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| TERMS OF REFERENCE FOR CONSULTANT(S)Project Name: A Comparative Study of Leading Countries on Sustainable Development and Islamic FinanceRequest for Expressions of Interest (Consultant Services) |
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# 1. Background

This document presents Terms of Reference (ToR) For Consultant(S) for the development of a countries report that highlights the landscape and development of the economy of selected OIC countries with a focus on sustainability and Islamic finance as key drivers. The proposed report falls under CIBAFI’s third strategic objective “Industry Research and Analysis”.

The global economy has been hit with a series of shocks in recent years, particularly the COVID-19 pandemic and the ongoing conflict in Eastern Europe, which have brought to light the urgent need for sustainable economic development. Despite projected global growth of 2.2% annually in 2023, the ongoing pandemic and other factors such as inflation and energy shortages continue to weigh on the economy. This is also evident in the economies of OIC countries, which experienced a contraction of 1.7% in 2020, followed by growth of 5.8% in 2021 as the global economy began to recover. However, this growth is expected to moderate to 4.2% in 2023. In addition to these challenges, the pressing issues of climate change and digitalization are adding further strain to the current economic system and highlighting the need for strengthened and sustainable economic development.

In light of this economic uncertainty, there is growing interest among policymakers in building an economy that can withstand various shocks and challenges. Some potential approaches to achieving this include sustainability integration, achieving net-zero emissions, promoting Islamic finance, embracing digitalization, empowering women and youth, and providing financing for SMEs. Economic resilience is a top priority for many countries and is reflected in various plans and initiatives, focusing on different areas, that have been undertaken by different countries.

Learning from successful examples and building upon the lessons learned from past experiences is a crucial aspect of building economic resilience among vulnerable countries. In this light, the United Nations Climate Change Conference (COP28), which was held in the UAE in 2023, placed a special emphasis on the economic benefits of inclusive climate action.

In alignment with this focus, CIBAFI proposes the development of a countries report that highlights the economic development of six (6) countries, with a particular emphasis on key areas that contribute to sustainable development. These key areas include climate change action, digitalization, and the development of Islamic finance.

The ToR outlines the objectives of the report and provides a detailed outline of the report's content, as well as information on the scope, methodology, workplan, and resources required to complete the report. The goal of this report is to provide valuable insights and recommendations to policymakers and other stakeholders in order to support economic resilience and sustainable development.

# 2. The Project Objectives

The primary objective of this project is to conduct a comprehensive assessment of the economic progress and sustainable development advancements of a select group of countries, with a particular focus on resilience, sustainability, climate change, and innovation. It aims to explore the interconnectedness of Islamic finance, sustainable development, and economic resilience, providing insights into how these elements work together to strengthen the economies of the selected countries.

The report will deliver a well-structured and insightful analysis of the selected countries by providing clear operational definitions of sustainable development and resilience, supported by reliable indicators. The goal is to disseminate the findings to policymakers and stakeholders, helping to strengthen global efforts toward achieving sustainable economic growth and resilience.

To achieve this, the project will focus on the following core objectives:

**1. Conduct a Comparative Study**

Perform a comparative study of diverse countries that have a significant existing or potential presence in Islamic finance. This study will highlight regional diversity and examine different profiles of Islamic finance markets to capture any unique characteristics or trends across the selected countries.

**2. Examine Regional Particularities**

Analyze various regions with a focus on their specific Islamic finance profiles, capturing any distinguishing features that may impact the sector's role in fostering sustainable development and resilience.

**3. Evaluate Islamic Finance’s Contribution to Sustainable Development**

Assess the existing and potential contributions of Islamic finance to achieving sustainable development goals (SDGs) in the selected countries. Special attention will be given to areas such as climate change mitigation, digitalization, financial inclusion, and women and youth empowerment.

**4. Develop Case Studies and Best Practices**

Identify and develop up to six (6) case studies that highlight successful initiatives from the selected countries, showcasing how Islamic finance has contributed to sustainable development and resilience. These case studies will serve as valuable resources for other countries and Islamic financial institutions seeking to learn from these experiences.

**5. Formulate Policy Recommendations**

Draw meaningful lessons and formulate actionable policy recommendations based on the findings of the study. These recommendations will assist other countries in overcoming global challenges and implementing sustainable development strategies aligned with Islamic finance principles.

# 3. Scope of Work

The detailed scope of the Project includes two components as follows:

1. **Consultancy Services:**

The deliverables from the consultant(s) will be a report which will achieve the objectives of the project as highlighted above in Section 2.

The report should follow the proposed outline in Section 5, and it will be delivered in the English language in a single (final) soft copy that consists of approximately 100-150 pages including the framework, diagrams, illustrations, flowcharts, tables, and appendixes.

The consultants will be responsible for, but not limited to, the following:

- Literature review

- Data gathering

- Development of Survey and interview questions

- Conduct interviews and data analysis

- Attend coordination meetings

- Drafting and revising the report

- Presenting the findings

- Coordinate with CIBAFI

Meanwhile:

- The Consultant will share bi-weekly updates, processes and progress with the Project coordinator teams.

- The Consultant shall be under the overall supervision of the project coordinator team.

1. **Report Production Expenses:**

These include the following:

- Logistics related to roundtable meetings and launch events.

- Communication and marketing.

- Design, proofreading, translation (Arabic and French) and printing.

# 4. Proposed Outline

The following outline is designed for the proposed report in accordance with its objectives.

**Chapter 1: Introduction**

1.1 Overview of the Report's Main Objective and Focus:

Provides a concise overview of the report's main objective and focus, emphasizing the importance of economic development within the global context.

1.2 Brief Summary of Current Global Economic and Environmental Challenges:

Summarizes the major global economic and environmental challenges, highlighting issues such as climate change, economic inequality, and the need for sustainable development.

1.3 Highlighting of COP26, COP27 and COP28 Outcomes and their Significance for Economic Development:

Highlights the outcomes and significance of the COP26, COP27 and COP28 conferences, focusing on agreements, commitments, and actions taken by countries to address climate change and promote economic growth.

**Chapter 2: Country Overview**

2.1 Key Facts and Statistics about the Country:

Presents essential facts and statistics about the country, including population, GDP, and other relevant economic indicators.

2.2 Analysis of the Country's Macroeconomic Environment and its Impact on Economic Growth:

Conducts an in-depth analysis of the country's macroeconomic environment and discusses its influence on economic growth, considering factors such as fiscal policies, monetary policies, and trade relations.

2.3 Overview of the Country's Regulatory Framework and Tax Landscape:

Provides an overview of the country's regulatory framework and tax landscape, highlighting key regulations, laws, and policies that shape the business environment.

2.4 Discussion of the Country's Visions and Goals for Economic Development:

Explores the country's visions and goals for economic development, shedding light on its long-term strategies and plans, particularly emphasizing sustainable and inclusive economic growth.

**Chapter 3: Prospering Islamic Economy**

3.1 Historical Overview of the Country's Islamic Economy:

Presents a historical overview of the country's Islamic economy, tracing its development and highlighting significant milestones in the industry.

3.2 Examination of the Growth Drivers and Recent Developments in the Islamic Economy:

Explores the growth drivers and recent developments within the country's Islamic economy, focusing on trends in Islamic finance, the halal industry, and other sectors relevant to the Islamic economy.

3.3 Analysis of the Country's Position as a Growing Islamic Finance Hub:

Assesses the country's position as a growing Islamic finance hub, discussing its efforts to attract investments, develop Islamic financial products, and create a conducive regulatory environment.

**Chapter 4: Sustainability Practices and Climate Action**

4.1 Assessment of the Country's Current Condition of Sustainability Practices and Readiness:

Evaluates the country's current sustainability practices, examining existing initiatives, policies, and practices related to sustainable development, environmental conservation, and social responsibility. It also assesses the readiness of different sectors to embrace sustainability.

4.2 Discussion of the Country's Climate Action Plan for Sustainability and Climate Change:

Explores the country's climate action plan, focusing on strategies, policies, and targets to address climate change and promote sustainability. It highlights efforts to reduce greenhouse gas emissions, enhance resilience, and transition to a low-carbon economy.

4.3 Assessment of the country's Readiness for Innovation and Digitalization:

Assesses the readiness of the country to embrace innovation and digitalization. It examines the country's current state of digital transformation, including the adoption of regulations and policies to facilitate digital transformation. It discusses specific opportunities and challenges.

**Chapter 5: Islamic Financial Sector Sustainability Readiness and Practices**

5.1 Analysis of Islamic Financial Sector's Sustainability Readiness:

Evaluates the readiness of the Islamic financial sector to embrace sustainability practices, examining existing initiatives, policies, and regulatory frameworks that promote sustainable finance and responsible investment. It assesses the sector's ability to integrate ESG considerations into its operations and products. Additionally, the section will have some historical perspective (e.g., 10-15 years) on Islamic finance's role in sustainable development.

5.2 Examination of the Islamic Financial Sector's Sustainability Practices:

Explores the sustainability practices adopted by the Islamic financial sector, highlighting examples of sustainable finance products such as green Sukuk and social impact Sukuk. It showcases how the sector addresses environmental and social challenges while adhering to Islamic finance principles. Additionally, the section examines the important role of stakeholder engagement in driving sustainability efforts and how institutions measure and report their impact on sustainable development goals through established ESG metrics and reporting standards.

5.3 Assessment of the Islamic Financial Sector's Product Offers and Solutions:

Assesses the product offers and solutions provided by the Islamic financial sector to support sustainability. It analyzes innovative and technology-based financial products aligned with ESG criteria and their contribution to sustainable development goals. The assessment also considers the sector's efforts and challenges associated with promoting financial inclusion, supporting microfinance, and fostering economic empowerment.

**Chapter 6: Conclusion & Recommendations**

6.1 Summary of Key Findings:

This section provides a concise summary of the report's key findings, highlighting the main insights and conclusions derived throughout the study. It addresses the challenges and obstacles encountered in leveraging Islamic finance for sustainable development, providing an understanding of the sector's limitations and areas for improvement. Additionally, the summary includes a forward-looking view, offering future projections of trends in Islamic finance and sustainability, along with potential impacts on economic resilience and sustainable development.

6.2 Recommendations:

Concludes with practical and actionable recommendations for stakeholders, policymakers, and industry players, aligning with the report's objectives and findings.

**Note: Sections 2 to 5 will be repeated based on the number of countries selected for this project.**

# 5. Selection Criteria of the countries:

When selecting six (6) OIC (Organization of Islamic Cooperation) countries to be covered in this study, it's important to consider both regional diversification and the diversity of the ecosystem.

 Below are some criteria to help guide the selection process:

* Geographic Representation: Countries will be selected from different regions within the OIC to ensure broad representation. This could include countries from Africa, the Middle East, Southeast Asia, Central Asia, or other regions. The potential combination could be Malaysia, Indonesia, Turkey, Bangladesh, Nigeria/Tunisia/Morocco, and UAE or Bahrain.
* Economic Size: The selection of countries with varying levels of economic development and sizes of their economies. This will allow for a comparative analysis of sustainable development and Islamic finance practices across different economic contexts.
* Islamic Finance Maturity: To consider countries that have a well-developed Islamic finance ecosystem. To look for countries that have established Islamic banks, regulatory frameworks, and active participation in Islamic financial markets.
* Sustainability Commitment: To identify countries that have demonstrated a commitment to sustainable development. To look for countries that have implemented sustainable policies, set targets for renewable energy adoption, or made significant progress in addressing environmental and social issues.
* Market Potential: To assess the market potential for Islamic finance and sustainable development in each country. To consider factors such as market size, growth prospects, investor interest, and government support for these sectors.
* Policy and Regulatory Environment: To evaluate the countries' policy frameworks and regulatory environment for Islamic finance and sustainability. To look for countries with supportive policies, clear regulations, and a conducive business environment for these sectors.
* Data Availability: To ensure that the selected countries have sufficient data and information available for the study. Accessible and reliable data is crucial for conducting a comparative analysis.

# 6. Methodology

The mixed methods approach (qualitative and quantitative) will be used in order to provide sufficient information and analysis in accordance with the objectives of the proposed report.

## 6.1. Secondary data

The study will collect secondary data in order to provide an overview and background which would serve as the basis for an in-depth analysis. This will cover data related to sectors’ development, the banking sector profile (market dynamics, institutions and end users’ characteristics), industries, regulations, investment opportunities, sustainable development, climate change, and digitalisation.

## 6.2. Survey and interviews

The study will conduct surveys and interviews with relevant stakeholders. The purpose of the survey and the interviews is to get insights regarding specific topics and issues related to the theme of the report. The survey and interviews will target government agencies, banks, regulators, and practitioners.

## 6.3. Case studies

The proposed report will include some case studies which are very critical in identifying challenges, opportunities, and best practices. This will provide an opportunity, for both local and foreign institutions, to learn from a specific event or institution.

# 7. Timeline of the Project

The Consultant will report to the Project Manager (CIBAFI Secretariat). On a frequent basis, the Consultant will engage and interact with the Project Manager for the assignment. The Consultant will also participate in internal and external stakeholder discussions at various stages to discuss the process, clarify the deliverables, provide feedback and comments on intermediary products and track the overall project's progress.

Place of work and official travel involved: The consulting firm will work part/full-time for the project. There are two expected official trips by one senior representative of the consulting firm to CIBAFI.

The time required for producing the proposed report is 12 months.

Below is a detailed workplan with a tentative timeline:

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| **Tasks** | **Due Date** |
| **Planning phase** |  |
| Procurement of the consultants | Q1, 2025 – Q2, 2025 |
| Literature review, secondary data collection, and finalising the outline |
| Development of the survey and the interview questions |
| **Execution phase** |  |
| Developing of Chapters 1, 2, 3 and 4 of the report | Q2 – Q3, 2025 |
| Internal review |
| Launching the survey and conducting the interview |
| Development of Chapters 5 and 6 of the report  | Q3 – Q4, 2025 |
| Development of the conclusion and recommendations |
| Internal review and copy editing of the report |
| Finalising the report (Design and translation) |
| **Delivery phase** |  |
| Preparing for the launching event | Q1, 2026 |

# 8. Consulting Firm Qualifications and Team composition

The consulting firm must have at least 7 years of experience in Islamic finance, sustainability, and economic resilience evaluations. Key team members should have expertise in **Islamic finance**, **financial inclusion**, **climate change**, and **gender/youth empowerment**.

"The development of this report will require the involvement of a managing team and a consultant(s) who will be assuming the following responsibilities.

Managing Team: a team of 1 – 3 members will be tasked with managing and supervising the project from its planning phase up to its delivery. The team will be responsible for:

* Ensuring the delivery of the project and its milestones as stipulated in the workplan.
* Communicating with the consultant(s) and conducting periodic meetings to monitor the progress of the project and its various milestones.
* Communicating with external parties and stakeholders for surveys and the organisation of interviews and roundtables.

Consultant(s): 1 – 2 consultant(s) will be appointed to develop the report. The consultant(s) will be responsible for:

* Writing the full report, from drafting to finalisation.
* Performing the necessary revisions based on relevant comments from internal and external reviewers.
* Attending periodic meetings with the managing team for the monitoring of the progress of the project and the various milestones.
* Attending meetings with industry experts and stakeholders to gain more insights on practices for the development of case studies for the publication.

# 8. Evaluation Criteria and Selection Process

The Consulting Firm will be procured through Consultant Qualifications Selection (CQS) as per IsDB guidelines for procurement of consulting services where consultants will be evaluated based on the Consultants’ qualifications, experience, and proven competence in the area of the assignment.

**The shortlisting criteria / sub-criteria are:**

(a) The Consultant must demonstrate extensive experience in Islamic finance (At least 7 years of relevant consulting experience in Islamic finance), economic development and topics related to sustainability. The consultant demonstrates experience in conducting similar assignments, specifically examining the economic development landscape of one or more countries, emphasizing the role of Islamic finance in sustainable development in relation to the topics outlined in the TOR.

(b) Proven record of successful similar assignments for the benefit of a country’s central bank, ministries, or related Government bodies. (Completion of at least 5 similar projects focused on Islamic finance, sustainability, or economic resilience in the last 5 years).

(c) The consultant should demonstrate having technical and managerial capabilities to successfully execute the assignment through a brief presentation of the firm’s management structure and number of permanent staff.

**Relevant Geographic Experience**: Demonstrated work in the **selected countries or similar regions** where economic resilience, Islamic finance, and sustainability intersect.

(d) The firm should demonstrate capabilities and experience in delivering the expectations outlined in this ToR.

# 9- Payment Milestones Against Deliverables

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| Payment Milestone | Deliverables |
| 20% | Completion of literature review, survey and interview questionnaires. |
| 30% | Completion of chapters 1, 2, 3 and 4 of the report. |
| 20% | Completion of chapters 5 and 6 of the report. |
| 30% | Completion of the final report. |