A Quarterly Newsletter

SDGs DIGEST

The voice of the IsDB Community of Practice (CoP) on SDGs

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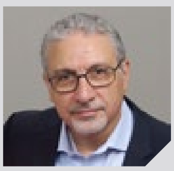
> *"IsDB has committed USD 5 billion for more than 2000 education projects, and has provided more than 17,000 scholarship opportunities."*
>
> **Dr. Bandar Hajjar**

IsDB Celebrates International Day of Education in Support of SDG 4

...Commits to Educating 28 million Out-of-School Children by 2030

Editorial: Rami Ahmad, Special Envoy on SDGs



Welcome to our 10th issue of the SDGs Digest, the voice of the SDGs Community of Practice at the IsDB Group. This digest is a free platform for development practitioners (inside and outside IsDB) to express their professional views and share their experiences on matters relevant to the SDGs. In this issue, in addition to a wide range of articles, we are pleased to highlight the IsDB commitment to SDG4 as IsDB has celebrated for the first time the International Day for education, January 24th as designated by the UN. Since its inception IsDB has committed over USD 5 billion for over 2000 education projects and is committing more resources in the future, focusing more on disadvantaged segments of the populations. For example, aiming to provide reasonable education for 28 million out-of-school children by 2030, and providing scholarship opportunities in well renowned universities for promising students from member countries and Muslim communities in non-member counties.

The IsDB Group SDGs Community of Practice has adopted a 3A's strategy: ***Awareness, Alignment and Advocacy***. The focus and most of the efforts have been recently on raising awareness and ensuring alignment of internal programs and projects. The time has come to focus more on enhancing advocacy and deliberating more on what we are specifically doing and how we can concretely demonstrate our contributions to the SDGs and their targets in more tangible terms. Despite the various degrees of progress, it is obvious that the current state of affairs in the development arena will not get us to achieving the SDGs for all. Finding new ways is essential to accelerate the road to the SDGs, and therefore it is quite relevant to select "Shaping New Frontiers in Sustainable Development" as the theme of the IsDB Group Annual meetings in the first week of April. We look forward with hope and anticipation!

CONTENTS

SDGs Digest is a Newsletter published by the SDGs Community of Practice (CoP) in IsDB Group. You can submit your articles, feedback, book reviews, reports and other topics related to the SDGs via **SDGsCoP@isdb.org**

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IsDB Celebrates International Day of Education in Support of SDG 4

...Commits to Educating 28 million of Out-of-School Children by 2030

Kalley-Plateau Primary School in the outskirts of Niamey, Republic of Niger. ISFD pledges to re build the school

In its effort to support the quality of education in Member Countries and among Muslim Communities in Non-Member Countries, the Islamic Development Bank (IsDB) has joined the international community to celebrate the International Day of Education. The celebration organised by the IsDB Staff Social Club took place at the bank's headquarters in Jeddah on Monday 27 January 2020.

In his speech during the celebration, IsDB President, Dr. Bandar Hajjar stated that the bank has provided financing worth US$5 billion for several educational projects in 136 countries. Dr. Hajjar affirmed that IsDB aims to work with partners to bring 28 million children back to school by 2030, as well as to support education projects for refugees in conflict zones like Syria and Myanmar.

Dr. Hajjar added that at least 17, 000 students from 110 countries have benefited from the scholarship programmes of IsDB with a total contribution of USD204 million.

The IsDB scholarships programme is one of the flagship initiatives of the bank, established in 1983 to support talented students from Member Countries and Muslim Communities in non-Member Countries to pursue various educational programmes from top institutions of learning in order to contribute to the development of their respective countries and communities.

The President's 5-Year Programme (P5P) is anchored around the Sustainable Development Goals (SDGs) and the contribution of the bank through various scholarship schemes is a testimony to the effort of the bank towards achieving SDG 4 on Education and lifelong learning. During the 44th Annual Meeting of IsDB Group in Morocco, the bank signed a declaration along with other partners to return 28 million out-of-School Children in OIC Countries back to school by 2030.

In early January 2020, the Islamic Solidarity Fund for Development, the poverty alleviation arm of IsDB organised a successful workshop on Out-of-School Children in Niger Republic aimed at supporting the country to provide quality education for 2.6 million Out-of-School Children. During the workshop a US$100 million Waqf was announced by the President of Niger Republic, Mahamadou Issouffou and the Director General of Islamic Solidarity Fund for Development (ISFD), Dr. Walid Alwohaib.

The Niger Education Waqf Fund will comprise of an initial contribution of US$20 million from ISFD and another US$20 million from the government of Niger, while the remaining US$60 million will be mobilized from benefactors, philanthropists and other stakeholders interested in supporting the Out-of-School Children in Niger. A 2018 study by UNICEF estimated that 53.2 percent of the total population of children and adolescents in Niger were out of school as of 2014.

Speaking during the International Day of Education, Dr. Hajjar added that today, there are over 258 million children and young adults who are out of school globally, two thirds of them in Member Countries, adding that the odds are that 39% of those children will go to school late, 20% will drop out, while 41% will never enter school.

There are 617 million children and adolescents who are illiterate and cannot perform basic mathematical operations. In sub-Saharan Africa, the completion rate for the lower secondary level of education is less than 40%, and approximately 4 million children and refugees are out of school. Therefore, their right to education is being violated, which is both unimaginable and unacceptable in this era of knowledge and learning, stated Dr. Hajjar.

The IsDB President commented further: "the IsDB has funded more than 2,000 education projects in member countries and Muslim communities in non-member countries, at an estimated cost of more than USD5 billion in 136 countries. The Bank contributed to establishing some 1122 schools or educational institution in non-member countries. These projects have been implemented by several entities and departments within the Bank Group, including, but not limited to, the management of the Awqaf Property Investment Fund (APIF), the Programme for Engagement with Muslim Communities in Non-Member Countries In this context, strategic measures to strengthen the programme have helped increase the number of scholarships from 380 in 2018 to 1,200 in 2019. In 2019 alone, the IsDB received 187,000 applications from 192 countries around the world. The IsDB has also allocated more than USD300 million in the framework of the Bilingual Education Programme in Arabic and French in Sub-Saharan African countries."

Recognising that no single development organisation can address all the challenges faced by Member Countries, and based on the "linkages" pillar to support partnerships, which is one of the six pillars of the President's 5-Year Programme (P5P), the IsDB has recently succeeded in boosting partnerships and cooperation with stakeholders in the field of education, such as the Global Partnership for Education (GPE), UNESCO, the German GIZ, Education Above All, Save the Children, etc.

As an example of this success, the partnership with GPE has resulted in support for the Tajikistan National Education Project with a USD 10 million grant from GPE, in addition to an IsDB funding of approximately USD30 million.

IsDB's €1 Billion Green Sukuk: A Path-Breaking Moment in SDG Financing

Zamir Iqbal
Vice President, Finance, IsDB

With its first-ever Green Sukuk issuance in November 2019, IsDB broke new ground in its pursuit of financing the SDGs. The EUR 1 billion deal reaffirmed the Bank's commitment to IsDB Member Countries for exploring innovative financing for SDGs and also reinforced its leadership position in the Islamic financial industry.

The 2030 Development Agenda demands the creation of alternative financing instruments to plug the huge gap in global SDG financing and IsDB's Green Sukuk shows the way under a framework that adheres to the Maqasid al-Shariah. It proves that investors can gain reasonable financial returns and make a positive environmental impact at the same time.

The Green Sukuk was issued based on the recently developed Sustainable Finance Framework (SFF) of IsDB by a team led by the Finance Complex and supported by Country Programming Complex. The SFF endows IsDB with the ability to issue 'labelled' Sukuk such as Green, Social, Sustainable, etc. to mobilize resources from the global capital markets in order to finance projects in (i) renewable energy, (ii) clean transportation, (iii) energy efficiency, (iv) pollution prevention and control, (v) environmentally sustainable management of natural living resources and land use and (vi) sustainable water and wastewater management in IsDB Member Countries.

The noticeable size of the issuance (EUR 1 billion) was attained by securing the confidence of environmentally-conscious investors, some for the first time ever, in hitherto untapped markets such as Europe and Japan. Their investment in the Green Sukuk shows their trust in IsDB as an important partner on the road to sustainable development.

A cursory look at the global sustainable bonds market shows the massive potential of Green and other labelled Sukuk to tap into and securing financing for the SDGs in MCs. Globally, the issuance of sustainable bonds reached around US$ 1 trillion in 2019. Green bonds make up 77% of this market. Green Sukuk issuances, a niche of this niche, reached circa US$ 3 billion in 2019, representing just 1% of the annual global issuance of labelled bonds.

Funds raised through the Green Sukuk are specifically earmarked to finance, or in some cases refinance, projects that fulfill stringent criteria as set by the International Capital Market Association (ICMA) in its 'Green Bond Principles' for green assets, the 'Social Bond Principles' for social assets and the 'Sustainability Bond Principles' for sustainable assets (generally a mix of green and social). This level of compliance provides Sukuk-holders (investors) with the comfort of information of the use of the proceeds and the ultimate impact of their investments.

As IsDB mainstreams climate action across the spectrum of its operations, the complementarity that Green Sukuk provides as an innovative financing instrument is significant and needs to be harnessed further in order to leverage the massive amounts required for financing for the SDGs in IsDB Member Country. We hope that this is a beginning and IsDB's strong commitment to Sustainability would lead to further innovative transactions in the future.

The EUR 1 billion deal reaffirmed the Bank's commitment to IsDB Member Countries for exploring innovative financing for SDGs and also reinforced its leadership position in the Islamic financial industry.

Rethinking the Role of the State in the Middle East and North Africa

Ferid Belhaj
Vice President for the Middle East and North Africa, The World Bank

Picture: Culled from ERF Policy Portal

Individuals in various countries have different beliefs and expectations about what the role of the state should and shouldn't be. These beliefs often depend on which economic model their country has historically adopted and where individuals stand in the income distribution.

We argue that countries in the Middle East and North Africa (MENA) should try to increase their level of accountability towards their citizenry by inculcating a culture of 'value for money', promoting the emergence of independent, yet accountable, regulators and relying less on the state to rejuvenate their economies.

Although most of the region's ancestral tradition is rooted in commerce, since their independence, countries in MENA have adopted state-led development models that have resulted in economies overly reliant on the state. By sparing citizens from most economic risk, these arrangements stifle entrepreneurship and innovation. They have also undermined the delivery of public services, while stoking mistrust of government.

Harnessing the private sector and technology

Countries in MENA need a new approach, one that could, for example, focus on the use of technology to provide their young people with greater economic empowerment. Indeed, the public sector has so far failed to absorb (and appears unlikely to do so in the future) the hundreds of millions of young people entering labour markets in MENA over the coming decades. Creating a vibrant private sector that produces technological innovations is one promising way for MENA economies to achieve durable and inclusive growth. To get there, governments need to move from being 'doers' to becoming 'enablers' – paving the way for a vibrant private sector with minimal barriers to exit and entry.

This approach is in line with what it takes to achieve the Sustainable Development Goals (SDGs), which were endorsed by all MENA countries, along with the other members of the United Nations, and which are fully aligned with the emphasis on the role of the private sector, science, technology and innovation as part of the means of achieving the SDGs.

Fostering a culture of 'value for money' and taxation

Accountability is key to a well-functioning state. Developing a culture of 'value for money' in public administration helps to build trust with citizens. It starts with data, measurement and disclosure to build robust and transparent diagnostics. Once authorities make an informed commitment, mechanisms such as information feedback loops can allow public administrations quickly to identify quality issues and sustain improvements.

One plausible way to achieve this is to emphasise action at the local level – or localisation of development – an approach traditionally ignored in many MENA countries when they consider budget design, domestic resource mobilisation and effective targeted spending. In countries like Colombia, Indonesia and Kenya — all rapidly urbanising countries – there is strong commitment from national governments towards localising the implementation of their development plans, with the SDGs as key indicators of success.

On the other hand, MENA countries are among the least efficient tax collectors in the world. A renewed commitment to delivering quality services – that is, value for money – would increase trust between citizens and the state and could facilitate better tax revenue mobilisation. To do so, governments should focus on broadening their tax base rather than increasing tax rates. Implementing efficient tax systems with lower transaction costs can effectively improve efficiency in public spending and encourage greater voluntary compliance. In turn, as citizens pay more taxes, they will demand better quality services.

The bottom line

While maintaining the safety and stability of the market is a priority, governments in MENA also need to focus on enhancing service quality, innovation and competition. This conception of the role of the state in MENA will help governments to be more accountable towards their citizenry and become more effective. That in turn will lead to a virtuous cycle of trust building, reform and growth.

This approach will also allow countries to mobilise more resources towards achieving the SDGs, which require a significant shift in how countries finance their development plans. In fact, the SDGs specifically include target 17.1 to 'Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection'.

An earlier version of this article has featured on: https://theforum.erf.org.eg/2019/12/01/rethinking-role-state-middle-east-north-africa/

Challenges and Opportunities Towards Achieving OIC-2025

Musa Kulaklikaya
Assistant Secretary General for Administration and Finance, OIC

OIC countries constitute a substantial part of the developing world and reflect high levels of heterogeneity and divergence in terms of socio-economic development. On the other hand, such heterogeneity and divergence offer a window of opportunity to enhance and deepen cooperation among them.

The global developments and growing socio-economic challenges from poverty to communicable diseases faced by millions of people living in OIC countries inspired the OIC community to think of preparation of a strategic vision and action plan. In this regard, it was decided at the OIC level to embark on a process to come up with comprehensive action plan with a time line to set goals for OIC countries in achieving sustainable development in broad terms. The essential prerequisites for translating any vision into reality, inter alia, include

(i) mobilization of necessary political will
(ii) allocation of requisite financial resources
(iii) elaboration of a clear roadmap and
(iv) implementation mechanism with clearly defined responsibilities for various stakeholders.

The Ten-Year Program of Action 2005-2015 (TYPOA) was an unprecedented and historic initiative, which witnessed the flowering of a genuine partnership touching on almost all areas including in the intellectual, cultural, political, economic, social and developmental fields.

The TYPOA (2005-2015) was the first systematic attempt to elaborate and pursue a multi-dimensional agenda of this nature at the OIC platform. While its preparation and implementation process was regarded as less than perfect, it managed to contribute significantly in promoting Joint Islamic Action in various domains.

Some of the programs and activities initiated under the framework of TYPOA in the field of higher education, mother and child health, food security, disaster relief, human rights, and trade promotion enhanced OIC's visibility and outreach in its member countries and beyond.

Overall, the period 2005-2015 marked a crucial phase in the history of the OIC for various reasons. In particular, the period saw the consolidation of various initiatives conceived over the years and their integration into the comprehensive TYPOA framework on the economic front. Moreover, the Organization's scope of work expanded from the predominantly political domain, to include many new areas of immediate concern such as education, socio-economic empowerment, good governance, and food security.

OIC countries had recorded significant progress on improving the living standards and implementing the MDGs (1990-2015) as well as OIC TYPO (2005-2015) over the past quarter of a century. As the TYPOA concluded its term in 2015, the OIC is poised to embark on the next phase of developing an action plan for 2016- 2025 with a renewed commitment to working together for a better tomorrow, in parallel with the development of Agenda 2030 for Sustainable Development. With the involvement of relevant OIC institutions and member countries, the new roadmap document (the OIC 2025) was developed by taking lessons learned during the implementation of the TYPOA and emerging regional and international trends into consideration. The goals and targets for the OIC-2025 focus on areas, which could not be achieved fully during the last decade, and address issues emerging out of political and economic developments in the world.

The OIC-2025 is anchored in the provisions of the OIC Charter and focuses on 18 priority areas with 107 goals. It also keeps in full view issues on which the work is in progress and those emerging out of political and economic developments in the world. The priority areas include: (i) Palestine and Al-Quds, (ii) Counter-Terrorism, Extremism, Violent Extremism, Radicalization, Sectarianism, and Islamophobia, (iii) Moderation, Cultural and Inter-faith Harmony, (iv) Peace and Security, (v) Environment, Climate Change and Sustainability, (vi) Poverty Alleviation, (vii) Trade, Investment and Finance, (viii) Agriculture and Food Security, (ix) Employment, Infrastructure and Industrialization, (x) Science, Technology and Innovation, (xi) Education, (xii) Health, (xiii) Advancement and Empowerment of Women, Family Welfare and Social Security, (xiv) Joint Islamic Humanitarian Action, (xv) Human Rights, Good Governance and Accountability, (xvi) Media and Public Diplomacy, (xvii) ICT and Digital Information Structure, and (xviii) OIC Institutional Reforms.

The OIC-2025 is a comprehensive agenda for cooperation and partnership among member countries of the OIC. Many of the priorities of the OIC-2025 are in line with the Sustainable Development Goals (SDGs), while several key areas are also very specific to addressing issues in the Muslim world. The Joint Islamic Action remains an essential element of the OIC's framework of cooperation and development. Its strategic vision recognizes the centrality of cooperation and partnership at all levels involving all stakeholders. It stresses the importance of political ownership and mainstreaming of OIC projects by Member States in their national priorities for effective implementation of the Program.

On the economic front, the OIC 2025 has identified the following priority areas:

(i) poverty alleviation;
(ii) trade, investment and finance;
(iii) employment, infrastructure and industrialization; and
(iv) agriculture and food security.

Given the dynamic population, rich natural resources, and abundant human capital, OIC countries need to implement well-articulated national level policies to achieve goals stated in the OIC 2025. Intra-OIC initiatives could play a catalyst role, as the intra-OIC cooperation has a potential to enhance development in several ways.

However, challenges on economic growth, pressure on financial resources, weak institutional capacity, and fragile peace and security situation remain as challenges for OIC countries and constitute barriers in achieving several goals and targets stated in the OIC 2025, especially on the economic front. These same issues also hinder the achievement of Agenda 2030. In this regard, addressing such challenges would allow OIC countries to reap economic benefits in achieving goals and targets stated in both programs.

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*This article has been summarized from SESRIC Economic Outlook 2018

SDGs Monitoring and Reporting: An Indispensable Tool for Success

Belay Begashaw
Director General
The Sustainable Development Goals
Center for Africa

The pursuit of sustainable development is the defining challenge of our world in the 21st century. By integrating economic growth, social inclusion, and environmental sustainability, all nations must forge a new model of progress – one that is needed for the continent and around the world.

As a result of post-2015 discussions and dialogue that has been taking place since 2012, the world has built an unprecedented level of convergence around the urgent need for sustainable development. Unlike all other development experiences in the past, that cares disproportionally to increase in productivity, sustainable development is about the sustenance of a prosperous society through growth and development that is limited to the planetary boundaries so that the well-being of the current generation does not jeopardize the fate of the future generations. Thus, the call for action among other things underscores this change in mindset, that emphasizes a necessary willingness to change behaviors and lifestyles.

The concept of sustainable development is built on three pillars: economic growth, responsible use of natural resources, and social inclusiveness. Every actions and interventions from planning to research and development need to consider the balance between the three in order to qualify as appropriate measure to bring about the envisaged transformations and ever-sought resilience society. This thought and shared vision expressed through time-bounded targets and indicators known as SDG Goals.

Though these pillars appear to be complementary, in effect, they are actually competitive. There is a tense relationship and trade-offs that must occur between the three pillars; having a proven planning process that would consider this realty is a prerequisite for successful implementation. Successful SDG implementation is essentially about having domestications and planning process that will increase the benefits of the synergy of these 3 pillars.

The other valuable experience induced as a result of this action is how development plans that are exclusively determined at the national level have evolved to a new stage where targets and goals are set at regional and global levels. In effect, the new practice has changed the concept of planning itself. Conventionally, we plan from present to the future, but this new process reverses the experience, where the plan is done from the future to present as all needs and targets are set for 2030. What each country is doing effectively is cascading from 2030 backward. Certainly, this new experience will also help introduce a harmonized, and expectedly higher standard dictated by the indicators. More importantly, the new process creates a platform that significantly facilitates the tracking of progress as targets are supposedly cascaded over the 15 years target space.

It is with this background that this article advocates for the need of a vigorous and vigilance monitoring and reporting system that enables the tracking of progress in countries with regards to the goals set for 2030. This tool, among other things, should have a system that captures data from scorecards and compares and contrasts this data with the intended targets and shows the performance status for each on a dashboard. The sustainable development center for Africa in collaboration with SDSN has been working on an annual index and dashboard over the last three years Africa SDG Index and Dashboard 2019.

The report shows the best-ranked country, Mauritius, had an aggregate score of 66.19—implying that the country is on average at 66 percent of the way to the best possible outcome across the 17 SDGs. It also prevails the performance each country has recorded for each of the targets on the dashboard, denoting different colors, Green, Yellow, and Red, for good, modest and concerning strike performance respectively. Overall, at their indicated levels, these aforementioned countries are off track on most of the SDGs, which reiterates an urgent call for action amongst countries and global partners to jointly accelerate reforms and implementation.

One other important effort in this process is persuading countries to name one day in a year to convene in a nationwide dialogue on the outcome of their reports. SDGs implementation is not exclusively the responsibility of a government. Instead, it is a citizens project that the government acts as a custodian or lead of but is actually implemented by every organized or non-organized citizen. Thus, every citizen should be included and empowered with information. Similarly, every bit of effort should be captured in the report. The government as the leader of this project is expected to build a system that harmonizes, captures and synthesizes data for reporting and galvanizing further support and energy that harnesses the entire transformation mission.

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Economic Empowerment: An IsDB Innovative Approach for Poverty Alleviation and Sustainable Development

Nabil Ghalleb
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Poverty today is most commonly defined by economists as a direct interpretation of hard facts and figures based on income level and access to human necessities. However, poverty is a multifaceted and a multilayered issue going far beyond numbers crunched in economic models. The world has indeed succeeded in lifting nearly one billion people out of chronic poverty over the last two decades, which is good news. However, the big picture and the realty is much murkier: huge wealth transfers incurred during the same period resulting in a great wealth disparity as the poorest 20% of the world's population is using a mere 1.3% of global resources in contrast to the richest 20% using 86% of the world's resources.

Poverty alleviation efforts focused on improving these indicators. What happens if the ruler's scale was a bit tilted or was completely wrong? Poverty is far more complex and dynamic in nature. One definition of poverty alleviation is to address poverty in all of its social, economic and cultural dimensions simultaneously: income level, housing, access to financial services, health, education and social justice.

Backed by numbers, Microfinance has proved its efficiency in reducing poverty. However, after nearly four decades of activity, the broad picture indicates that microloans do not eventually lead to the poor getting out of poverty. In fact, facts indicate that microloans are more beneficial to borrowers living above the poverty line than to borrowers living below the poverty line. Clients with more income are willing to take the risk, such as investing in new technologies that will most likely increase income flows. Poor borrowers, on the other hand, tend to take out conservative loans that protect their subsistence. The vast majority of poor clients are caught in subsistence activities. The poor obtaining a microloan will eventually become a poor in debt with the only concern of protecting the newly created business, therefore, he/she will be trapped in an endless cycle of debt.

Amartya Sen, the Nobel Prize-winning economist, eloquently argues that development can be seen as a "process of expanding the real freedoms that people enjoy." These freedoms can be achieved by focusing on the productivity and the economic sustainability of the activities of the vulnerable groups. Poverty alleviation starts therefore with comprehensive Economic Inclusion.

The IsDB Economic Empowerment approach is an innovative mechanism playing a critical role today in freeing poor people suffering from unemployment, low income and fragile socio-economic conditions in many of our Member Countries and changing their lives. The Economic Empowerment Approach as envisioned by the President's P5P will act as a catalyst and facilitator for our Implementing partners to act as Market Developers. The Theory of Change through the Economic Empowerment Approach starts by engineering innovative interventions and proposing investment opportunities, access to finance, sustainable access to markets, supporting basic infrastructure, strong partnerships with the public sector, private sector & Civil Society and capacity building. A solid and sustainable Ecosystem is built in collaboration with development partners around the end-beneficiary for its Economic Inclusion in the long term. The objective is to transform the Poor from mere recipients of financing to real Business Partners.

Palestine, Tunisia, Benin and Sudan were among these countries targeted by IsDB Economic Empowerment interventions. In Tunisia, Zitouna Tamkeen, the first Economic Empowerment Institution of the country, has succeeded in financing around 14,000 income-generating projects and supported the creation of more than 40,000 direct and indirect jobs. In Palestine, the Deprived Families Economic Empowerment Program (DEEP) has succeeded in financing more than 13,000 projects and created 26,000 jobs and helped 5000 families to overcome poverty. In Sudan, the Economic Empowerment program mobilized more the US$ 100 Million and economically enabled more than 17,000 people. In Benin, the Economic Empowerment program has created 500 productive projects and more than 20,000 beneficiaries, improved their socio-economic conditions and reduced forced migration in the country.

This transformation will go from Financial Inclusion to Economic Inclusion while positioning the 2030 Sustainable Development Goals (SDGs) Agenda at the heart of its interventions. Namely, the SDG1 (End Poverty), SDG2 (Zero Hunger), SDG5 (Gender Equality), SDG8 (Economic Development and decent jobs), SDG10 (Reduce Inequality) and SDG17 (Partnerships).

In this regard, the Economic Empowerment Department was established with the mandate of leading, supervising and institutionalizing all of IsDB's Economic Empowerment interventions with a vision of empowering end-beneficiaries in our member countries, including women and youth, in being effective agents of change in their respective communities.

Accelerating Poverty Alleviation Through Cash Waqf Sukuk

Fawaz Abdulnour
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Reading through some of the information about poverty alleviation, you might think that poverty is exclusively a problem of the Muslim World. Though poverty is not an exclusive preserve of the Muslim world, it is truly an alarming problem that should be treated as an emergency if the targets of SDG1, No Poverty, are to be achieved by the year 2030.

Despite the booming nature of Islamic finance, estimated to be around US $2 trillion of assets, some experts are of the opinion that it has not succeeded in effectively generating economic activities that would lift the poor out of poverty. As of 2015 there were 322 million Muslims living in less than US $1.24 per day in OIC Countries.

While this is an issue of huge concern, it is also a great opportunity for the Islamic Development Bank (IsDB) to deploy its influence to help turn around the menace of poverty in the Muslim World by accelerating the engine of poverty alleviation through the introduction of Cash Waqf Sukuk (CWS).

CWS is an innovative resource mobilizing tool, where the proceeds from issuing the Sukuk will be channeled into sharia compliant investments, and the net returns from those investments will be fully forfeited by the Sukuk holders in favor of ISFD (The poverty alleviation arm of IsDB) for its programs and operations. At Sukuk maturity, subscribers receive their principal/subscription amount.

The Crowd Engagement and Funds Management Department (CEEFM) will lead the issuance of the Sukuk as part of greater collaboration between IsDB's Partnerships Development Complex and ISFD.

The Sukuk holders are not motivated by financial return. But they are rather focused on philanthropic objectives over the long run to deliver sustainable social outcomes. The CWS makes effective use of Temporary Cash Waqf (TCW) and Permanent Cash Waqf (PCW) concepts and include an embedded option for Sukuk-holders to convert their TCW into a PCW at maturity should they wish to do so.

The Sharia Board of IsDB approved the concept of CWS, and the Board of Directors of ISFD has approved the issuance of up to US$500 million, with an expected initial issuance of US$200 million in 2020. The peculiarity of CWS is that it targets both High-Net-Worth-Individuals and members of the public who can subscribe with as little as US$100. The duration or holding period of CWS is set at 10 years before payment of the principal to the TCW Sukuk-holders.

It is important to stress that CWS is a purely 'social' one, unlike the traditional impact/social Sukuk where subscribers receive the returns fully or partially. CWS aims to alleviate the sufferings of the poor and create employment opportunities.

"The UN estimates the gap in financing to achieve the Sustainable Development Goals (SDGs) at $2.5 trillion per year in developing countries alone (UNCTAD, 2014)." Reliance on traditional sources of finance will not be enough to achieve the SDGs target, Islamic finance, through innovative resource mobilization tools have a major role to play in achieving the 2030 agenda for sustainable development.

> Reliance on traditional sources of finance will not be enough to achieve the SDGs target, Islamic finance, through innovative resource mobilization tools have a major role to play in achieving the 2030 agenda for sustainable development.

1 See the article, Despite Declining, Poverty in OIC Remains Huge Concern Available at https://www.islamicfinance.com/2015/06/islamic-finance-booms-whilst-oic-poverty-hits-322-million/ retrieved 19/12/19

Articles

Complementing the SDG Financing Gap with Awqaf

Yoseph Ataa Alsawady
Awkaf Investment Specialist

One of the most striking results of the 2030 Global Agenda has been a growing realization of the sheer size of the financial resources needed to achieve the Sustainable Development Goals (SDGs). By now, the massive gap between these needs and all globally available official development assistance (ODA) is commonly recognized as a major challenge.

This realization has begun to inspire development practitioners and institutions to consider changing their business models. Indeed, the Islamic Development Bank's new Global Value Chain (GVC) approach to accelerating the development of Member Countries with its Member Country Partnership Strategies (MCPSs) is fundamentally intended to tackle this very challenge – namely, how can the large gap in resources needed to achieve the SDGs be filled?

With this strategic question in mind, it might be useful to re-examine our various functions within IsDB and the tools of Islamic economics and finance that we have at hand.

One such tool with excellent potential in this context, and which is unique to IsDB, is the financing tool of Awqaf. Within our institution, this is achieved via the Awqaf Properties Investment Fund (APIF). Far from simply financing real estate projects (which is, nevertheless, its modus operandi), this fund is piloting a new and exciting concept in the world of development finance.

Indeed, beyond direct-use development projects (e.g. hospitals, schools, etc.), APIF finances the establishment or growth of Awqaf (endowments) for the benefit of development partners (e.g. non-profit hospitals, schools, or NGOs) – whose activities support various SDGs. It finances the construction, renovation or purchase of revenue-generating real estate assets, with the resulting rents used to repay APIF as well as to boost the long-term financial sustainability and independence of the beneficiary institutions.

This model of second-degree development (i.e. being one degree detached from the developmentally impactful activities of the beneficiary institution), tackles the question of the SDG financing gap in multiple ways.

First, the revenue-generating nature of Awqaf projects means that in the long term the decentralized network of endowments financed by APIF will itself act as a source of development resources.

Second, adding Awqaf projects as a revenue-generating layer (between capital and where it is needed) opens the door for private investment – even where the development activities ultimately being supported are not themselves commercially viable (e.g. non-profit work in areas of fragility and conflict). The success of APIF itself as an impact investment fund, which distributes annual dividends to its 15 institutional investors (including private-sector Islamic banks), is a testament to this benefit.

Third, from a charitable perspective, Awqaf have a unique appeal to donors. Viewed as a long-term, intergenerational source of impact (sadaqa jariyah), many donors prefer this type of vehicle for their larger donations. This is similar to planned or legacy giving in the West, which is often structured as endowments (e.g. for the benefit of Universities). In this way, Awqaf can mobilize and capture private domestic savings, diverting them towards public uses and transmitting them intergenerationally.

Clearly, Awqaf generally and the APIF model particularly can play an important role in mobilizing development resources. This model, unique among MDBs, could allow our institution to play an even more important role in closing the global SDG financing gap.

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Regional Cooperation is Central for the Implementation of the Global Development Agenda

Imed Drine
Regional Economist
MENA & Europe, IsDB

In conjunction with the IsDB Launching Event for RCI Policy and Strategy, a seminar on "Role of RCI in Achieving SDGs" was organized on 04 December 2019. H.E. Ambassador Dato' Ku Jaafar Ku Shaari, D-8 Secretary-General, shared his thoughts and experience on the importance of regional cooperation and integration to implement and achieve the global goals.

H.E. Ambassador Dato' Ku Jaafar Ku Shaari, emphasized that cooperation and coordination are core tenets of Islam and essential for achieving the UN SDGs. The scale and ambition of the 2030 Development Agenda call for collective actions at all levels, since no one country acting alone can deliver the SDGs. The resource implications across and the investment needs are in the order of $5 trillion to $7 trillion per year, far beyond the capacity of any country or a group of countries. In this regard, the UN set South-South Cooperation, regional cooperation and triangular cooperation as main pillars to achieve the SDGs. We need cooperation, synergy, resource sharing and alignment of our priorities to meet development challenges and implement such an ambitious global Agenda.

More specialized and targeted regional cooperation consists in bringing together countries facing similar challenges, similar problems, similar geographic setbacks, around the same objective. Regional integration gives countries greater opportunities to align their priorities and share their resources to achieve a higher level of development.

However, in any region there are those who are endowed with higher financial resources, better governance, and better infrastructure, and there are those who lag behind, comparatively. Within the framework of regional cooperation, this gives regional powers a vast responsibility to care for the others, to listen to their needs, and to help build their capacities. Only through such inclusive policies, regions can prosper. In this regard, the European Union and ASEAN are good examples of helping the least developed countries to catch up and bridge the development gap, through flows of expertise, knowledge, development assistance, aid, investment and trade.

H.E. Ambassador Dato' Ku Jaafar Ku Shaari, concluded on the following ideas:

1. First, we should realize that they are those who hold higher economic power in any regional grouping. It is the commitment of regional powers that determine the overall success of any regional integration. Therefore, we should incentivize these powers to cooperate with others, show them that they will also benefit in return, from the aggregate development of the region.
2. Second, we should work to improve national ecosystems. No regional or international power can help a county without proper governance, can-do attitude, right mindset and right institutions. So, if we want to make regional cooperation an effective tool for reaching UN SDGs, as the policy-makers, technocrats, academicians and the very least as citizens, we should work to improve our national ecosystem.
3. Third, we should get our priorities right. We should deploy all methods of cooperation at our arsenal to fight against poverty, to eradicate hunger, to ensure the wellbeing and good health of our citizens. Only then, we can have an equitable say in the global state of affairs and global economy.
4. Forth, the achievement of the SDGs requires a tremendous amount of concerted efforts alongside concrete projects. In this context, MDBs and regional powers play a critical role in fostering cooperation and coordination among countries.

Regional Integration as a Catalyst for GVC Advancement

Raian Farooq
Economist (YP), Country Strategy & Cooperation (CSC), IsDB

An essential complement to the Bank's new developmental model consisting of advancing Global Value Chains (GVCs), regional integration facilitates access to major markets, opening the doors for higher efficiency through economies of scale, more vibrant competition and cross-border technological diffusion. Regional integration allows Member Countries to reduce conflict, pool their sovereignty, boost bargaining power commensurate to their collective size and reduce negotiation costs. The regional integration of IsDB's Member Countries will enable them to adopt harmonized, collectively enacted regional policies that placate investor inertia stemming from the widespread perceptions of weak institutions and tough business environments that often characterize our Member Countries. These are crucial to advancing Global Value Chains (GVCs), particularly for small nation states, in a world where, increasingly, the most powerful entities are corporations and not sovereign nations, and the most potent source of development finance is the private sector, and not DFIs or ODA.

Historically, Member Countries have concluded several regional integration agreements with the aim of reducing poverty, creating jobs and promoting growth. However, these regional integration efforts have not yielded the anticipated economic and social development, in addition to presenting challenges related to sovereignty, inequality, loss of jobs, migration and border control issues. As RCOs and multilaterals, we must apprehend the lessons learned from the integration efforts of the past and take them in our stride as we chart a new RCI vision. A vision that maximizes trade creation, while minimizing trade diversion, one that reduces trade barriers with regional partners but does not simultaneously increase non-tariff barriers and transaction costs for non-regional trade partners.

In keeping with advancing Global Value Chains (GVC), regional integration should be outward oriented and inclusive. Even the most well-meaning regional integration efforts can be undone if the approach is found to be lacking. The IsDB's new RCI Policy and Strategy charts the way forward for Member Countries in this evolving developmental landscape and embeds it within IsDB's operations.

The four key pillars of IsDB's RCI Policy & Strategy are; (i) Enhancing Cross-Border Connectivity , (ii) Improving Investment Climate, (iii) Mainstreaming Trade and Islamic Finance and (iv) Facilitating Cooperation to Provide Regional Public Goods (RPGs).

Taken together, IsDB's four RCI Pillars are expected to help: (i) expand the tradable sector of MCs' economies and increase the quantity and value of competitive trade in goods among MCs; (ii) deepen economic integration beyond trade in goods to include more trade in services and cross-border investments; (iii) build common policy and regulatory frameworks and associated institutional capacity supportive of private-sector-led RCI, and (iv) promote and support expanded and more effective collective action among MCs that brings about larger common goods with shared and more inclusive economic and human development benefits. The RCI Policy & Strategy are complementary to the various threads of the Bank's new model.

The concept of Global Value Chains (GVCs) and making markets work for development are foundational to IsDB Group's new Member Country Partnership Strategy (MCPS). Cross-border movement of inputs and outputs and multi-country linkages, especially within a given region, are fundamental to the division of labor and comparative-advantage-based specialization inherent to modern value chains. As such, the RCI Policy & Strategy are closely related to the new MCPS, complementing its country-centered analysis with a wider, more holistic approach. Value chain analysis will guide the implementation of the RCI Strategy, and RCI considerations will be part of MCPS preparation.

In addition, the RCI Policy & Strategy are aligned with addressing the Bank's SDG focus areas. The Sustainable Development Goals (SDGs) explicitly recognize the importance of planning and cooperation at the national, regional and international levels. IsDB's RCI Policy & Strategy are designed to support key related goals and targets, especially where action at the national level is insufficient. Enhancing intra and inter-regional, and cross-border trade. Pillars 1, 2, and 3 of the RCI Policy & Strategy have the promise of delivering export-oriented growth. This would serve SDG 8 and 9 of providing decent work and economic growth, and promoting industry, innovation and infrastructure, respectively. Additionally, Pillar 4 of the Policy, plays a crucial role, as many SDGs involve Regional Public Goods, which require collective action (SDG 6, 7, 13, 14, 15, 16).

One of the biggest challenges facing Member Countries is the lack of collective utilization of their synergies. This fragmentation is not only due to geographical dispersion, cultural differences and disparate legal & regulatory frameworks in their economies, but also because of the distinct lack of a lead convener that brings together all RCOs under one banner to formulate and facilitate the actioning of RCI interventions.

The IsDB will play the role of 'advisor & financier' by helping MCs and RCOs plan and implement RCI interventions and utilizing Islamic Finance products in both sovereign and non-sovereign RCI interventions. It will also act as 'capacity builder & knowledge broker' by taking lead in RCI capacity building programs & organizing RCI dialogues/ events for MCs and RCOs for knowledge exchange and joint action. But most importantly, in keeping with the IsDB's vision of transforming into the 'bank of developers', the IsDB will play the role of a 'lead convener' in RCI interventions by partnering with RCOs, DFIs, the private sector and civil society.

Achieving SDGs in the Era of Rising Protectionism

Mohammed Faiz Shaul Hamid
Lead GVC Specialist, Country Strategy & Head Global Value Chains Section, IsDB

Although economists have long shown that trade liberalization has positive welfare effects, some preconditions of such trade liberalization are today not entirely controlled by states as global firms play an increasingly more important role in the global economy. Trade plays a key role in achieving the targets of the SDG 2030 Agenda. Target 17.10 sets high importance to advancing economic growth and fostering global competitiveness as it promotes a universal, rules-based, open, non-discriminatory and equitable multilateral trading system

The rise of FTAs since 1990s to mega FTAs such as the partly failed Trans Pacific Partnership Agreement (TPPA) and the ongoing negotiations on Regional Comprehensive Economic Partnership (RCEP) for more than seven years are testaments that trade liberalization efforts through FTA despite the increase in chapters and coverage of industries has not addressed the concerns of the majority states. What is prevalent in FTAs is that every state is trying hard to find a "one size fits all" approach, while at the same time instead of complementing each other in a trade agreement, state compete further in the same industries and ultimately most countries have similar tools of protection, apply reciprocal tariffs and mirror each other in their investment policies.

Both trade liberalization and investment promotion efforts have peaked to a level where it has lost appeal to global firms using either one or another as a strategic decision to locate its suppliers and manufacturing plants. This is evidenced by the low level of preferential tariff utilization even though most tariffs are reduced to zero or near zero percent and the similarities between countries in offering the same investment incentive package that allows global firms to shop for the best package.

The global trading system needs to create a "win-win" situation for both firms and states which seems to run out of policy tools to govern the complex Global Value Chains (GVCs) that are spread in different parts of the world. Trade and investment policies that are centred around broad industries should be shifted to product based policies, considering specialization and avoiding industry wide policies. As the world is moving towards the fourth industrial revolution, it is expected to bring about more disruption to the global trading system as it is and therefore, policy tools such as tariffs and rules of origins should be replaced with more flexible tools. This requires a better understanding of product level transactions between firms beyond between borders and innovative approaches especially with the use of big data and artificial intelligence.

Since global firms and multiple states govern a GVC for any industry, global industry coalitions that includes multi states, global firms and institutions for every industry should be established to determine industry standards, cooperation, trade and investment policies. The global industry coalition would also need to address SDGs as well as mutual benefits for all actors concerned in the global coalition. At the same time, the global industry coalitions should also be entrusted to support the least developed states that are part of the global industry. The role of global firms in achieving SDGs should be formalized in such global industry coalitions with perhaps a Voluntary Industry Review with a comparable mechanism to Voluntary National Reviews (VNRs).

The global trading system needs to create a "win-win" situation for both firms and states which seems to run out of policy tools to govern the complex Global Value Chains (GVCs) that are spread in different parts of the world

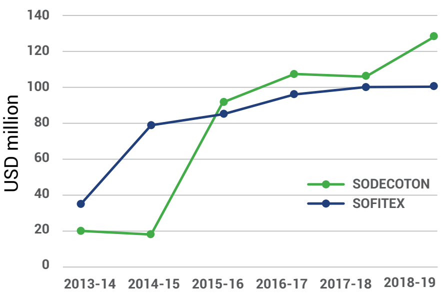
ITFC Contribution to SDG 2: Evidence from Operations in the Cotton Sector

Hamdi Ahmedou
Manager, Monitoring & Evaluation, ITFC

ITFC, the "cotton bank of Africa"

Over the last decade, ITFC has established itself among the leading finance providers of cotton ginning companies in Africa. Since its creation, the corporation approved a total of USD 744 million to SOFITEX and USD 492 million to SODECOTON, the two largest cotton exporters in, respectively, Burkina Faso and Cameroon. ITFC financing has been on a constant increase since 2013, positioning the institution as the main financial partner for both companies. Thus, in 2018, ITFC financing represented 44% of SOFITEX total financing needs, against 15% in 2013. The purpose of the funding is to purchase cotton seeds from producers and, to a lesser extent, to import agricultural inputs. The operations targeted an estimated 440 000 cotton producers located in some of the poorest regions of Burkina Faso (Boucle du Mouhoun) and Cameroon (Extreme North).

Evolution of ITFC approvals in the cotton sector

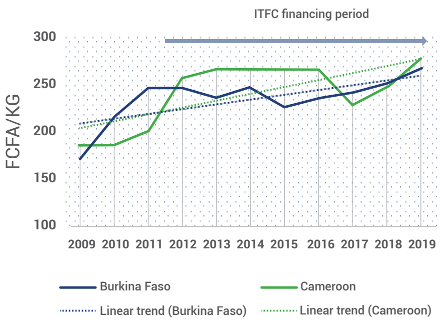


Over the last decade, ITFC has established itself among the leading finance providers of cotton ginning companies in Africa.

Supporting farmers' incomes in times of uncertainty

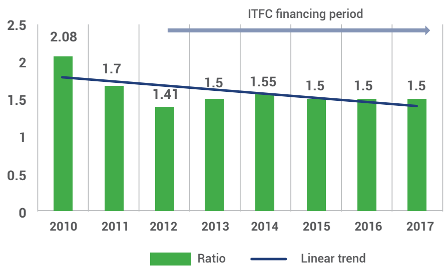
The cotton sector in West African countries is progressively recovering from a period of crisis which led to a decrease in yields and production. In this context, ITFC financing provided producers with timely payment of their production (less than one month after collection) and was crucial to keep producers motivation to cultivate the crop and to maintain the trust between the value chain stakeholders.

Evolution of producer prices



Source: SODECOTON, SOFITEX, National Producers Unions

Ratio "inputs selling price/cotton purchase price"



Source: SODECOTON

Despite high volatility in international markets, the effect on producers' prices were limited, thanks to an institutional price-fixing mechanism in both countries. ITFC operations were also crucial as they reduced financing costs and represented a bargaining power when negotiating the prices. During ITFC financing period, producers' prices have increased 12% in Burkina Faso and 27% in Cameroon.

Farmers income doesn't only depend on the price received. Higher revenues and improved food security also require an increase in the volume of production and lower production costs. More specifically, the cost of agricultural inputs is a burden for producers. For this purpose, 19% of ITFC total approvals to the sector were oriented towards the import of agricultural inputs. Both SODECOTON and SOFITEX provides all of the production inputs to growers, on credit, and the prices are set annually through the joint price-fixing mechanism. Data collected from SODECOTON shows that the ratio between the selling price of inputs and the cotton purchase price from producers have stabilized around 1.5 during ITFC financing period, down from a peak of 2.08 reached in 2010.

Towards a more holistic approach

By influencing both prices and cost of inputs, ITFC operations in the cotton sector have contributed to support farmers' incomes. But trade finance cannot resolve all issues faced by producers, especially those related to the ongoing degradation of soil quality and variable rainfalls. For this reason, ITFC, in partnership with SOFITEX, is in the process of designing an integrated program addressing soil fertility issues. The program will be in line with ITFC commitment to provide technical assistance to its agricultural clients, in addition to financing facilities, to overcome critical challenges related to soil fertility, crop contamination or yield improvements. Such a holistic approach will further strengthen ITFC contribution to SDG 2, Zero Hunger.

Key targets addressed by ITFC operations

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations [...] to safe, nutritious and sufficient food all year round.

2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, [...] including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

Accelerating the Asia-Pacific Quest for Sustainable Development

Sweta C. Saxena
Chief, Macroeconomic Policy and Analysis, United Nations Economic and Social Commission for Asia and the Pacific, Bangkok

The long-standing case for growth: Economic policymaking in Asia-Pacific developing countries has, understandably, long been focused on maximising GDP growth, given the imperatives of poverty reduction and job creation. There is no gainsaying that there is a strong case for economic growth but when this comes at costs that undermine the sustainability of growth itself over the long term, it is time to ask questions.

The case for a holistic approach: This is glaringly evident in the Asia-Pacific region, where decades of high growth have transformed the socioeconomic landscape – lifting a billion out of poverty and raising living standards of even greater numbers. However, such growth has been accompanied by growing inequality of income and opportunity and is beginning to breach planetary limits, endangering the well-being of future generations. Indeed, according to the UNESCAP 2019 report on SDG progress, the Asia-Pacific region is not on track to achieve any of the 17 SDGs by 2030 if we continue on our business-as-usual pathway, and the region has either stagnated or regressed in several environmental Goals.

The need to align economic policies with sustainable development: because there is growing empirical evidence that economic growth, without a reduction in inequality, is not sustainable for long periods and that early climate action can slow capital depreciation, lower debt accumulation and increase GDP.

Fortunately, countries in the region are waking up to this challenge and beginning to accelerate action to implement the 2030 Agenda for Sustainable Development. To this end, UN ESCAP has conducted, perhaps the only of its kind, an assessment of the financial cost of implementing the 2030 Agenda in Asia and the Pacific. The 2019 edition of the UN ESCAP flagship publication Economic and Social Survey for Asia and the Pacific estimates that an additional, annual investment of $1.5 trillion is required to reach the Goals by 2030, equal to about 5 per cent of GDP.

This cost is affordable. For a region that is home to 4 out of 7 people in the world, it amounts to just under a $1 per person per day, on average. While most countries in the region have the fiscal space to invest in the Goals, least developed countries will require help due to higher investment needs (16 per cent of GDP) while South and South-West Asia will need 10 per cent of GDP.

A plan for people and planet requires: Majority of this investment is to ensure human and planetary well-being – $698 billion per year for ending poverty and hunger and providing health and education to all; $590 billion per year for promoting clean energy and climate action and living in harmony with nature; and $196 billion per year for improving transport and ICT infrastructure as well as access to water and sanitation services.

Harnessing synergies and addressing trade-offs through integrated planning. Health outcomes, for instance, depend not only on health-care services but also on nutrition, water, sanitation and air quality; thus, investments in these other areas can deliver health co-benefits. With good governance, such positive interactions are likely to intensify, resulting in a reduction in the long-term investment needed for achieving the Goals.

…an increased ownership of the SDGs by all government ministries by meaningfully linking the Goals with their core functions (rather than being an 'add-on'). Here, assessment of financing needs can help enhance the linkage between planning and budgeting.

This cost is affordable. For a region that is home to 4 out of 7 people in the world, it amounts to just under a $1 per person per day, on average.

…. SDG-aligned macroeconomic policies: Government expenditure and tax policies are critical for investing in people (e.g. health and education budgets) and the planet (e.g. fossil fuel subsidy reforms, carbon pricing). Similarly, financial policies can be a key driver of technological transformation. For instance, Green credit policies can have a significant impact on the flow of capital to green industries as in China.

Putting people and planet first in economic policies to influence investment, production and consumption patterns is the only way to make this world a better place. Implementing the 2030 Agenda will require a transformative change in societies and economies aiming for 'Ambitions beyond growth.'

Spotlight Session Highlights How to Improve Results Focus in IsDB Group

A Spotlight session organized by the Knowledge Management and Institutional Learning Division (KMIL) has shed a light on the steps needed to improve the results focus of the IsDB Group. The session titled "How to Respond to Stakeholders' Growing Demand for Development Impact Results" was presented by Br. Ibrahima Thierno Lo, an Impact Measurement Practitioner, currently, Senior Business Oversight and Delivery Monitoring Specialist, Office of the President. The event took place at the IsDB Library on Tuesday, December 10, 2019.

The session provided key lessons and insights drawn from our active engagement with local partners in MCs as well as the MDBs Additionality working group, the DFIs development impact working group, the Global Impact Investing Network, the OECD Results Community and the Abdul Latif Jameel Poverty Action Lab (JPAL).

The Spotlight session discussed how the acquired insights were applied by the presenter together with the 10-steps to a results-based M&E system (developed by Kusek Zall and Ray Rist, two World Bank colleagues and widely adopted by several government programs) to support the results system of the RHB Group's SME program in Malaysia. Within IsDB Group, the BRAVE Program was one of the first initiatives to apply thoroughly the principles discussed in the 10-steps.

In a nutshell, to respond to stakeholders' growing demand for development results, the following key discussion points were raised :

1. **Impact Thinking:** In the first place, impact is a moral duty: "O you who have believed, why do you say what you do not do" (Quran 61:2).
2. **Awareness:** Stimulate results champions in all sectors, entities and at senior management level to pass the first level of readiness assessment in the 10-steps.
3. **Results Framework:** Institutionalize Evaluability Assessment to design good outcomes indicators, baselines and targets and proper links between Project, Program, Sector and Corporate Goals. The Regional Cooperation Integration New Operational Strategy has a good start.
4. **Monitoring of Outcome Results:** Put our ambition to track systematically progress on outcome achievements on a yearly basis against annual targets. ICD, ITFC have started the process.
5. **Commitment to Evaluation:** Set dedicated budget and clear objectives for impact evaluation at program level to highlight our distinctive contribution to specific SDGs areas. BRAVE Women Program is a good example. They put 1.2% of the Program cost to undertake impact evaluation, including RCT and quasi-experimental methods.
6. **Evaluation Use:** Evaluation findings help improve program design, answer management questions and foster learning culture. The new OED Management Response platform (STEER) is a good tool to promote evaluation use.

The Spotlight session was attended by several professional staff and members of management from different complexes and entities; including members of the core team of the SDGs Community of Practice in the presence of Dr. Rami Ahmad, Special Envoy on SDGs; Dr. Walid Abdelwahab, Director-General, Country Relations and Services; and Dr. Intizar Hussain, Manager Executive Business Oversight and Delivery Monitoring Division, Office of the President. The event was moderated by Dr. Muhammad Jameel Yusha'u.

Br Waref Karachouli, Division Manager, KMIL urged IsDB Group Staff to utilize the Spotlight sessions to share their knowledge and field experiences for the benefit of the Bank.

What Does the African Continental Free Trade Area Means for Women and What can IsDB do?

Cheikh Oumar DIA
Country Economist, Regional Hub, Dakar

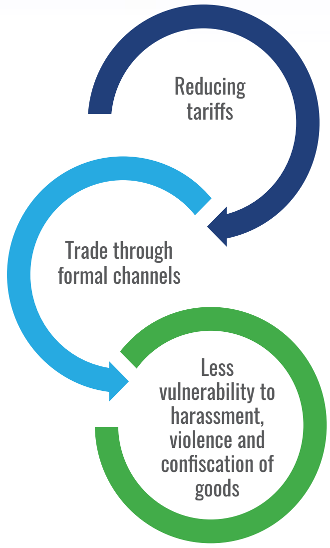
"Historic moment"! "Giant step"! These are the recurrent expressions one hears when it comes to describing the entry into force of the African Continental Free Trade Area (AfCFTA) in Kigali, Rwanda, on 21 March 2018. In an era of increasing free trade areas all over the world, it was the turn of the African continent to deepen its regional integration efforts further with this creation. This is acknowledged by Mr. Moussa Faki Mahamat, Chairperson of the African Union Commission, that integration is not an option but an imperative. Yet, a key question is, what is in this agreement for African women?

Trade has been recognized, in the literature, to be sina qua non for economic growth. The Addis Ababa Action Agenda recognizes trade as an engine for economic growth and poverty reduction leading to the attainment of the Sustainable Development Goals (SDGs). The United Nations Conference on Trade and Development (UNCTAD), together with International Trade Centre (ITC) and the World Trade Organization (WTO) have linked trade to specifically SDG targets 17.10, 17.11, and 17.12[1]. Moreover, the African Trade Policy Centre of the Economic Commission for Africa (ECA) in association with the African Union Commission, widen the linkages to SDG 1, 2, 3, 8, 9 and 17 relative to no poverty, food security, affordable access to health services, decent work and economic growth and promotion of industry. Hence, increased women participation in trade and reaping the benefits of economic growth

In this context, the AfCFTA is expected to have a significant role in achieving the

SDGs through trade by contributing to SDG 2, 8, 9 and 17 respectively relative to food security, decent work and economic growth, promotion of industry and reduce the continent's resilience on external resources.

The United Nations Food and Agriculture Organization (FAO) estimated in 2017 that 70 per cent of the informal cross-borders traders in the South African development Community region are women and it is estimated that 90% rely on this activity as their only source of income. UNECA said that, women would benefit from an improvement to the challenges they face as informal cross-border traders. Indeed, improving trade facilitation will raise revenues for women traders who could formalize and boost intra-African trade, increase the continent growth and reduce poverty. Moreover, the World Bank report on Women and Trade in Africa noted that small-scale cross borders has a more direct impact on poor households than large-scale trade.



The Islamic Development Bank Group could push for a smooth transition of women from informal to formal sector by supporting AfCFTA tariffs reduction. By reducing their cost and making their trade more affordable, women could transition into the formal sector which allows them more protection and less exposition to violence, confiscation of goods and harassment. The IsDB will also have a card to play by supporting enhancement of simplified trade regime for small traders which directly impact women. In addition, an investment on export-oriented industries which are a source of job opportunities for women will also have spillover effects on other SDGs like education and poverty reduction. Improved capacity of women on taxes, duties and tax exemptions will protect them from abusive fines, threat and confiscation of their goods.

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1 Target 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda.
Target 17.11: Significantly increase the exports of developing countries, with a view to doubling the least developed countries' share of global exports by 2020.
Target 17.12: Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and

Benchmarking the Progress of SDGs Among Indian Muslim Population

Sharjeel Ahmad
Knowledge Management & Institutional Learning, IsDB

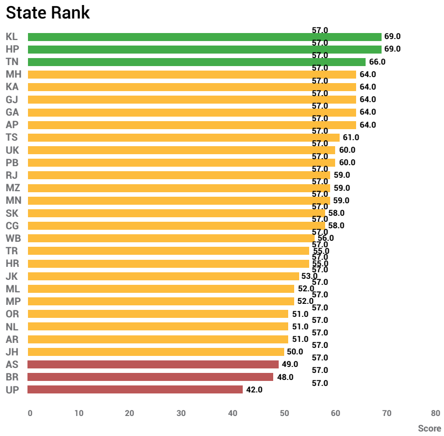
India is home to 11% of the world's Muslim population, second only to Indonesia with 12.7%. Incidentally, this also makes India the largest Muslim-minority country of the world.

Muslim populations (top 5 countries) as of 2018

Country	Muslim Population	Percentage
Indonesia	229,000,000	12.7%
India	**201,013,379**	**11.1%**
Pakistan	200,400,000	11.0%
Bangladesh	153,700,000	9.2%
Nigeria	103,000,000	5.3%

It is exceedingly unfortunate that even with this standing, not much has been achieved in terms of reporting and analytics of Muslim wellbeing in India. The last official report from the Government of India on the social, economic, and educational condition of Muslims in India, titled the Sachar Committee Report, was made available in public domain in November 30, 2006. The most disconcerting conclusion of the Sachar Committee was the issue of inequality and abject conditions facing Indian Muslims, which was even below that of Scheduled Castes and Scheduled Tribes.

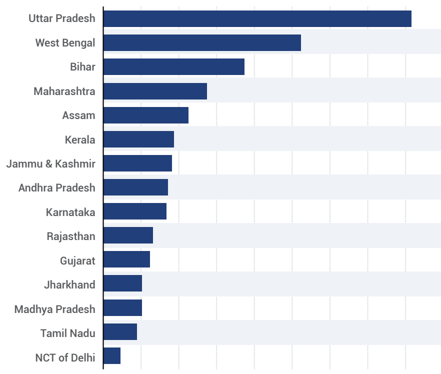
With the adoption of Sustainable Development Goals (SDGs) by the United Nations in 2015, a lot has been and is being done to uplift the social, economic, and educational condition of the less privileged in general in India. A significant initiative in this arena is a dashboard on the SDG India Index 2018, which was developed in partnership between NITI Aayog, United Nations in India and Social Cops. The NITI Aayog Dashboard ranks the state-wise SDG progress of the constituent states and Union Territories of India. The NITI Aayog Dashboard is part of the SDG Progress Report of India



initiative – titled "SDG India Index 2018: A Baseline Report" – which strives to benchmark the SDG progress of the respective states and Union Territories.

As evident from the current NITI Aayog Dashboard, the lowest performers in terms of SDG benchmarking are the states of Uttar Pradesh and Bihar,

Muslim population in India in 2011, by state and union territory
(in 1,000s)



followed by Assam. This is highly critical and relevant from the Muslim Indian perspective – since Uttar Pradesh, Bihar, and Assam comprise some of the largest Muslim population in India.

The issue that calls for an urgent redressal is the fact that though the NITI Aayog Dashboard provides some high-level insights into the SDG progress of the states, it does not detail the standing of the Muslim populace in these states. There are no statistics to conclude if and

how far the depressing conditions of the Muslim populace have had an impact on the muffled SDG performance in these states, while most of the other states in India have shown significant reprisals (including West Bengal, which has the second-largest Muslim population in India).

Sachar Committee Report may well stand obsolete now, after being tabled almost more than a decade back. Another divergent aspect of the Sachar Committee Report is the use of census data and other non-clustered secondary data sources to understand the demographic profile of Muslims. These sets of data sources may not be as aligned as the SDG progress benchmarking in terms of evaluating the operative peace and prosperity index and culling out the priority action areas for the Muslim Indian community. Consequently, there is an urgent need to benchmark the progress (or regress) of the Muslim community in India with respect to the SDGs. The Muslim Indian populace is at the brink of an atrocious political crisis as I write this, and while this may not be the topmost agenda for the Muslim Indian well-wishers, it must be taken as the next priority area once the political crisis subsides soon, in sha Allah.

Tracking SDG7:
Energy Progress Report in the Arab Region

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The United Nations adopted the Sustainable Development Goals (SDGs) in September 2015, along with the Paris climate conference (COP21) in December 2015, with the aim to end poverty, protect the planet and ensure prosperity for all with specific targets to be achieved by 2030. However, the implementation programs by Countries for the achievement of SDGs are becoming a primary concern, including SDG7 which aim at "ensuring access to affordable, reliable, sustainable and modern energy for all".

In this context, the "SDG7 Tracking: Energy Progress Report" tracks progress in sustainable energy through the collection and analysis of quantifiable, internationally comparable energy-related indicators to provide the international community with detailed insight report into progress on the three targets of sustainable energy: energy access, energy efficiency and renewable energy.

Within the framework of the joint activities of "Sustainable Energy for All (SEforAll) Middle East Hub" hosted by IsDB, the Bank and the UN Regional Commission for Western Asia (ESCWA) have cooperated to issue the "SDG7 Tracking: Energy Progress Report for the Arab Region" as a regional report tracking the progress of SDG7 targets in the Arab countries. The report was launched on the 6th of December 2019 during COP25 in Madrid. The report would help strengthening proactive policy to improve energy security and enhance resilience to climate change and mainstream sustainable development goals into regional and national policy processes.

> Some 38 million people lacked access in the Arab region most of them in rural areas of Arab LDMCs.

Overall, the Arab region is on track with its target of achieving universal access to electricity by 2030.

The region's electrification rate rose from 88.4% in 2010 to 92.5% in 2017, making it the most electrified regional group of countries in the developing world. About 7.5% of the Arab region's population, or around 30 million people, were left behind with no formal access to any kind of electricity. Over 90% of the Arab region's entire access deficitis concentrated in three Arab Least Developed Member Countries LDMCs: Sudan, Yemen and Mauritania. The rest of the region's access deficit is found in Libya and the Syrian Arab Republic.

Access to Clean Fuel and Technology (7.1.2) is generally high in the Arab region. 14 out of 19 Arab Countries had access rates above 95%. Some 38 million people lacked access in the Arab region most of them in rural areas of Arab LDMCs.

The share of renewable energy to the region's energy mix remains marginal and accounted for around 10% of the Arab region's energy mix, the lowest share in the world's regions. The residential sector remains the most dominant end user of renewable energy. The recent years witnessed significant cost reductions for solar power utility-size projects, driven by Arab countries. GCC Countries Saudi Arabia and the United Arab Emirates have set world low-price records for utility scale solar PV and CSP in 2016 and 2017, making solar PV cost-competitive with every other fuel in the market. Generally, the Arab region is not on track on the Renewable Energy target of the SDG7.2.

The Arab region is not on track with the global energy efficiency targets. The region has yet to implement energy efficiency programs at sufficient scale and speed to meet this target. Most countries in the Arab region still need to transpose energy efficiency ambitions and plans into largely implemented measures and measurable energy efficiency progress. Industrialized countries in the region, which are considered the highest energy intensity with exporting industries, should capitalize on the region's competitive advantage in low energy costs, and enhance their global competitiveness by improving their energy efficiency. The building sector requires separate attention. Demand-side management (DSM) offers both consumers and energy suppliers cost efficiencies by minimizing peak power demand. DSM techniques include storing energy; shifting demand peaks to lower demand periods; cutting demand peaks with energy efficiency or distributed generators; and reducing the baseload below demand peaks with energy efficiency.

The energy progress report shows that while substantial progress has been made in past decades in the areas of electrification and access to clean cooking, large populations are still being left behind in the Arab LDMCs. Furthermore, meeting SDG7 targets will require significantly scaled-up progress in integrating renewable energy into Arab countries' energy mix, and in decoupling regional growth from energy consumption through improved energy efficiency.

Articles (Continued from Issue No. 9)

Sustainable Procurement

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The recently introduced IsDB Guidance Note on "Sustainable Procurement" that accompanies the New Procurement Guidelines details how sustainability considerations are reflected at each stage of the Procurement Process.

The various stages of the Procurement Process are depicted in the figure below:

Sustainable procurement may be taken into account as early as the Country Strategy and Project Development stages.

During the Planning Stage, a Procurement Strategy may need to be prepared as this will help in meeting the purpose of procurement approach, and thereby achieving sustainable procurement. Key sustainability impacts and issues that the procurement approach will need to address must first be identified, and this should be done at the project level. These issues may be found in a variety of sources, such as the Beneficiary's policies on Economic, Environmental and Social Sustainability. Such policies may address specific topics such as equality in employment; gender considerations; health and safety requirements; vehicle emission standards; packaging, and disposal. Community Needs and Expectations may be a second source where sustainability issues may be identified. Many communities face challenges regarding economic and environmental resources, often involving depletion and destruction of these resources.

Environmental and social assessments may be carried out to assess, manage and monitor environmental and social risks and impacts at each stage in a project. These assessments should be proportional to the sustainability risks and impacts of the project. They should inform the design of the project and be used to identify mitigation measures and actions to improve decision making.

Following identification of key sustainability issues, research and analysis of the supply market should be carried out and the Procurement Strategy should be prepared. This will

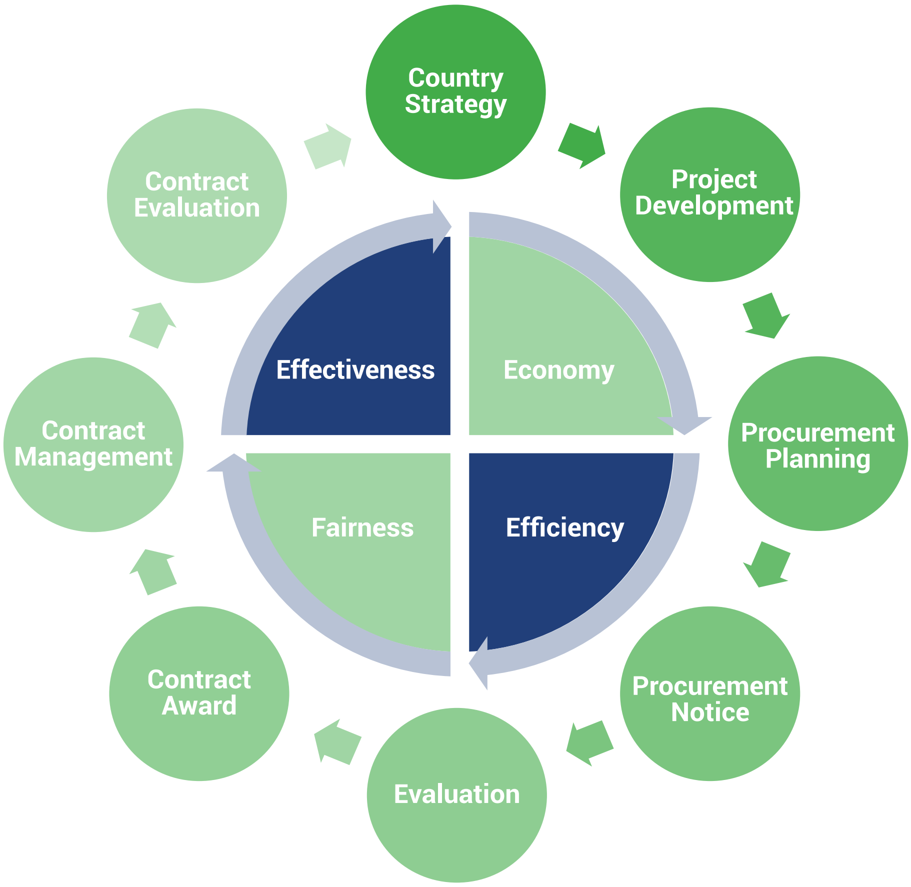

Figure 1 – IsDB's Procurement Process

assist in choosing the appropriate Selection Method and Approach as well as the appropriate Standard Bidding Documents. Strategic actions related to sustainability that are included in the Procurement Strategy comprise:

- When will sustainability criteria be used, for example Pre-qualification or Bid evaluation;
- The nature of sustainability evaluation criteria and the importance given to them, with careful consideration to finding the best balance with other criteria, such as price and quality;
- Expected sustainability benefits, including life-cycle savings; and
- Impacts of the sustainability approach on the project plan and budget.

Following analysis and preparation of the Procurement Strategy, sustainability priorities identified should be considered and included in the design of the procurement process and in the specifications and evaluation methodology. When drafting the specifications, the following should be considered:

- Specifications need to be compliant with local laws and regulations;
- Is the market ready to deliver the sustainability needs (i.e. what intelligence did you gather when conducting market analysis and supplier consultation) to improve the possibility of compliant Bids; and
- Sustainability priorities ought to be transparently and effectively communicated in the specifications.

Sustainability criteria are generally based on verifiable standards. Compliance of suppliers with sustainability standards is normally verified by a certifying authority, such as the International Standards Organization (ISO). Examples of standards are: Health and Safety Management (OHSAS 18001), Eco-Management and Audit Scheme (EMAS), Environmental management (ISO 14001), Energy management systems (ISO 50001). The Beneficiary may include criteria relating to public lists of vendors of certified/labelled products. Use of standard certificates; Eco and Social labels may also be considered.

Figure 2: Eco labels for Consumer Products and Fair-Trade Mark for for products sourced from producers in developing countries. The Mark is used only on products certified in accordance with Fairtrade Standards.

During Selection of Suppliers and the Award of the Contract, the evaluation methodology may cover:

- Qualifying criteria: which set all mandatory requirements that must be met (pass/fail criteria);
- Monetary quantifiable criteria: calculations applied to prices to establish comparative evaluative costs, such as: life-cycle costing, functional guarantees, and aspects such as energy consumption, CO2 emissions or waste.

The sustainability commitments, standards and measures should be written into the contract to ensure that the supplier is contractually bound to implement them. Key Performance Indicators (KPIs) are also used to measure the performance of suppliers. Targets and related KPIs can cover the whole spectrum of sustainable impacts such as: raw materials to be used; labour standards across the supply chain; local sourcing; training and end-of-life management.

Through out the implementation stage the Beneficiary should proactively manage the contract to ensure that the sustainability priorities are delivered, as agreed. The best way to manage contract implementation and the relationship with the Bidder is to develop a comprehensive contract management plan. The contract management plan may be finalized and jointly agreed to include performance targets and measures. Linking sustainability targets with the contract management plan assists in maintaining focus and momentum for delivering the sustainability outcomes.

References:

1. Guidance Note on Social and Sustainable Public Procurement and Gender Consideration in Islamic Development Bank financed Procurements;
2. Guidance Note on Sustainable Procurement, World Bank;

Highlights from COP25

SDG13: From Climate Change to Climate Emergency - Time for Action is NOW!

The 25th Session of the Conference of Parties (COP25) to the United Nations Framework Convention on Climate Change (UNFCCC) took place in Madrid, Spain from 2-13 December 2019 under the Presidency of Chile. This year's event was attended by over 22,000 participants from 197 countries. IsDB Member Countries featured prominently through their country and regional pavilions. COP25 was branded as an "ambition COP", reflecting the significant gap between current pledges and what would be needed to meet global temperature goals hence the tag "Time for Action" adopted for COP25. It took place amidst numerous efforts and concerns of civil society, in particular to youth, in calling for urgent and ambitious global climate action. At the onset of COP25, two cardinal issues topped the agenda i.e. **mechanisms for carbon markets (related to Article 6 of the Paris Agreement) and intentions to mobilize countries to raise climate ambitions post-2020.**

Despite the failure of COP25 to achieve its two topmost agenda as parties, they could not reach a consensus on the proposed text by the COP25 presidency. Though some notable achievements were recorded through parties' decisions such as: Matters relating to finance, National Adaptation Plans, Gender Action Plan, Report of the Adaptation Committee, Long-term Climate Finance and Marrakech Partnership for Global Climate Action that would further enhance the negotiation and discussions of the parties at COP26 in Glasgow, Scotland. COP25 further shows that climate change remains a top priority for

many nations despite the lack of political will among several developed nations, notably the United States of America.

The Islamic Development Bank intensifies effort towards Climate Action: The IsDB was part of the joint Multilateral Development Banks' (MDBs) Pavilion, which included World Bank, IFC, IaDB, ADB, AfDB, EIB and EBRD. The IsDB delegations took part in 17 side events including 7 side events organized by IsDB with various partners, 5 joint MDB side-events, in addition to side events where IsDB representatives served as speakers were invited to speak by other institutions. The side-events included several high-level and prominent speakers including Ministers of Environment from Egypt, Nigeria, Lebanon, in addition to the UNESCWA Executive Secretary, and several high-level representatives from member countries and partner institutions.

During the COP, the Bank presented its Climate Action Plan (2020-2025) and announced its Climate Finance Target of 35% of total commitment by 2025 as part of its efforts to support member countries towards meeting their climate and SDG ambitions. The delegation also launched the SDG7: Energy Progress Report in the Arab Region led by the Economic Infrastructure Division in collaboration with the United Nation Economic and Social Commission for Western Asia (UN ESCWA). Furthermore, the Bank joined major development and financial institutions as a founding member in launching the Alliance for Hydromet Development led by the World Meteorological Organization (WMO). Similarly, the Climate Change and Reverse Linkage Divisions hosted stakeholders for a consultative side event for the launching of the IsDB climate action alliance. MDBs presented their joint approach towards aligning their activities with the Paris Agreement objectives, which will be piloted by all MDBs (including IsDB) in 2020 and 2021. Lastly, the Bank joined other MDB/IDFC members to launching the MDB/IDFC Framework and Principles for Climate Resilient Metrics in Financial Operations. These activities are geared towards enabling the Bank to increase its support of climate-resilient and sustainable projects in its member countries that enable their sustainable and green growth and increase their resilience to the impacts of climate change.

Events

International Day of Education Organized by IsDB Staff Social Club on Monday 27 January 2020





9th Open Dialogue Organized by the SDGs Community of Practice, IsDB Group Sunday 27th of October 2019


Event on Sustainable Development Goals, Progress and Challenges by Dr. Shamshad Akhtar Tuesday 21st of January 2020 (IsDB HQ)