A. Introduction

Message from the Chief Executive Officer

It is my pleasure to present this report to the 40th meeting of the Follow-up Committee of the COMCEC on the progress achieved by ITFC to enhance trade and trade cooperation among the 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 2023, the Corporation illustrated commendable results in both trade finance and trade development interventions. The total cumulative trade finance approvals and disbursements reached US\$75.4 billion and US\$63.5 billion, respectively. The total cumulative funds mobilized from partner banks and financial institutions reached US\$ 46.0 billion, reflecting ITFC's critical role as a catalyst to attract funding for large - ticket trade transactions for the benefit of the OIC Member Countries.

As the global community continues to face the challenges of geo-political instability, rising food and energy cost, Member Countries of OIC have grappled with a multitude of issues, spanning from an uneven recovery from global crises to shortages of commodities and regional conflicts. Throughout this period, ITFC has effectively supported OIC Member Countries, demonstrating resilience and adaptability to the ever-shifting global dynamics.

ITFC remained responsive to emerging trade finance and trade development needs of OIC Member Countries. As such, ITFC succeeded in increasing its trade finance approvals while focusing on improving impact on Member Countries' trade and economic development.

This report 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 various types of interventions such as Flagship Programs, Integrated Trade Solutions and Targeted Interventions, to our Member Countries.

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 Financial and Operational Highlights (2008 – 2023)

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\$75.4 billion
Cumulative Trade Finance Disbursements	US\$63.5billion
Cumulative Approvals by Sector	Energy Sector = US\$48.9 billion Food and Agriculture Sector = US\$12.9 billion Private Sector = US\$ 18.0 billion
Cumulative Intra-OIC Approvals	US\$43.75 billion, representing 62.5% of the trade finance portfolio
Cumulative LDMC Approvals	US\$28.4 billion, representing 37.6% of the trade finance portfolio
Cumulative Approvals by Region	Asia and Middle East = US\$55.9 billion Africa and Latin America = US\$19.4 billion
Number of Member Countries Served	45
2023 Approved Trade Finance Amount	US\$6.9 billion, covering 123 operations in 22 countries
2023 Disbursed Trade Finance Amount	US\$6.0 billion

Key Achievements up to 30th April 2024:

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 5 million tons of basic food commodities to ensure that over 28 million households in member countries have access to affordable, safe and sufficient food. Through its pre-export facilities, ITFC redistributed US\$ 155 million worth of income to 480,000 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 provided US\$1.6 billion in 2023 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 2023, private sector clients, including SMEs benefitted from US\$935 million of financing channeled through ITFC's local and regional partner banks and financial institutions.

In 2023, ITFC continued to expand its Letter of Confirmation services, which is aimed at facilitating trade flow between the OIC 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 strategic commodities.

Through adoption of Integrated Trade Solutions, ITFC has been enhancing the way operations are structured. Under this evolving approach, projects aimed at providing trade and economic development solutions 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 Global SME Program in Cameroon. After successful pilot projects in Burkina Faso and Senegal, and the rollup of its flagship program in Cote d'Ivoire in 2022, ITFC is now opening a new chapter in Cameroon. The program is 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.

Launching of the Trade Connect Central Asia+ (TCCA+) - ITFC in close consultation with OIC Member Countries in Central Asia and Azerbaijan, 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. The TCCA+ was launched on May 2nd, 2024, during the 3rd Tashkent International Investment Forum, with participation of high-level delegations from various stakeholders.

Excerpts from resolution of the thirty ninth session of the COMCEC (Istanbul, 2-5 December 2023, OIC/COMCEC/38-22/RES)

Commending the efforts made by the OIC General Secretariat, the COMCEC Coordination Office and the OIC institutions working in economic and commercial cooperation, namely SESRIC, ICDT, IsDB Group, ICD, ITFC, ICIEC, ISFD, IOFS, SMIIC, and ICCIA.

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

2. Commending the endeavors towards the implementation of the COMCEC Strategy and the Ministerial Policy Recommendations by the Member Countries and the relevant OIC Institutions, invites the Member Countries to exert every effort, to the extent possible, to implement the Policy Recommendations and to harness the benefits of the current facilities and mechanisms, in particular the COMCEC Working Groups and COMCEC Project Support Programs, and requests the OIC Institutions to support the Member Countries to this end.

4. Expresses its appreciation to the efforts of the OIC General Secretariat, CCO, SESRIC, ICDT, IsDB, ITFC, ICIEC, ICD, IOFS, ISFD, SMIIC, and ICCIA towards the implementation of the COMCEC Strategy and the Ministerial Policy Recommendations.

14. Also appreciates the trade finance and trade development activities of ITFC and the mobilization of funds from the development partners for funding trade operations in the Member Countries, contributing towards the achievement of intra-OIC trade target of 25 percent by the year 2025.

SUPPLEMENTARY RESOLUTIONS OF THE 39TH COMCEC MINISTERIAL SESSION

1. Welcomes the Report on the Implementation of the COMCEC Strategy submitted by the CCO highlighting the progress achieved in the implementation of the Strategy and commends the Member Countries and OIC Institutions for their valuable contributions to the implementation of the Strategy.

4. Taking note with appreciation the report presented by the OIC General Secretariat on the implementation of the economic and commercial component of the OIC-2025: Program of Action, calls upon the relevant OIC Institutions to attend the Seventh Annual Coordination Meeting of OIC Institutions (ACMOI) in January 2024, in Jeddah, OIC Headquarters.

18. Takes note with appreciation that by 2023, ITFC's cumulative trade finance approvals and disbursement reached US\$73.5 billion and US\$61.9 billion, respectively, and also notes that ITFC's cumulative funds mobilized from partner banks and financial institutions reached US\$ 44.8 billion.

19. Takes note of ITFC efforts to extend financing for SME and agriculture sector that has direct and prominent impact on improving food security, productivity, job creation, increasing export revenues and alleviating poverty.

20. Commends the efforts of ITFC for its Global SMEs program aiming at improving access to credit for the SMEs with its latest program launched in partnership with Saudi Exim Bank and Saudi Small and Medium Enterprises General Authority.

21. Takes note with the appreciation of the efforts of ITFC for the design of the Trade Connect Central Asia+ (TCCA+), in consultation with the targeted countries, aiming at strengthening the capacities of the trade support institutions and the private sector in the CIS Member Countries and Azerbaijan, as well as promoting the regional cooperation initiatives in partnership with stakeholders.

22. Welcomes the efforts of ITFC for expanding the Arab Africa Trade Bridges (AATB), 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.

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

In line with its mandate of advancing trade and improving the socio-economic wellbeing of people 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 2023, total cumulative approvals and disbursements reached US\$75.4 billion and US\$63.5 billion, respectively. ITFC trade finance interventions reached 1,226 operations. Total cumulative funds mobilized from partner banks and financial institutions reached US\$46.0 billion, reflecting ITFC's critical role as a catalyst to attract funding for large-ticket trade transactions for the benefit of OIC Member Countries. Furthermore, ITFC continues to extend financing to a number of Member Countries under the multi-year framework agreements in place for many of the sovereign clients.

It should be noted that from inception until the end of 2023, the cumulative trade finance approvals for intra-OIC trade stands at US\$43.75 billion, representing 62.5.0% of the portfolio. For the same period, the cumulative approvals in favor of LDMCs stand at US\$28.4 billion, representing 37.6% of the portfolio.

In 2023, ITFC achieved a total of US\$ 6.9 billion of trade finance approvals, covering 123 operations. These approvals spanned critical sectors such as energy, agriculture, and private sector financing, benefiting countries like Bangladesh, Burkina Faso, Cameroon, Comoros, Djibouti, Egypt, Gambia, Maldives, Mauritania, Senegal, Tunisia, Türkiye, Uzbekistan, and others. Notably, ITFC intra-OIC trade finance approvals increased by 5%, reaching US\$ 4.59 billion, which represents 66.4% of the total approvals for 2023. Additionally, low, and lower-middle-income countries (LDMCs) accounted for 44% of ITFC's trade finance portfolio during the same period.

Table 1: ITFC 2023 Trade Finance Approvals by Region

Regions (USD million)	2023	%	2022	%
Asia & Middle East	4,790	69%	4,806	71%
Africa & Latin America	2,128	31%	2,006	29%
Total Approvals	6,917	100%	6,812	100%
Total Disbursements	6,035	-	6,812	-

In recent years, ITFC has illustrated noticeable achievements in moving away from transaction-based model of trade finance to a program-based approach, where trade finance operations are integrated with trade development and capacity building activities 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 private sector, particularly the SMEs.

While taking the challenging market conditions into consideration caused by the various global and regional factors, ITFC is aiming to complete the 2024 with another remarkable achievement in “**advancing trade and improving lives**”.

Ensuring Energy Security

Sustainable and uninterrupted supply of energy is the key to economic and social development in the majority of OIC Member Countries. ITFC supports the MCs, particularly the LDMCs, to combat poverty through providing needed financing for 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 2023, ITFC extended US\$3.97 billion to support energy security in various OIC Member Countries. \$ 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.

Table 2: ITFC 2023 Approvals by Sector

Sectors (USD million)	2022	%	2023	%
Energy Sector	3,975	58%	3,805	55%
Food & Agriculture Sector	1,851	27%	2,177	31%
Financial Sector	719	11%	935	14%
Other Sectors	268	4%	0	0%
Total Approvals	6,812	100%	6,917	100%

Supporting Food Security

ITFC's interventions in food and agriculture sectors continue to cover commodities that help the Member Countries to alleviate poverty, and bolster food security.

As an underlying commitment to provide ongoing support to Member Countries in today's challenging economic landscapes, ITFC pledged a substantial contribution of US\$ 4.5 billion to the US\$ 10.5 billion IsDB Group Food Security Response Program (FSRP). This program, spanning from July 2022 to the end of 2025, aims to tackle rising food shortages worldwide, a threat that is faced by many economically vulnerable Member Countries. ITFC's implementation of the FSRP Program has made significant progress, with approvals exceeding US\$ 3 billion and disbursements surpassing US\$ 2.3 billion.

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.

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\$2.1billion in 2023. This represents almost 3.0 times increase when compared with the financing figure of US\$ 721 million achieved in 2020. 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.



Private Sector Support

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 new 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 2023, the ITFC approved US\$ 905 million in financing for 14 partner banks, financial institutions, and private corporates in Member Countries such as Bangladesh, Indonesia, Uzbekistan, and the African region. These efforts were specifically targeted at supporting the trade finance needs of private sector clients, with a focus on promoting the growth of small and medium-sized enterprises (SMEs).

In 2023, ITFC expanded its operations into Jordan and Azerbaijan, and welcomed 11 new clients and partners, including banks from Azerbaijan, Bangladesh, Cote D'Ivoire, Jordan, Kenya, Senegal, Türkiye, and Uzbekistan. This expansion increased the total number of private sector clients to 39, further diversifying ITFC's client base and enhancing its reach in different regions.

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 and continuous adaptation to climate change and the Russia-Ukraine conflict effects. With some positive developments in the markets, regaining the existing partners and attracting new syndicate partners was ITFC's one of major activities, which started in 2021.

Throughout 2023, 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-regional trade in Africa, Arab and Central Asia 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 Assurances (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 through implementation of capacity development programs and trade facilitation measures.

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



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 regions 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: AATB program boasts a diverse membership base, including Morocco, Egypt, Senegal, Tunisia, Cameroun, Togo, Benin, Mauritania, Nigeria, and Cote d'Ivoire. This wide representation reflects the commitment of participating countries to promote inclusive growth, regional integration, and economic diversification. The AATB continually engages countries to expand membership.

Regional Institutions Members: The AATB benefits from the active participation of key regional and international institutions. These include African Export-Import Bank (Afreximbank), Arab Bank for Economic Development in Africa (BADEA), Islamic Development Bank (IsDB), Islamic Corporation for

the Insurance of Investment and Export Credit (ICIEC), and Islamic Corporation for the Development of the Private Sector (ICD).

Observers Countries: The AATB also welcomes observer countries, which participate in its activities and gain insights into its initiatives. Observer countries include Saudi Arabia (KSA), The Gambia, Burkina Faso, Djibouti, and Guinea all of them contribute to discussions and share experiences.

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

As part of the AATB program activities, a country-specific program is established for each member country. These programs outline specific interventions, offer policy recommendations, and provide capacity-building initiatives aimed at supporting targeted sectors, promoting entrepreneurship, and improving trade facilitation. By customizing these programs to address the distinct needs and goals of each member country, the AATB program ensures a focused approach that maximizes the benefits of economic collaboration and promotes inclusive growth. Through these tailored programs, the AATB initiative empowers member countries to unlock their economic potential, enhance competitiveness, and build stronger partnerships to achieve shared prosperity between the Arab and African regions.

Six active country programs are ongoing in 2024 (Benin, Cameroon, Mauritania, Senegal, Togo and Tunisia). With the new membership of Nigeria and Cote d'Ivoire, and the Egypt membership renewal, AATB Program General Secretariat is working on finalizing the design of the three Country Programs and it is expected to start implementation in Q4 2024.

AATB B2B Activities

- 6th B2B on Pharmaceutical products: the Activity took place on November 2023 in Egypt, AATB facilitated tailored B2B interactions within the pharmaceutical and medical device sectors, aiming to cultivate strategic partnerships, attract investments, and facilitate the exchange of expertise with participation of private sector, 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 is also aiming to organize two Business Matching Activities in 2024: Agri-food Products and related Industries and on construction and public works.

Arab Africa Trade Finance Forum (AATF)

- The Arab Africa Trade Finance Forum will be organized on 24-25 September 2024 in Casablanca, Morocco. The objectives of this 4th edition are to Promote Trade Integration: Facilitate deeper trade integration by addressing trade barriers, enhancing market access, and diversifying the traded goods and services.



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

AfTIAS is IsDB Group signature program for Aid for Trade Global Initiative since its inception by the WTO in 2005. AfTIAS is now in its second edition after the successful implementation of AfTIAS 1 between 2014 and 2017. AfTIAS 2.0 has launched as a five-year program (2021-2026) taking into consideration the impacts of COVID-19 and aims to create opportunities for employment and sustainable development in the Arab region: Kingdom of Saudi Arabia, 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), The Trade Development Fund (TDF). To date, these 8 donors have collectively pledged US\$ 15 million for 21 Projects approved.

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

- ITFC has launched its latest flagship program for OIC member countries in the Central Asia Region and Azerbaijan. The TCCA+ Program was designed in close consultation with the beneficiary countries namely 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.

- The Program was launched on May 2nd, 2024, during the 3rd Tashkent International Investment Forum (TIIF), in Uzbekistan. The launching was attended by high-level delegations from the targeted countries as well as representatives from various stakeholders, with a commitment to support regional cooperation through the Program.

- The Program is implementing 2 initial projects, namely (1) The Establishment of the Trade Promotion Organizations (TPOs) Network; and (2) Fostering Export through Foreign Direct Investment (FDI) in collaboration with the Economic and Social Commission for Asia and the Pacific (ESCAP)

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 in SME finance operations, in particular lending operations, procedural set-up, staff competencies.

Cameroon: After Burkina Faso, Senegal, and Côte d'Ivoire, the Global SME Program has opened a new chapter in Cameroon. In partnership with Afriland First Bank, and l'Agence de Promotion des PME (APME), the program will support access to finance up to 120 SMEs and will start its implementation on the ground from May 2024 till December 2025.

- **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. Firstly, through provision of capacity building activities and supporting coffee farmers to adopt Good Agricultural Practices (GAP), the project has been extending knowledge and sustainable farming practices specifically in North Sumatra and Aceh Provinces – two highest Arabica coffee-producing provinces in Indonesia. Furthermore, to improve sustainability of the project, the project has been aiming to enhance the capacity of existing Master Trainers and training new Master Trainers as extensionists, who will then expand the knowledge and train local coffee farmers in a wider reach. As of December 2023, 2,931 coffee farmers (1,879 male and 1,052 female) from 112 farmers groups were trained in 79 villages with 2,368 Ha coverage.

Capacity Building in Sovereign Debt Management

As highlighted above, rising and/or fluctuating global commodity prices, food insecurity, and a growing debt burden are putting extra pressure on many OIC member countries' economies including Pakistan and Maldives. During challenging times, finances from international and multinational donor agencies have been vital as emergency injections to support the economy of these countries. Subsequently, strong and sound sovereign debt management has never been more important for the Governments to ensure the sustainability of the countries' economies. In this respect, ITFC organized a four-day Training Workshop on Sovereign Debt Management in 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 and Maldives by equipping selected representatives of the Government agencies

overseeing public debt with the necessary skillset in managing sovereign debt and foreign financing.

Capacity Building in Financial Risk Assessment in Tunisia

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.

Capacity Building in Trade Negotiations, Debt Recovery in the OHADA Region and Islamic Finance in Comoros

- In November 2023, in collaboration with the vocational training center of the Tunisian Company of Refining Industries (STIR) in Tunisia and the Société Comorienne des Hydrocarbures (SCH) in Comoros, ITFC conducted a series of training workshops on: 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.
- Principles and practice of Islamic finance.

Selected specialists from the SCH Comoros were able to get acquainted with relevant tools and mechanisms that influence contract negotiations and agreements that will allow the SCH improve terms of trade, gain and enhance knowledge on Islamic financial system, as well as improve knowledge about practices of effective inventory management in the oil and gas sector.

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.

Capacity Building in Trade Statistics and GDP Estimation through Reverse Linkage

In response to the priority accorded with the Ministry of Planning and Economic Development (MPED) in Egypt, ITFC supported a capacity building activity to enhance competencies and strengthening the capacity of the National Account Unit (NAU) within the MPED in measuring export and import indicators and calculating the GDP of Egypt. Leveraging reverse linkage and cooperation amongst OIC member countries, ITFC supported collaboration between the MPED and the Department of Statistics of Malaysia (DOSM) in February - March 2024. The study and knowledge sharing mission fulfilled the following list of objectives:

- Enhance knowledge of the most relevant and viable methodology and methods on estimating export and import components in nominal and real terms.
- Enhance understanding of the process of preparing the quantity estimates for exports and imports with a detailed explanation of deflation and quantity extrapolation techniques.
- Identify the different methods used for adjusting source data to the required concepts and

that fills gaps in coverage and timing, as well as identifying the methods used for estimation when primary source data are not available.

- Enhance the effectiveness and efficiency within the NAU through enabling experts and researchers of the unit to develop competencies, skills, knowledge, and abilities that can make them more efficient.
- Learn and share knowledge and develop expertise within the OIC member countries.

Capacity Building in Corporate Governance and Strategic Leadership in The Gambia

ITFC conducted a capacity-building training workshop on leadership and change management for the Gambia National Water and Electricity Company (NAWEC) in December 2023. Having identified several development issues, challenges, and opportunities that considerably affected NAWEC's growth, the workshop was designed to strengthen the Company's strategic leadership, corporate governance, and change management processes. Specially tailored three training sessions on "Corporate Governance with Focus on Financial Reporting", "Financial Planning, Cash Management and Forecasting", and "Strategic Formulation and Execution, Change Management." The workshop's outcome showcased participants' improved skills in efficiency and productivity level through systematic planning, management, and communication among NAWEC's departmental teams. Ultimately, the workshop helped enhance human capacity in key strategic areas such as providing services, finance administration and management, and corporate relations and governance. The training workshop was aligned with the United Nations Sustainable Development Goals (SDG), including Number 8: Decent Work and Economic Growth, and Number 17: Partnership for the Goals. Senior managers and supervisors in the leadership and management team attended the capacity-building workshops,

E. TARGETED INTERVENTIONS

Islamic Finance Workshop in Azerbaijan

ITFC in collaboration with the Ministry of Economy of Azerbaijan Republic have successfully organized a comprehensive workshop on Islamic Finance in Baku, Azerbaijan in September 2023. The workshop aimed to provide participating financial and government institutions with a comprehensive understanding of Islamic Finance, with a focus on fundamental aspects, and involved a detailed comparison of various Islamic financial tools, including sale-based, lease-based, and equity-based instruments. The workshop also covered their application in areas such as capital markets and trade finance, while addressing the risk profiles associated with different Islamic instruments, which will eventually equip the participants with practical knowledge in the field of Islamic finance.

Reverse Linkage Project between Guinea and Tunisia (Year 3)

A technical assistance program that supports the Government of Guinea in developing and improving the Mango and Cashew value chain for export. It is implemented through the Reverse Linkage mechanism. Reverse linkage is a technical cooperation mechanism whereby member countries exchange their knowledge, expertise, technology and resources to develop their capacities and learn from each other.

The project goals are:

- Improvement of the ecosystem of the export value chain by strengthening the capacities of the export support institutions;
- Strengthening of the value chain activities for mango preservation and processing;
- Provision of tools and instruments for support to market access.

So far, the project has successfully established three inter-professional organizations in the cities of 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. Currently, it is helping in reducing

food losses and increasing value along the value chain through acquisition and distribution of mango dryers to producer cooperatives in the cities of Kankan and Kindia. The project is implemented in cooperation between the ITFC, the IsDB, the Enhanced Integrated Framework, BADEA and the Governments of Tunisia and Guinea.

The African Continental Free Trade Area

o ITFC-IsDB AfCFTA Initiative

The ITFC-IsDB AfCFTA Initiative was designed by ITFC to help implementation of the AfCFTA in OIC African countries. 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.

One of the landmark projects supports the Strategic Priorities identified by member countries in their AfCFTA national implementation strategies to translate continental commitments into national actions. ITFC and IsDB partnered with UNECA and the EIF to implement 30 prioritized activities in 7 countries: Burkina Faso, Guinea, Niger, Senegal, Togo, Mauritania, and Tunisia.

The partnership, focuses on:

- 1) Capacity building and awareness
- 2) Trade promotion and market access information tools
- 3) Policy instruments to support the Agreement's implementation

This group of activities was perceived as impactful by the countries to ensure ownership of the agreement by their population, technical capacity of the public and private actors are strengthened and policy makers are provided with tool to take effective measures in line with their countries interest.

It has enabled more than 1000 stakeholders in national trade facilitation committees, customs, public administration, private sector, and civil society to be informed about the content of the AfCFTA and all the commitments made by the countries. In Niger, workshops were held Niamey, Zinder, and Maradi on schedules of tariff concessions. In Senegal national awareness campaigns were held in 4 regions; St Louis, Kaolack, Tambacounda, Ziguinchor; and In Guinea: national consultations were held on competitiveness in Mamou and Conakry.

In addition to providing capacity building and awareness, the initiative has provided the countries with external trade information platforms, communication plans, and market access tools to popularize the content of the agreement and its implications.

Notably, 4 guides were published for Senegal including a guide on market access, a guide on rules of origin, a guide on elimination of NTB, as well as a guide on commerce of services.

Finally, the initiative provided policy instruments for decision-making, as well as trade and investment

policy briefs and studies to national authorities as decision-making tools for policymakers.

These included the Tunisia and Togo list of Exportable Products to Africa, as well as a Study on the Compliance of Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) under the AfCFTA in Senegal. Also, Guinea competitiveness strategy; Togo AfCFTA impact assessment on Maritime transport, and Togo maritime transport development strategy.

These policy instruments serve as invaluable decision-making tools for policymakers, enabling them to navigate the complexities of trade and investment within the AfCFTA framework.



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 in 2022 and focused on building the innovative skills of women owned MSMEs. The project is currently hosting the market access workshop in Yaoundé, with a view to promoting the selected SMEs on 3 Digital platforms in the region for the 40 SMEs that will benefit from the training on market access.

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 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 Trade Development Fund (TDFD) aims to promote sustainable development and corporate social responsibility by providing financial resources and technical assistance to enhance human and institutional capacities in OIC Member Countries. Since its inception, the Fund has supported empowering projects to enhance employability and income, especially during the COVID-19 pandemic, by providing medical and food supplies in several OIC member countries. In 2023, the Fund disbursed four grants to various OIC nations, focusing on projects in healthcare, agriculture, and basic infrastructure, thereby positively impacting hundreds of lives.

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.
	Productivity and Quality Improvement for Selected Ylang Ylang Oil Production Cooperatives in Comoros	TDFD supports three cooperatives comprising over 200 farms in modernizing their production facilities to enhance Ylang Ylang production in terms of quantity and quality
	Support to Earthquake Victims in Morocco	TDFD supports earthquake victims in Morocco, dedicating its contribution to alleviating their profound hardships and fostering their well-being in the post-disaster period
	Education for Students from low-income households in Pakistan	TDFD collaborates with Noon Noon Educational Services in Saudi Arabia through the Takaful Program to ensure equitable education access for low-income students, providing additional support to address educational disparities.
2024	Clean Cooking Initiative with KSA's Oil Sustainability Program (OSP)	TDFD will provide support to significantly impact the lives of beneficiaries in Africa through the installation of a Solartainer with mini-grids at various impact sites. The Solartainer will provide access to solar-generated electricity, enabling impacted households to operate Clean Cooking equipment. This project will be carried out in collaboration with OSP.

Way Forward

TDFD aims to promote sustainable development and corporate social responsibility by strategically engaging philanthropic partners to bolster the resources of the Waqf account. This initiative will enable us to provide increased support to member countries through financial resources and technical assistance, enhancing human and institutional capacities in OIC 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.

Looking ahead to the next three years, spanning from 2022 to 2024, and in alignment with our Strategy 2.0, our strategic focus will be centered on fostering a culture of business innovation. Our overarching goal is to cultivate an environment where innovation thrives, enabling us to continuously adapt and evolve in response to dynamic market demands, technological advancements, and emerging trends.





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