



A Quarterly Newsletter



# SDGs DIGEST

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

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## Youth Engagement and the Economic Impact of COVID-19

**Harvard's Professor Asim Khwaja Highlights the Importance of Data in Tackling COVID-19**

**IsDB, IPU & UN Agencies Organize Forum for Arab Parliamentarians on COVID-19**

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- Development Effectiveness at the Heart of ICD
- COVID-19 and SDG 4 – Will Inequalities in Education Ever be Bridged?

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Welcome to the 13<sup>th</sup> edition of SDGs Digest, the platform for expressing the professional views of the development practitioners within and outside IsDB. relevant to SDGs.

COVID-19 has brought the World in a uniting fight against the financial and the health effects of the Pandemic. The rapid deployment of policy measures, financial support and resource allocation by international institutions, central banks and the governments have been key in containing the economic fallout of the pandemic.

The Islamic Development Bank (IsDB) Group has already approved US\$ 3.07 billion to support its member countries in preventing, containing, mitigating and recovering from the impact of COVID-19 pandemic. The last two issues of the Digest have provided details on the IsDBG's response in the short, medium and long terms. This edition presents a special feature on the role played by Youth in tackling the Pandemic. Various articles are also included to inform the readers on the disproportionate impact of the COVID-19 relevant to the SDGs.

Accelerating the efforts towards building an inclusive, resilient, sustainable and long-lasting recovery hinge on three critical factors: (i) Ensuring affordable and equitable access to the vaccine.; (ii) Sustaining the emergency financing initiatives including the Debt Service Suspension Initiative (DSSI) till the poorer countries attain the path towards economic recovery, (iii) Fostering an enabling environment through the integration of least developed and developing countries into the multilateral trading system with the objective to increase the participation of micro, small and medium enterprises (MSMEs) leading to job creation, which is vital to smoothen the recovery process.

As the countries continue to grapple with the economic impact of the pandemic, joint measures at the global level combined with the national policies are central to ensure that the economic recovery remains strong and sustainable. Sustained collaborative efforts and actions of the global community including the private sector have borne fruits and indicated that a medical solution to the crisis is in sight. Limiting the resurgence of the COVID-19 infections requires well-coordinated multilateral efforts on manufacturing, purchase and distribution of vaccines especially in poorer nations thereby speeding the recovery process.

This edition also consists of articles that elaborate on the various models through which financing can be incentivized during the pandemic as well as in achieving the SDG Agenda of 2030. A guest article from UNCTAD is also included that proposes actions to strengthen the South-South solidarity the current times.

We hope you enjoy reading the 13<sup>th</sup> edition and look forward with great anticipation that a vaccine is available to all and that we get to return to our "old" normal soon, insha Allah.

**Note: The SDGs COP core team is composed of:**

- Ahmed Faruk Diken (leader), • Amir Hamza Syed,
- Hamdi Ahmdeou, • Khalid Ahmed, • Munira Abdalwahid,
- Yehia Amin Sabry Amin, • Sharia Walker,
- Syed Muhammad Abdullah.

*The core team will rotate in writing the editorial for each issue.*

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](mailto:SDGsCoP@isdb.org)



# Harvard's Professor Asim Khwaja Highlights the Importance of Data in Tackling COVID-19



**H.E. Dr. Bandar Hajjar**, IsDB President

The Director of the Centre for International Development at Harvard University's Kennedy School, Professor Asim Khwaja has highlighted the importance of data in making effective decisions on tackling the COVID-19 pandemic.

Professor Khwaja made the remarks during the 13th Open Dialogue organized by the IsDB Community of Practice on SDGs on Wednesday 2nd December 2020. The Dialogue held virtually with theme "Economic Recovery Post COVID-19: Challenges and Opportunities for IsDB Member Countries" was moderated by Dr. Rami Ahmad, IsDB Group Special Envoy on SDGs.

Professor Khwaja stated that COVID-19 is not just a health crisis, it is development crisis and data should be used in making accurate

"It is important to make change now, otherwise it would be difficult to make change in the future. We need to do more to tackle the pandemic. It is important to preserve the global trading system, one that is green and environmentally friendly. This will help in having an open economy because managing COVID-19 requires cooperation."

decision on how to manage the pandemic. "Recovery is not enough, we need regeneration and rethinking as a way of tackling COVID-19," added Professor Khwaja.

The President of IsDB, Dr. Bandar Hajjar commented during the virtual Open Dialogue: "It is important to make change now, otherwise it would be difficult to make change in the future. We need to do more to tackle the pandemic. It is important to preserve the global trading system, one that is green and environmentally friendly. This will help in having an open economy because managing COVID-19 requires cooperation."

The COVID-19 pandemic and the accompanying economic shutdowns have dealt a severe blow to the global economy and especially poorer countries. The unprecedented combination of adverse shocks that faced the global economy lead to deep recessions in many advanced and emerging markets and developing economies (EMDEs). In its June 2020 Global Economic Prospects Report, the World Bank highlighted that the pandemic, beyond its short-term impact, is likely to leave "lasting scars through multiple channels including lower investment; erosion of the human capital of the unemployed; and a retreat from global trade and supply linkages. These effects may well lower potential growth and labor productivity in the longer term".

"Recovery is not enough, we need regeneration and rethinking as a way of tackling COVID-19,"



**Prof. Asim I. Khwaja**, Director of Center for International Development, Harvard Kennedy School



The 13<sup>th</sup> Open Dialogue was quite unique in the sense that it brought a fresh perspective based on existing evidence about the impact of COVID-19 on the global community. Professor Asim Khwaja brought the work of the Centre for International Development at the Kennedy School to the forefront of the discussion on how to ensure speedy economic recovery especially in IsDB member countries.

With many countries managing and moderating the short-term implications of the pandemic, even while entering the 2nd and, in some cases, 3rd waves of the pandemic, EMDEs, including many IsDB member countries, are under continued pressure to undertake comprehensive reform programs to improve the fundamental drivers of economic growth in order to address the likely long-term consequences of the pandemic.

The 13<sup>th</sup> Open Dialogue was quite unique in the sense that it brought a fresh perspective based on existing evidence about the impact of COVID-19 on the global community. Professor Asim Khwaja brought the work of the Centre for International Development at the Kennedy School to the forefront of the discussion on how to ensure speedy economic recovery especially in IsDB member countries.

Professor Khwaja has a broader view of the pandemic. He sees it as a health crisis and an economic crisis. Partnerships and collaboration are key in managing the COVID-19 pandemic as suggested by the Harvard Professor.

### The Development Crises:

- + **Health:** Longer-term health consequences (child immunization, maternal health, chronic illnesses etc.)
- + **Education:** Learning loss and unequal access
- + **Social protection:** Impact on poverty, vulnerability, resilience
- + **Firms and Workers:** shut-downs, job losses, reorienting work
- + **Macro-economy:** balance of payment issues, macro-stability, fiscal space
- + **State capacity & social cohesion**

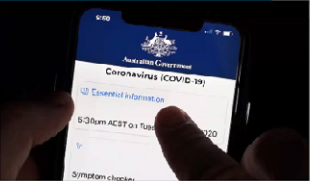
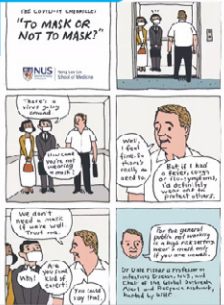
### But also a Global Opportunity

- + Rethink pre-existing development challenges to ensure we stay on the path for inclusive, sustainable growth
- + Use innovations (technology, remote access etc.) to leap-frog
- + Governments (and partnering institutions) must plan for long-term strategies that incorporate COVID and its effects into their development agenda
- + CID at Harvard is launching a multi-year research and policy agenda to respond to this need



## What works?

1. Knowledge & Experimentation
2. Collaboration
3. Decisive Leadership
4. Clear and Honest Messaging

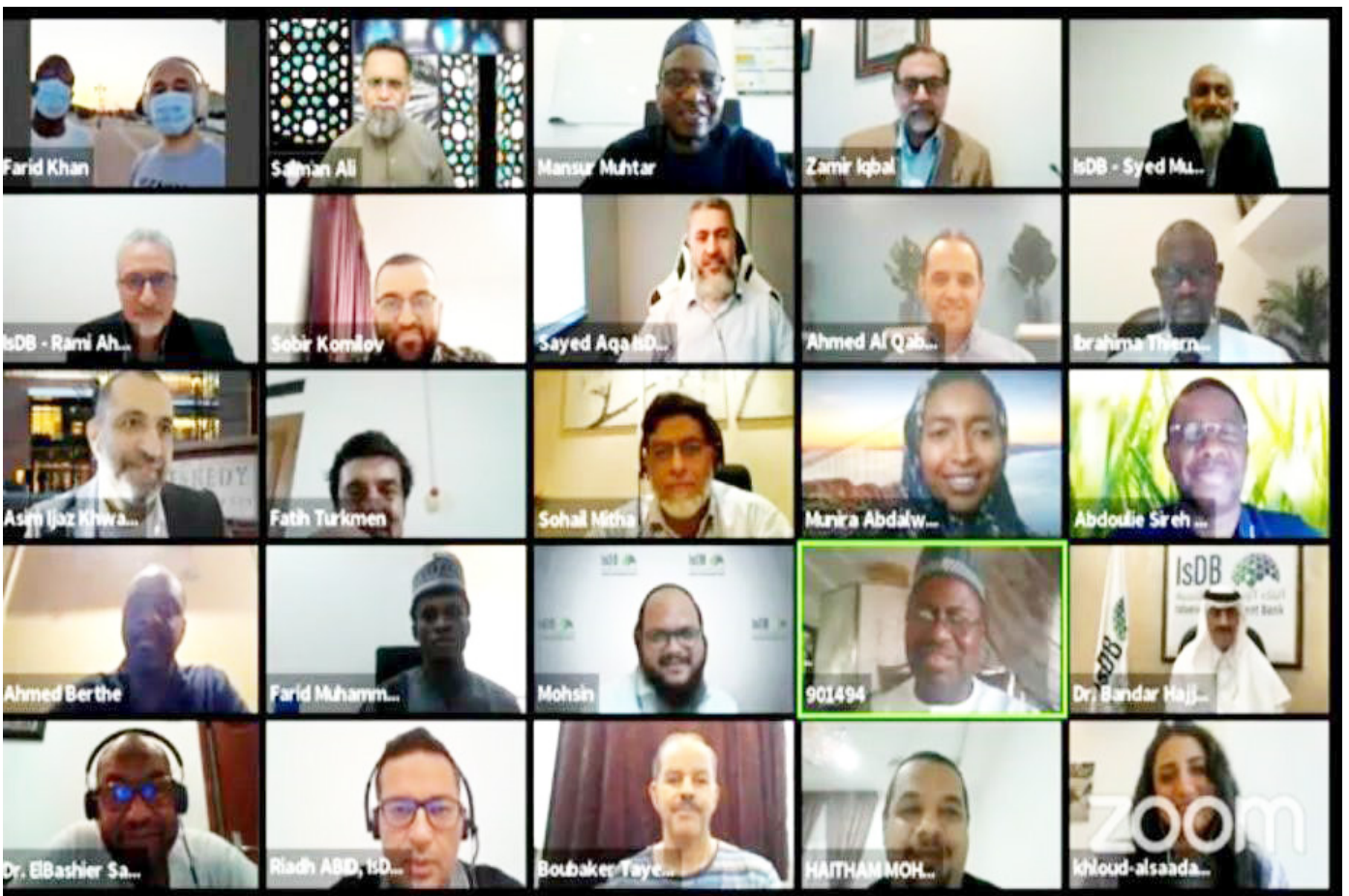
In order to effectively manage public health crises of COVID-19 magnitude, countries and institutions should focus on collecting data at regular frequency. Raw data itself will not provide the solution. The solution lies in what you learn from the data by taking actions and changing the approach to the way the pandemic is being managed.

So what is the right way to manage COVID-19 when the world is learning about the pandemic every day? Professor Khwaja has proposed an answer. What he calls "active learning though evidence." What does that mean? In order to effectively manage public health crises of COVID-19 magnitude, countries and institutions should focus on collecting data at regular frequency. Raw data itself will not provide the solution. The solution lies in what you learn from the data by taking actions and changing the approach to the way the pandemic is being managed. "Arrogance is dangerous" according to Professor Khwaja, and it is even more dangerous when public health safety is on the line.

Professor Khwaja therefore proposed that for countries to be successful in recovering from the pandemic, they should check their

actions regularly and make the necessary modifications as they learn.

At the peak of the COVID-19 pandemic, several countries imposed a lockdown. The lockdown has wider consequences beyond health crisis management. It has an impact on the economy which could cause severe consequences on the economy. In the opinion of Professor Khwaja, lockdown is a costly treatment. What countries should do is to be more strategic in their approach by dividing communities into smaller units and addressing the challenges as they become evident. Regular testing is key, and countries should not wait until people exhibit symptoms. But a broader strategy is to build the capacity of health officials to be ready for the next phase, concludes Professor Asim Khwaja.



# Youth Engagement and the Economic Impact of COVID-19



**Sharia Walker, IsDB**  
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The global COVID-19 pandemic has touched the lives of nearly all the world's population. Even in countries that have seen low infection rates, the socio-economic toll of COVID-19 response has been devastating. While youth (those ages 15 to 24) have proven less susceptible to the most severe health impacts of the virus than older individuals, they have experienced the worst of the pandemic's socio-economic impacts. The disruptions posed by school closures, economic shutdowns, and social distancing have imposed tremendous costs on young people as they seek to map out their futures as adults. Ensuring that youth do not bear the burden of the pandemic's economic fallout for years to come requires the broader development community to put youth needs at the center of rebuilding efforts, working with young men and women as active partners in these efforts.

By its nature, youth is a period of transition in which young people begin to realize their personal investments in education, take steps to start their

careers or start businesses of their own, become independent adults, and begin to form families of their own. Challenging in the best of times, this transition has been confounded by the pandemic. Prolonged school closures have restricted opportunities for learning and skills development. Business closures have led to increased unemployment, underemployment or a reduction in wages among youth in the labor force. In turn, many youth are struggling to meet basic needs and the costs of housing, with household income and disposable income declining precipitously. Together, the uncertainty imposed by these issues and the social isolation that many young people feel in the context of social distancing have led to mounting concerns about mental health.

The pandemic has exacerbated inequalities, especially towards vulnerable groups, including youth and women, throughout the world, which can and potentially threaten the delivering on many SDGs, including SDG 3, 4, 5, 8, good health and well-being, quality education, gender equality, decent work and economic growth, respectively.

As the international community continues to struggle with the pandemic, the Islamic Development Bank's Youth Employability Platform (YEP) is focusing its attention on recent efforts by youth-led organizations and international organizations working with youth as partners. Through its blog post series on youth and COVID-19, the Islamic Development Bank highlights efforts to document youth perspectives on the pandemic and priorities for rebuilding in its wake. Following are four cases that highlight the importance of engaging with

youth to support pandemic responses, the need for youth volunteerism in responding to community needs, the criticalness of inclusive social engagement of youth during the pandemic, and the necessity of empowering young entrepreneurs to weather the pandemic. The cases offer unique solutions created for and by youth, the solidarity with which young activists and leaders have demonstrated in seeking to support their local communities during the pandemic, and promising avenues for supporting youth as they unite to heal their global community. In doing so, it hopes to help inform policy and shape a pathway forward that nurtures a brighter future for young people around the world and delivering on the sustainable development goals.

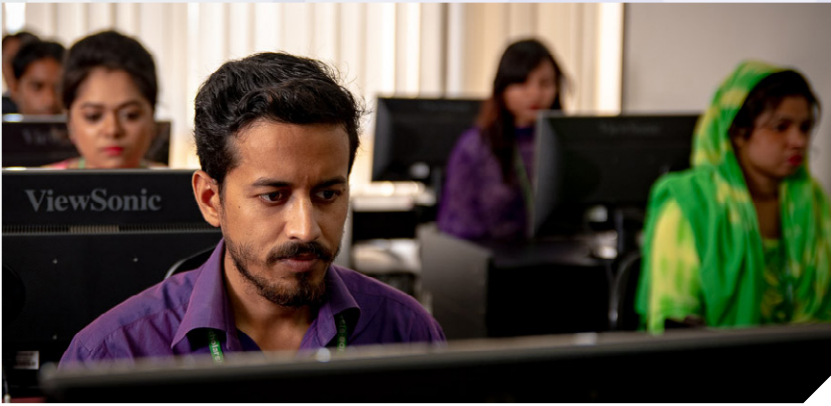
## **A. Al Hayet Centre: Leveraging Youth Engagement to Support Jordan's Pandemic Response**

Faced with the threat of a global pandemic, Jordan's government responded quickly and concretely. In mid-March 2020, with fewer than 100 confirmed cases, Jordan closed schools, its airport and its borders, allowing only Jordanian citizens to return from abroad. A week later, the country instituted a strict economic shutdown, shuttering most businesses and requiring Jordanians to stay home. While later eased, the Jordanian government has followed up with short closures when potential flare-ups were identified. While Jordan's response may be considered draconian, it has kept the virus from spreading widely and has kept the health system from being overwhelmed. However, this success has come at a significant economic cost for Jordanians, particularly youth.

As the international community continues to struggle with the pandemic, the Islamic Development Bank's Youth Employability Platform (YEP) is focusing its attention on recent efforts by youth-led organizations and international organizations working with youth as partners.







Following initial closures, Al-Hayat Center for Civil Society Development quickly sought a means by which it could help with Jordan's pandemic response. Founded by young Jordanian activists in 2006, Al-Hayat Center is a non-governmental organization (NGO) focused on democracy promotion, political development, and human rights. Its staff of 17 young experts works across Jordan on civic and political engagement, running two active programs, RASED (Monitor) and TAMASOK (Cohesion). Through RASED, Al-Hayat supports election monitoring, tracks government performance against specific commitments, and analyzes new laws and policies. The program also encourages public participation and the integration of citizens in decision-making processes. TAMASOK works through dialogue to build sustainable community-based networks working together to meet Sustainable Development Goals (SDGs).

At the onset of the COVID-19 pandemic, the Al-Hayat team decided that the most relevant impact they could play, since their central focus is on youth engagement and the inclusion of youth in political life, was the dissemination of reliable information about the pandemic. In doing so, they were able to leverage a network that includes over 10,000 beneficiaries and reaches over 200,000 Jordanians through social media. Al-Hayat's team developed a social media campaign to promote hygienic practices that limit the spread of the virus. Mindful that awareness has a short lifespan, Al-Hayat has launched a new initiative. It is a civics engagement initiative called the Neighborhood Watch Alliance. Targeting 250 community-based organizations across Jordan, its aim is to study and document community needs in the wake of the COVID-19 pandemic and channel them to decision makers through reports, while building the capacity and independence of participating organizations. The Neighborhood Watch Alliance will empower local communities by providing them with the skills and seed money to create income-generating, sustainable projects at the local level.

Through the course of Jordan's response to the COVID-19 pandemic, Al-Hayat has continued reaching out to support the Jordanian people and the communities with which it works. In doing so, the organization initially focused not on how to restructure how it works but how it could leverage its capacities to best serve the community. Now, as Jordan and the rest of the world consider how to move forward, Al-Hayat provides an important model of how non-governmental organizations and young activists can adapt to the new environment in both returning to the work they did before the pandemic and developing new lines of work needed to support communities in a post-pandemic world.

### B. The JAAGO Foundation: Empowering Young Volunteers to Serve Their Communities in Bangladesh's Pandemic Response

While Bangladesh has made important strides in combatting poverty in recent years, the COVID-19 pandemic has left many exposed not only to the virus but also to income and food insecurity. The Bangladeshi economy was hit hard by the loss of workers' remittances and reductions in global demand for ready-made garments produced by Bangladesh's garment manufacturers. Domestically, the economy slowed as the Bangladeshi government instituted a partial economic closure, intended to slow the

spread of the virus. The resultant loss of income opportunities has left many families hard pressed to meet their immediate food needs. Many have struggled to maintain access to clean water and sanitation at a time when these remain the most important means of keeping the virus at bay.

Faced with significant community spread and increasingly dire economic pressures in the communities it serves, the JAAGO Foundation felt a responsibility to step in and aid families where it could. The non-profit organization was founded in 2007 with the goal of providing young Bangladeshis from low-income families with access to quality education. Since that time, it has grown from one classroom of 17 students to an organization of 11 schools serving 3500 children and youth.

Beyond classroom instruction, the organization has worked to empower youth as agents of positive change in their communities, launching its Volunteer for Bangladesh program in 2011. Volunteer for Bangladesh gives youth a means by which to serve the communities and wider nation while gaining job-relevant skills and work experience, refining their own life goals, and developing a stronger sense of citizenship. Volunteer for Bangladesh provides young men and women with training in leadership and youth engagement, community volunteerism, project design and fundraising, entrepreneurship, self-defense, first aid, and good governance. Run by young leaders at the local and national level, the program enables young members to design and implement local campaigns in support of their communities' needs.

With this network of young volunteers on hand as the COVID-19 pandemic hit Bangladesh, the JAAGO Foundation enlisted members in its efforts to assist low-income families hit by related economic hardships. Since March, JAAGO has raised funds from a wide range of local and international donors, using the funds to prepare bags of food, medicines and basic hygiene items for families in need. The bags include rice, pulses, salt, oil, potatoes, essential medicines, soap, sanitary napkins, and other basic items. Volunteer for Bangladesh members have worked to collect, package and distribute these bags to families across the country, as well as providing them with masks and personal protective equipment (PPE). In all, JAAGO and Youth for Bangladesh have benefited over 150,000 families during the pandemic, a remarkable feat given the complicated logistics imposed by social distancing mandates. The widespread network of youth volunteers based in communities across the country – and their willingness to support their communities in a time of trouble – as well as their partnership with the Ministry of Education, ICT Bangladesh, and A2i to develop new means by which youth can volunteer from home, has been key to enabling the foundation to reach so many in need.

Programs like Volunteer for Bangladesh, in enabling young people to benefit their communities as volunteers, provide countries with an important asset both in times of crisis and in broader efforts to achieve sustainable development. As Bangladesh continues to struggle with the spread of the COVID-19 virus and the economic



fallout of the pandemic response, it will depend on the spirit and capabilities of these youth both to bring an end to the pandemic's spread and to help rebuild the country.

### C. Special Olympics: Supporting Inclusive Social Engagement of Young Athletes During the Pandemic

Special Olympics is an example of what can be accomplished for young people with the right mix of inclusivity, creativity, and determination. For decades, Special Olympics has worked globally to provide youth with intellectual disabilities (ID) with athletic training and competitions in a variety of Olympic-type sports. These activities provide year-round opportunities for participants to engage in friendly competition, develop physical fitness, demonstrate courage, and build friendships. An international non-governmental organization (iNGO), Special Olympics hosts an average of 100,000 competitions a year for 5.5 million participating athletes across 192 countries.

Amid the ongoing global public health emergency COVID-19, organizations like Special Olympics have been forced to suspend operations or to adopt new ways of engaging beneficiaries that allow for social distancing or virtual engagement. To inform the newly adopted programs, Special Olympics reached out to its young members, through surveys and interviews, on the challenges facing its young beneficiaries. They found that the biggest impact of the pandemic on beneficiaries was psychological, with many reporting strong feelings of social isolation. This was particularly true for those with ID. Participation in Special Olympics activities help these youth develop strong positive attitudes and levels of self-confidence. Importantly, it helps them build crucial support networks and a broader sense of camaraderie and acceptance.

These findings proved a source of inspiration for Special Olympics. By focusing on what could be done to support inclusive social engagement for its beneficiaries, the organization has created new solutions that support young athletes with ID even when it couldn't bring them together for athletic training and competition. These included establishing an online platform for beneficiaries to use. This platform provides beneficiaries with a creative workout program they can follow at home that includes new video-based workouts every day led by celebrity athletes. Youth can use an online results tracker to record their workouts and share results with the wider community. Towards this end, the platform includes a messaging app that allows members to communicate with each other both online and offline (allowing those with limited internet access to participate). The platform is structured to keep young beneficiaries socially engaged while promoting healthy practices and an atmosphere of friendly competition.

Special Olympics also has worked to use the platform and its social media presence to provide beneficiaries with useful, trustworthy information about the COVID-19 virus and how to stay safe during the pandemic. Towards this end, the organization developed a series of easily understood infographics, as well as an online module of short videos that allow youth with differing abilities to understand the pandemic and how we can combat the virus' spread as a community. This effort has also included encouraging messages to young members from other members, partners and ambassadors to help keep them motivated.

While the range of activities that Special Olympics has implemented since the pandemic are not a full substitute for the organization's extensive program of athletic competition, they are providing its community with a needed means of staying healthy and engaged as community members.

### D. Youth Co:Lab: Empowering Young Entrepreneurs during the Pandemic

Working with a group of young social entrepreneurs, the UNDP and Citi Foundation launched the non-profit Youth Co:Lab in 2017 with the goal of engaging youth in helping the Asia-Pacific region attain the Sustainable Development Goals (SDGs). To unleash the creative potential of youth in addressing the SDGs in the Asia-Pacific region, the Lab has worked with young people and supporting partners, including governments, the private sector, youth development organizations and UN organizations across 25 countries. With local



implementation partners, Youth Co:Lab has established several interlinked downstream initiatives designed to inspire youth to view the socio-economic challenges around them through an entrepreneurial lens and to support them as they cultivate these ideas into sustainable businesses. These include Springboard, a pre-incubation program designed to help youth begin turning their ideas for SDG solutions into business plans, and Youth Co:Lab Academies, which provide deeper incubation support for social enterprises including business development support, mentoring, networking and support in accessing seed funding. The Lab also runs hackathons focused on triggering innovative solutions to specific development challenges.

The potential offered by these young entrepreneurs in addressing development challenges can be seen in how they have met the challenge of the COVID-19 pandemic. Many of the young entrepreneurs and youth-led businesses working with Youth Co:Lab have responded to the rise of the pandemic with agility, adjusting skillsets and creating new means by which to address the needs of their communities and countries as the pandemic expanded. They have worked to support their communities with efforts ranging from the delivery of personal protective equipment to providing online psychological services to providing food for families in need. In South Korea, Donghun Lee developed two smartphone apps: Coronamap notifies users when they have come in contact with individuals who have been diagnosed with the virus, allowing them to get tested, while Maskmap provides users in South Korea to find masks and protective equipment provided by the government to local pharmacies. In the Philippines, Lifecycles is providing bicycles to essential workers during the pandemic. DeafTawk, which provides online sign language interpretation in Pakistan, is providing information on the COVID-19 virus to Pakistan's deaf community.

The COVID-19 pandemic also underlines how vulnerable young entrepreneurs have been to the economic fallout of the global pandemic response. Compared with more established businesses, young entrepreneurs entered this period of economic contraction with fewer assets, less savings and more restricted access to finance. Moreover, young entrepreneurs are more likely to work in customer-facing service sector industries hit hardest by the pandemic, including retail, hospitality, and food services. Youth businesses are also more likely to lack formal registration, leaving their owners with limited ability to access government assistance being offered to formal sector businesses.

Together, the potential offered by young entrepreneurs and their vulnerability to the prolonged economic closures put in place to combat the spread of the virus underline the importance of continued support to these businesses and empower new youth-led start-ups. To continue its support to young entrepreneurs, Youth Co:Lab turned to technology, making use of video conferencing, webinars, and teambuilding platforms. Youth Co:Lab has been able to maintain the activities of its communities of practice, providing young entrepreneurs with technical support and networking that has allowed them to weather the crisis.



# Development Effectiveness at the Heart of ICD



**Ayman Sejiny**  
CEO, ICD

There is increasing interest on part of Multilateral Development Institutions (MDI) and other financial institutions to incorporate a development policy within their overall risk framework and business activities. As such, and in further addressing these pressures, a crucial decision took place on September 21, 2020 during ICD's 101st Meeting of the esteemed ICD Board of Directors (Board). Among other decisions that day, the Board approved the latest ICD Development Effectiveness "DE" Policy, which was recently updated to reflect the changing dynamics and growing support of this field within the ICD. During the same meeting, the Board also approved the ICD 3-Year Business Plan (2021-2023), which is centred around two overarching goals:

1. Creating Scalable Impact in ICD's 55 MCs with a focus on social inclusiveness,
2. Restoring Financial Sustainability of the Corporation.

These two important documents were a testament to the continued symbiosis between the Board and the executive management to ensure that ICD is at the forefront of the Development Agenda regarding its mandate and mission. By enhancing the ICD Development Policy with a clear strategy and invigorating ICD's Development Effectiveness Department (DED) with adequate resources to address the heightened level of interest internationally, the ICD's Board has ensured that Development Effectiveness remains at the heart of the ICD.

Given the immediate and likely long-term impacts of COVID-19, maintaining needed focus on long-term developmental priorities while battling the pandemic and undertaking recovery efforts will be challenging. Hence, institutions that place relevance and importance on well-defined development strategy supported



## DED Mission

To foster the development of a flourishing society by enhancing innovation, knowledge transfer and the development impact of ICD's interventions in order to meet the developmental aspirations of our Member Countries.

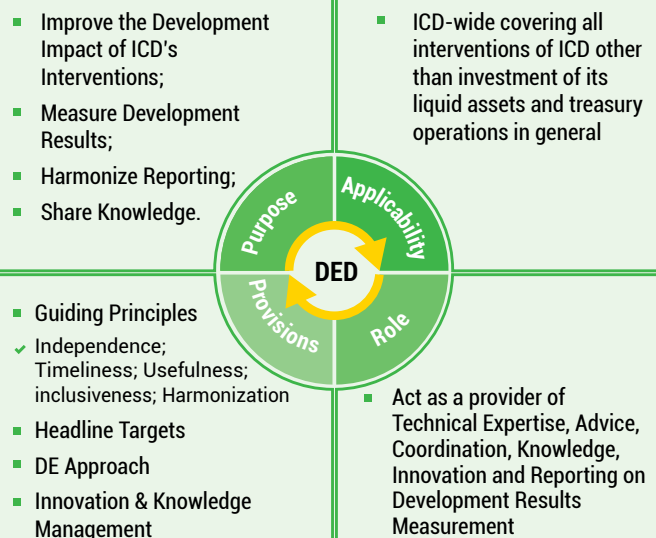
with a trusting governance structure will likely fare better in the medium to long term. There is a collective recognition that a paradigm shift in development models is necessary to advance towards sustainability. Financial institutions, and particularly MDIs, play a pivotal role in contributing to this paradigm shift, by scaling up and helping redirect financing towards policies, investments and assets that are necessary to help contribute to the 2030 UN Sustainable Development Goals (SDGs).

As per the Policy, DED is responsible for providing technical expertise, advice, coordination, and quality at entry on all aspects related to measuring, assessing and reporting ICD's development results. The key activities of DED are as follows: (i) Design, plan, implement, and manage efficient and effective 'results reporting systems'; (ii) Report development results and lessons; (iii) Plan, implement, and manage M&E capacity development activities for ICD professionals; (iv) Collaborate with partner MDIs on results measurement harmonization, benchmarking, and learning; and (v) Dissemination and internalization of knowledge within ICD.

Material additions to the Policy include:

- i) Integrated DED Policy and Framework;
- ii) Clarified DE assessments as part of approval processes;
- iii) Referenced ICD's focused and relevant UN Sustainable Development Goals (SDGs);
- iv) Inserted statements on monitoring of and placing emphasis on ICD's headline targets in assessing project's DE; and
- v) Added DE's Innovation & Knowledge Management (IKM) Program.

## Updated DED Scope









DED aims to improve the development impact of ICD via two main pillars:

- i) Maximization of ICD’s contribution to enhancing the factors and conditions **which enable member countries to achieve their development goals**; and
- ii) Continuous enhancement of ICD’s internal operations which can be achieved through **increasing staff awareness and knowledge**.

As part of the Policy, the Innovation and Knowledge Management Unit (IKM) contributes to the above two pillars via knowledge sharing, collaboration and partnership, innovation and creativity, and continuous rapid process improvement. Additionally, the IKM contributes to the development effectiveness of member countries through its financial inclusion related programs. Generally, these programs are associated with several SDGs:

-  The challenge of ending poverty and how to take on it through financial inclusion;
-  Progress toward gender equality in the access, knowledge and use of financial services
-  Focusing on decent work and inclusive economic growth to promote youth financial inclusion, empowerment and entrepreneurship
-  Innovation to impact the digital transformation utilizing Big Data, Blockchain & Artificial Intelligence systems as well as utilizing ICD’s recently developed Bridge Platform

Increasing financial inclusion will help individuals as well as enterprises to benefit more from financial services by securing payment and remittance facilities, savings, credit and insurance.

All such activities will assist DED to identify, measure, design and reflect improvements in relation to ICD’s key activities and strategies. Moreover, reporting on development results will also extend to external stakeholders especially partner MDIs which ICD collaborates with respect to knowledge sharing, learning and best practices.

**DED Role**

**Develop Knowledge**

**Design Tool**

**Measure Impact**

Focus on knowledge sourcing & dissemination, Innovation, developmental impact assessment and evaluation of ICD interventions to increase awareness among internal and external stakeholders

DED personnel compliment the main objectives above by:

-  **Accountability:** Provide technical support to business units on all aspects related to integrating, measuring and reporting ICD’s development results.
-  **Learning:** Draw lessons from projects using M&E processes to enhance the development effectiveness of ICD’s interventions.
-  **Innovation:** Facilitate innovation and knowledge-based practices to benefit the sustainability and growth of SMEs in line with ICD’s strategic orientation and the global SDGs.
-  **Development Partnerships:** Collaborate with development partners and researchers on results measurement harmonization, benchmarking, and learning to adopt best M&E practices.
-  **Resource Mobilization:** Expanding platforms and financial vehicles to mobilize resources from institutional investors, who have the scale necessary to materialize “billion to trillions.”

Moving forward, several questions are highlighted, and we will work as one team to address each one:

- i) How are we going to embed further the Development Effectiveness Policy considerations into ICD’s businesses activities, including financing decisions, investment processes and advisory mandates?
- ii) How can we incorporate development effectiveness in key performance indicators for internal business units?
- iii) Have we educated our staff on development effectiveness? How can we embed DE considerations in our recruitment processes, and performance assessment practices and processes?
- iv) Do our existing products and services meet the updated criteria put forth by the Policy? What products or services should be offered to address various gaps?
- v) How will we communicate with our partners, clients and other stakeholders in helping to create awareness regarding the Policy?

To foster the development of a flourishing society by enhancing innovation, knowledge transfer and the development impact of ICD’s interventions in order to meet the developmental aspirations of our Member Countries.



# Solidarity through Development:

## The State of Palestine's Role in South-South Cooperation

17 PARTNERSHIPS FOR THE GOALS



**Imad Zuhairi**  
 Director General, Palestine International Cooperation Agency

Guided by a vision of "solidarity through development for a more resilient world," the State of Palestine, through the Palestinian International Cooperation Agency (PICA), seeks to mobilize its skilled human resources to provide technical assistance to support partner countries in responding to crises and tackling development challenges. Precisely, PICA aims to promote South-South and triangular cooperation while realizing the 2030 Agenda and its 17 Sustainable Development Goals (SDGs).

In order to work towards this vision, PICA was created in 2016 as the main development cooperation tool of Palestinian foreign policy with specific attention given to supporting developing countries across and beyond the Arab region. PICA envisions sustainable development becoming reality through cooperation and solidarity within a just and prosperous international community.

PICA works on shaping a partnership-driven approach that focuses on both technical assistance and connecting existing and emerging capacities through South-South and Triangular cooperation. This approach, which integrates partnerships, innovation, and knowledge exchange as key pillars, is designed to enable PICA to achieve rapid gains while maximizing cost-effectiveness and stimulating local ownership and sustainability. Importantly, PICA seeks to further enhance social and international development through the exchange of expertise, capitalizing on Palestinian human

capital in multiple industries, and engaging in a dynamic exchange of good practices rather than a traditional donor-recipient relationship.

Since its establishment, PICA has successfully implemented more than 45 development missions and projects in various countries across the African continent, Latin America and the Caribbean, and Southeast Asia, transferring Palestinian technical knowledge and know-how in diverse fields, including health, humanitarian relief, education, media, communication, renewable energy, and entrepreneurship.

In April 2020, PICA was chosen by the United Nations Office for South-South Cooperation (UNOSSC) as the South-South Cooperation Partner of the month, recognizing the great efforts made by PICA throughout the years, including its recent response to the COVID-19 pandemic.

Furthermore, in line with its current and future vision, the agency signed and developed long-term strategic agreements and partnerships with regional and international organizations, such as the Islamic Development Bank (IsDB) Group, United Nations Office for South-South Cooperation (UNOSSC), the United Nations Development Programme (UNDP), United Nations Volunteers (UNV), and other like-minded governmental and international cooperation agencies. In addition, PICA has been able to expand its team members and integrate young Palestinian expertise in various disciplines to further enhance the achievement of its vision and objectives.

For the experts whom PICA deploys, adaptability is an indispensable part of their skill set. This makes PICA able to deliver results with unusually low transaction costs in difficult risk-filled environments. In addition to experienced professionals, young Palestinian experts are not only a key part of PICA's constituency, they are also qualified as potential experts for dispatching. The young core team of PICA is only one example; other examples are linked to the sectorial experts deployed on PICA missions.



In fact, the success of PICA is directly linked to the resilience of Palestine and Palestinian technical experts. Irrespective of the thematic/sectorial profession – doctors, nurses, professors, engineers, business entrepreneurs, agricultural experts, etc. – the realities of the operating environment in Palestine lead to the ability to work "anywhere" in the world.

It is important to stress that since the agency was established on the back of the adoption of the 2030 Agenda and its new paradigm for development, it has an exceptional opportunity to leapfrog several stages of development approaches. As PICA continues to solidify and expand the coverage of its delivery (both thematic and geographic), its tested and tried development solutions will make a bigger impact not only on the realization of the SDGs but also on strengthening solidarity between nations of the world.

All this can be leveraged for a stronger international engagement with the Palestinian cause and provides PICA with an opportunity to prove that development cooperation is not only the business of a few privileged donor countries.

**Note:** Adapted from its original version as published in "This Week in Palestine" with permission from the author. For original article please visit: <https://www.thisweekinpalestine.com/solidarity-through-development/>



# South-South Solidarity at the Times of COVID-19: Way Forward

17 PARTNERSHIPS  
FOR THE GOALS

**Rashmi Banga**  
Senior Economic Affairs Officer, UNCTAD

The ongoing pandemic has fully exposed as well as exacerbated the inherent weaknesses of the global economy which have been threatening its health even before the COVID-19 hit. These include hyper-globalization, rising inequalities at all levels, growing concentration of rents, falling share of labour and unsustainable levels of debts. The recently launched Trade and Development Report by UNCTAD has predicted "K"-shaped recovery for the global economy, with a "v-shaped" recovery for the wealthy and a struggle for everyone else. This is so because the South is not only more vulnerable to the pandemic but will also take more time to recover. While developed economies have committed an average of 30 per cent of their GDPs to fight the pandemic, the average size of relief packages in developing countries do not exceed 5 per cent. Further, international response to support the South has been wholly inadequate.

But as in all dramatic moments in history, despite its enormous cost in terms of human lives and the inevitable economic and social damage generated, the COVID-19 crisis can also present a unique opportunity for the south to strengthen its solidarity and through south-south cooperation play a pivotal role in helping the global economy to 'recover better.' In May 2020, UNCTAD launched a policy brief "South-South Cooperation at the time of COVID-19: Building solidarity among developing countries" which laid down a blueprint for international policy coordination. It recommends that south-south and trilateral cooperation should be designed around three basic principles: scaling-up resources; enhancing policy space; and building resilience. Accordingly, a solidarity plan could come in the form of enhanced south-south financial cooperation; joint action by developing countries for reviving trade and industry; and strengthened south-south cooperation for mitigating the health and food crises.

Scaling up of south-south finance for faster recovery of the South is one of the most urgent steps needed. In this regard, three regional banks have been identified, i.e., The



Asian Infrastructure Investment Bank (AIIB), The BRICS New Development Bank (NDB), and the Islamic Development Bank (IsDB), which have undertaken elaborate measures. But these regional development banks have further space to scale up lending. New capital injections will help these institutions to scale up their activities as well as the list of their beneficiaries since they are all well positioned to support cross-border initiatives necessary to build regional resilience to crises. In addition to southern liquidity funds, regional payments systems can also bring further relief to countries facing severe balance of payments' restrictions.

The ongoing pandemic has also debunked the notion that free trade necessarily promotes development. The calls to 'reglobalize' with diminished role of state and glorified role of markets will be counter-productive to 'better recovery'. While massive financial subsidies are being rolled out in the North to sustain its businesses during the pandemic, developing countries, who cannot afford comparable bailouts, will need to revive the use of strategic trade and industrial policies. However, to do this, developing countries will need the policy space in the existing multilateral trade agreements. South-south solidarity on international fora can tremendously help to carve-out the much-needed policy space for rebuilding and recovering. A WTO Peace Clause with respect to all actions taken by the governments related to recovery from COVID-19, like industrial subsidies, can be an important step forward. South also needs to show solidarity in preserving the special and differential status for all developing countries in the WTO as a means to "harnessing the developmental benefit of international trade" in line with G77 principles on south-south cooperation<sup>1</sup>.

There is a high probability that the COVID-19 will have a lasting impact on the international trade and may reshape the existing global value chains. The announced desire of the European Union to achieve "strategic autonomy" is indicative of a wider move to forge new supply relations in the North. Furthermore, automation and digitalization will in all likelihood assist the developed countries in this regard. In this changing landscape, developing countries will need to re-engineer their existing production and distribution systems. South-South trade, can be an important complement to domestic-

demand-led growth strategies. It can provide new markets, encourage complementary investment flows and technological upgrading and, with appropriate financial arrangements, reduce balance of payments constraints. As such, strengthening intra-regional trade and regional value chains for diversifying export markets needs to be prioritized in the South.

The unprecedented challenges posed by COVID-19, and the urgent need for solutions is also opening an important window of opportunity for a South-South cooperation initiative in health, health research and related areas through multiple actions that can help build resilience to future pandemics. There is a need for developing countries to urgently develop a regional response to the current as well as future health emergencies along the lines already being proposed by some advanced countries. Accordingly, the South needs to have a strategic vision in terms of strengthening its regional value chains as well as intra-regional trade and investments in order to become self-reliant including in food, health and related products.

The above policies are not only important for recovering from the crisis but are also needed for building resilience going forward. There are ways to integrate into the global economy without necessarily sacrificing the policy autonomy of the states which enable them to respond to the developmental and social needs of its citizens by putting people before profits.

Given the urgency of multiples challenges, it is essential that the Southern countries build a strategic partnership and take coordinated actions without further delay. Going beyond the immediate relief packages, there is a need to have in place a plan for recovery and resilience in the South. Although such initiatives cannot substitute for effective multilateral actions but the multilateral system is currently weak and rudderless and cooperation measures within the South should not only be reactive but should take the lead to promote reform of the wider multilateral system.

<sup>1</sup> G77, Statement on Behalf of the Group 77 and China by H.E. Minister Dr Riyad Mansour (State of Palestine), Chair of the Group of 77, at the 2019 ECOSOC Forum on Financing for Development Follow-up (New York, 15 April 2019), <https://www.g77.org/statement/getstatement.php?id=190415c>



# IsDB Contributions in the G20 Energy Sustainability Working Group



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concessional resources to meet the financing gap for least developed countries such as IsDB's collaboration with Donors in the Lives and Livelihood's Fund (LLF); the recently launched Public Private Infrastructure Advisory Facility to generate a commercially viable pipeline of projects; leveraging the fintech solutions, mainly in the form of enabling crowdfunding platforms; and other forms that will lead to unlocking energy access finance.

The ESWG also organized a workshop in March 2020 on "Strengthening Institutional Cooperation on Energy Access" in which the IsDB had various roles. The IsDB Group Sherpa, Dr. Abdulhakim Elwaer, delivered a keynote speech on "The Promise to Achieve Universal Energy Access" in which he addressed various challenges impeding key stakeholders that are contributing in achieving timely universal energy access from an international financier perspective. "Empowering Women through Energy Access" presentation was also delivered in the same workshop by Sr. Mai Babiker Eltahir, Manager of Women and Youth Empowerment Division.

The ESWG has also organized a workshop in 9 July 2020 in which the IsDB Group participated in the session titled "Overview of Forward-looking Options on Energy Access" presented by Br. Asheque Moyeed from ICD.

Finally, the G20 ESWG communique, endorsed by the G20 Energy Ministries on 28 September 2020, has recognized the IsDB, along with other Development Partners, for their valuable contribution in preparing "the G20 Forward-looking Options for Enabling Pathways for Universal Access to Energy" report.



The Economic and Social Infrastructure Department of the Global Practices Directorate has been working closely with the G20 Energy Sustainability Working Group (ESWG) to support the G20 Presidency in achieving its mandate and fulfil its objectives especially on "Universal access to affordable and sustainable energy" key priority (SDG 7). Addressing this specific SDG can contribute to achieving the other 16 SDGs. A review of all SDG targets indicates that energy is interconnected with 125 (74 percent) out of the 169 targets, making it crucial for all societies to recognize the key interlinkages of energy and the wider development agenda. Thus, the G20 has emphasized and reiterated its support to achieve universal energy access since 2014. The current G20 Presidency of Saudi Arabia has further emphasized its support to achieve this goal and hence invited various Development Partners to share their experiences and pathways to accelerate achieving the universal access goal. The ESWG has dedicated a session during its 1<sup>st</sup> Working Meeting in 8 March 2020 to address "Energy Access" and invited the IsDB to deliver a keynote speech titled: "Unlocking Finance for Universal Energy Access". The keynote speech was delivered by VPCP Dr. Mansur Muhtar and addressed to the G20 members along with various International Organizations including: International Energy Agency (IEA), OPEC, OFID, OECD, International Energy Forum, King Abdullah Petroleum Studies and Research Center (KAPSARC) and Sustainable Energy for All (SEforALL).

The IsDB keynote speech shed light on few keyways and methods that further unlock access to finance enabling universal access to energy from both IsDB experiences and its perspective as an MDB. This included the USD 25 billion Sukuk Program including the recently issued Green Sukuk; leveraging and catalyzing scarce



# SDGs Operational Approach in IsDB



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The application of an idea or a framework is the most vital and usually the most challenging aspect. This is the case with the implementation of the Sustainable Development Goals (SDGs) as well, that replaced the Millennium Development Goals (MDGs) in 2015, though the success achieved at the completion of the 15-year period of the MDGs, has witnessed one of the most successful anti-poverty efforts. Nevertheless, there is always room for improvement and whether the lessons learnt have been well incorporated in the SDGs framework is yet to be seen.

The good thing is that we still have time on our side, yet soon we will be running out of time as we enter the last decade of the SDGs 2030 Agenda, if an effective way of planning the implementation of the SDGs in the countries' national planning processes were not dealt with in an inclusive manner. In the context of the MDBs the foremost challenge is that the SDGs are designed

The MDBs need to align their processes in a way that the SDGs become the nucleus of the internal planning processes and the 169 targets for the 17 SDGs become the underpinning elements for cascading and measuring the planned results, outputs and outcomes in the operations plan in a structured manner.

at a macro-economic level, whereas the MDBs' interventions are at a cascaded level, resulting in a disconnect between the overarching SDGs gap and the country-level interventions. Hence, the MDBs need to align their processes in a way that the SDGs become the nucleus of the internal planning processes and the 169 targets for the 17 SDGs become the underpinning elements for cascading and measuring the planned results, outputs and outcomes in the operations plans in a structured manner.

The Islamic Development Bank (IsDB) has taken a conscious decision of aligning the SDGs gap in the Member Countries' sectoral allocation as a basis for developing the operations plans since 2019, which has demonstrated that in most of the sectoral interventions, the Bank is within the +/-5% of the SDGs gaps, apart from the transportation sector, whereby the interventions exceed the SDGs gap. At a Bank level, the Core Sector Indicators (CSI) have been mapped against the SDGs targets, which are further being fine-tuned to ensure that the cascading of the results could be clearly established and the Bank's contributions towards the attainment of the targets could be measured and reported in a quantifiable manner.

The IsDB's intervention in its operations plan could be attributed primarily towards SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health), SDG 4 (Quality Education), SDG 6 (Clean Water and Sanitation), SDG 7 (Clean Energy), SDG 8 (Economic Growth), and SDG 9 (Infrastructure, Industry, and Innovation). To compliment the SDGs alignment driven mindset and have a goal congruent approach, the IsDB's planning processes are well integrated across the Bank. Hence, the focus on operationalizing the SDGs in the planning processes of the Bank, have manifested a far-reaching impact beyond the operations of the Bank. This has improved the IsDB's credibility from a Corporate Social Responsibility (CSR) perspective, from a ratings perspective as well as from a financial and Environmental, Social and Governance (ESG) perspective, that has made the Bank more attractive to socially conscious investors.

However, at a country level, there is a need to have a greater level of alignment between the national planning processes and the SDGs targets, which will ensure that the areas of interventions could be prioritized and aligned at a global level. There is a need to have the exploration of

The focus on operationalizing the SDGs in the planning processes of the Bank, have manifested a far-reaching impact beyond the operations of the Bank. This has improved the Bank's credibility from a Corporate Social Responsibility (CSR) perspective, from a ratings perspective as well as from a financial and Environmental, Social and Governance (ESG) perspective, that has made the Bank more attractive to socially conscious investors.

new critical pathways, with an unequivocal deployment of resources at a holistic level with the objective of bringing together the key stakeholders on one page, i.e., the governments, civil society, private sector, MDBs and other international donors., only in that case the SDGs Agenda 2030 could be achieved.





# Development Financing Assessment Index (DeFAI): IsDB's Financial Sustainability & SDGs



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There is a reason that self-preservation is oft regarded as the first law of nature, for without self-preservation, the agency to envision a more equitable world, much less its materialization, is interred. The delivery of the SDGs is a remarkably large undertaking dependent on a global consortium of actors. IsDB is institutionally a small, but important cog in this large machinery. Beyond the financing it can contribute towards achieving the SDGs, IsDB's additionality as a south-south MDB lies in brokering SDG action by bringing together developmental agents to work on common terms.

Given IsDB's strategic role, self-preservation cannot be overstated - and for an MDB, no consideration is more existential than the safeguarding of its financial sustainability.

Over the years, IsDB has observed a scope for greater alignment between its operational domain and that of its financial & prudential concerns. Ideally, these should operate within a feedback loop, informing and accounting for each other, in order to prevent the emergence of issues arising from operations planned bereft of adequate ex-ante prudential guidance. Left unmitigated, this would impair IsDB's financial sustainability. It is against this backdrop that the Development Financing Assessment Index (DeFAI) was developed to bridge the operational and financial domains of the Bank and institutionalize a systematic approach to operations planning.

At its heart, the DeFAI is a Composite Economic Indicator (CEI) that combines widely consulted, relevant parameters in determining country financing allocations based on country needs, absorptive capacity, implementation performance and IsDB's financial sustainability. It serves the following purposes:

The DeFAI institutes 35% of regional allocations dedicated to climate finance commitments by 2025, supporting continuous alignment of the Bank's development efforts to the objectives of the Paris Agreement and SDGs.

- **Performance Based Allocations:** To ensure that country engagements, expectations & IsDB's operations are framed within the underlying evidence of historical implementation performance.
- **Needs Assessment of MCs:** To ensure financing allocations are aligned with the socio-economic needs of MCs. In particular, the DeFAI places emphasis on the human development in MCs and aggregate SDG achievement scores.
- **Absorptive capacity assessment of MCs:** To ensure that the Bank's limited OCR resources are allocated cognizant of existing commitments. This ensures portfolio diversification across MCs, prevents portfolio overload and is motivated by equity.
- **Optimization of portfolio performance** by utilizing DeFAI as an implementation incentivization tool in the absence of policy-based financing. The performance of each MC across each of the sub-indices of the DeFAI are mapped and form the basis for portfolio performance & operations planning discussions with MCs.
- **Aligning operations planning to SDGs:** This is achieved on two fronts, (i) by ensuring needs assessment within the DeFAI embeds SDG achievement scores of MCs, and (ii) IsDB's sectoral allocations are determined by SDG financing gaps across MCs.
- **OCR Allocations for GVC based MCPS:** The DeFAI is augmented with additional GVC relevant indicators to produce OCR Allocations and projections for GVC MCPS's - from which overall MCPS financial envelopes are determined.
- **Climate Financing:** A substantive part of attracting investments to achieve the SDGs will be dictated by the climate resilience and green growth of MCs. The DeFAI institutes 35% of regional allocations dedicated to climate finance commitments by 2025, supporting continuous alignment of the Bank's development efforts to the objectives of the Paris Agreement and SDGs.

The DeFAI's outputs are in the form of three-year financing allocation projections for MCs as part of the Bank's Integrated Work Program (IWP 2021-2023), enabling forward looking operations & financial planning. While improving implementation performance is vital to ensuring IsDB's financial sustainability, the DeFAI also has built-in risk management mechanisms that consider repayment performance, country exposures, sovereign credit risk and headroom. The CEI dynamically adjusts allocations to optimize IsDB's portfolio year-on-year, foreseeing & minimizing risks to the Bank's financial sustainability. Beyond automatic adjustments, the weights and specifications of the CEI are tunable policy levers able to accommodate emerging developments and institutional priorities.

As IsDB continues to transition into its new business model to deliver the SDGs and expand its developmental footprint, the DeFAI ushers in a long-awaited marriage between its operational and prudential arms, a key step to safeguarding the Bank's financial sustainability going forward.



# COVID-19 Pandemic is Exacerbating the Global Trade Finance Gap. We Must Tackle it Now!



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The COVID-19 pandemic is causing unprecedented shocks, with a tragic health crisis and irreversible damages to the global economy and financial system. It is also producing a further deterioration of trade restrictions and a reduction of trade volumes globally. Coupled with the scarcity of financing in general, and trade finance in particular, COVID-19 is causing serious damage to developing economies and to their ambition to achieve the Sustainable Development Goals (SDGs).

Least developed countries (LDCs) are among the hardest hit. Their already-fragile economies are facing further challenges, as the value of their exports plummet and their borders are also closed to trade and tourism, like most countries worldwide. Local and foreign investments are drying up. Small business revenues and orders have been reduced drastically.

The cost of financial transactions is increasing, as working with financial institutions in LDCs is perceived to be riskier than before. The issuance of letters of credit and other trade finance instruments is becoming difficult, if available at all, and the appetite of correspondent banking is decreasing each day as the crisis unfolds.

Because of this, LDCs are seeing a rapid depletion of their foreign reserves, and their financial institutions are facing a shortage of liquidity. The persistence of this situation could lead LDCs to drift further away from global value chains and to be left out of the international trade system.

## What is being done to tackle the global trade finance gap?

Access to trade finance was already an issue prior to the pandemic. The global trade finance gap is estimated at US\$1.5 trillion and it is mostly impacting small- and medium-sized enterprises in developing countries. Over 50% of requests for financial support to trade are rejected.

The actions that were being taken to reduce the global trade finance gap – including policy advancement, technical assistance, capacity building, regulatory reform and increased financing – are more important now than ever before, to ensure that the world's most vulnerable countries are not further entrenched in economic inequality because of the pandemic.

Multilateral development banks (MDBs) have launched immediate responses and financial support amounting to more than US\$200 billion for emerging and low-income countries. More specifically, trade finance is a pivotal component of support to the private sector as acknowledged by the G20 Ministers of Finance and Central Bank Governors at their April 2020 meeting. The International Islamic Trade Finance Cooperation (ITFC) has pledged an initial US\$300 million response package to support strategic health, food and energy trade flows and further grant elements to build the capacity of medical personnel and laboratories in OIC countries.



In addition to finance itself, technical assistance programs are enabling LDCs to build their capacity to provide trade finance in this unprecedented time. For example, a successfully piloted international trade e-learning program developed by ITFC and the International Chamber of Commerce is now being provided digitally to financial institutions in LDCs, with the support of multilateral partners. MDBs are also working together to overcome trade finance barriers, including compliance challenges.

## What more needs to be done?

International trade and investment are a pivotal component in future economic and financial recovery plans. More specifically, trade finance is a critical factor in the

functioning of supply chains and in the creation of employment opportunities. Technical assistance and capacity building related to trade finance will be required to build LDCs resilience. It is also important to fill the trade finance gap, including attracting non-traditional investors to invest in trade finance asset classes. The development of specialized investment vehicles and funds could provide institutional investors with the needed trade finance expertise and transaction portfolios.

All future actions should echo the call for the international community to provide financial commitments, debt restructuring and relief, and stimulus packages supporting SMEs in LDCs. It is also critical to ensure that COVID-19-related trade and investment restrictions remain transparent, temporary, targeted and limited. The international trade system and multilateralism should be preserved and strengthened. The ongoing reforms should proceed, while including new international trade policy priorities like e-commerce. International trade is essential to save lives and livelihoods.

But, we also need to go further. Navigating the treacherous waters ahead is going to require a rewiring of the international community's approach to supporting LDCs to access international trade. LDC governments and financial institutions need liquidity and trade finance to ensure their ability to participate in what currently remains of international trade. It is important to strengthen investment and maintain resilient and sustainable supply chains, including logistics and transports.

Expertise and policy support are critical to enable LDCs to make informed decisions and institutional reforms that are needed right now. Technical assistance programs also need to be maintained where possible, particularly those that can be delivered digitally.

The situation may seem dire, but crises also have the potential to bring out the best in human cooperation. Let's ensure that COVID-19 spurs us to rebuild our economic and financial systems in ways that are more just and sustainable, particularly for the world's LDCs. It is imperative to support the most vulnerable and to leave no one behind.

*\*Short and edited version of the article published originally with the Enhanced Integrated Framework (EIF) in July 2020*



# COVID-19 Pandemic: Mitigating Gains Made Towards Achieving Zero Hunger



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**The challenge:** Countries all over the world are mounting all efforts in the face of COVID-19 (CV-19) to address the major public health challenges it has created. They are also exerting special effort to keep the agriculture sector safely running as an essential business, markets well supplied with affordable and nutritious food, and consumers still able to access and purchase food despite movement restrictions and income.

Of immediate concern is getting food aid to those vulnerable communities in the society. This includes those who lost their jobs and/or were on social safety nets before. All these is, however, posing formidable challenges to most countries given their limited resources that are further compounded by falling income from nearly all sectors as a result of the social distancing restrictions associated with the pandemic currently in vogue.

While all countries will be affected in one way or another, 28 Member Countries (MCs) of IsDB classified as Low-Income Food Deficit Countries (LIFDC) by the United Nation system will be hit hard.

Growing food security concerns: Supplies of both globally traded and locally produced foods are getting challenged by the CV-19 pandemic. Globally, rice is of major concern given that there are few exporters from South East Asia and only about 5% of the produce is traded. Some have already announced restrictions to safeguard their own interests. Wheat is also of concern particularly among some major exporters, notably Russia and Kazakhstan, that announced some export restrictions. Export restrictions had significant negative impacts, especially on the LIFDCs during the 2008-2009 global food crisis.

## Measures to minimize the impact of CV-19 pandemic on food security



**Iron-rich/bio-fortified Pearl millet can be helpful in the development of a healthy immune system (Source – HarvestPlus)**

On the local front, challenges include limited transport of food from the farms, and closures of markets, which has contributed to high post-harvest losses, particularly for the perishables (fruits, vegetables, eggs, meats) in the absence of refrigeration facilities in rural markets. Demand for food has decreased significantly in some MCs with the closure of hotels, restaurants, and suspension of social functions. This negatively affects farmers' income and their incentives to continue with production. If not mitigated, this could dovetail into farmers missing the next cropping season for lack of inputs – seeds, fertilizers, labor, tractor services, among others. The result could accentuate more the food security concerns of the MCs. This could be felt strongly in rural areas where there is migration in some MCs from urban areas for fear of the CV-19 that is more prevalent there and its associated loss of employment. Expenditure on food is likely to take a large share of household income under these conditions, more so if their own production falters.

## Potential solutions

- Getting food aid to those vulnerable communities requires integration of existing local and global databases to locate those most in need. Some of these databases include National, local NGOs, Food and Agriculture Organization, World Food Program, Islamic Organization for Food Security, among others.
- Adopting the four-pronged measures (Fig. 1) similar those that were deployed during the 2008 global food crisis have the potential to help MCs in their effort to minimize the impact of CV-19 pandemic on food security. Sourcing locally could also bring on board highly nutritious crops on board. Such crops (Fig. 2) could enhance the immune systems of the population especially at this time when there is no vaccine or treatment for COVID-19.

It is worth noting these potential solutions are in harmony with IsDB's 3R approach to the CV-19 global pandemic: Response, Recover, and Restart. While the first proposed solution (addressing the immediate food security needs of the most vulnerable communities - Response) is the first order of business, it is very important that production in the coming seasons as well as market incentives for producers to do so is not lost as this will affect the pace to the recovery and restart process. This is also important in putting the MCs back on the track to achieving the SDGs by 2030. Key to this lies in fast tracking the flow of resources to localize CV-19 response, including those programmed under the 3R initiative of the IsDB.

# COVID-19 and SDG4: Will Inequalities in Education Ever be Bridged?



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While the COVID-19 pandemic was still taking its insolent shape during the first quarter of 2020, we received an SMS from our elder son's school detailing the necessary actions to start his online virtual classes. I decided to set up a small space for him in my study; close to my "work from home" office. We even got him my personal laptop to be used for attending his online classes, and he was all set up for the new mode of education in probably less than 2 hours. This was a comforting experience indeed, albeit the serenity of it was soon destroyed by the apprehending fact that not every child of the world was fortunate enough to continue schooling during these COVID-19 days.

The SDG website reveals that 90% of the students around the world have been out of school as of now – almost completely dismantling the years of progress on education that had happened in low-income countries till now. It is imperative to underline the fact that moving forward, SDG 4 may not be an important priority for many of these low-income countries, since healthcare takes the highest priority as they grapple with all kinds of uncertainties to overcome the pandemic itself. What this

implies is an even higher dropout rates in these countries where primary school completion rates are already as low as 34% on average. The impact of primary school dropouts cannot be overemphasized – every dropout erodes the human capital exponentially.

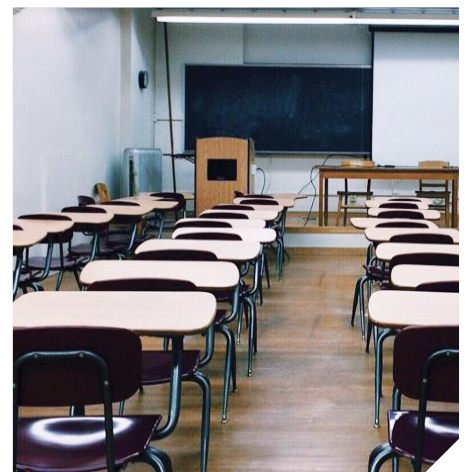
Some percentage of these dropouts might be seen as transient and may be attributed to the extensive lockdowns in different parts of the world. However, it is significant to note that many countries are pretty ill-equipped to expand the IT infrastructure to seamlessly implement virtual classrooms. In fact, the world, in its entirety, is still not ready to tackle the issue of primary education virtually. On the other hand, things are scary, to mention the least, in terms of managing safe and healthy "back to school" maneuvers. What more can be said about the state of low-income countries when thousands of children have tested positive in developed and responsive countries just days before schools are scheduled to reopen? Combine this with the fact that almost 35% of primary schools across the world don't even have the basic handwashing facilities for COVID-19 prevention! This raises a haunting question – will inequality in education across the world ever be bridged?

While governments of the nations may like to disengage with SDG 4, multilateral institutions and MDBs must not shy away from according it the arduous priority. The spotlight needs to be not just on how to enfranchise the governments, students, teachers, parents, and all other stakeholders in low-income countries to adopt new learning technologies but also on how to augment their intellectual capital. The spotlight also needs to be on revamping the existing pedagogy to be

The SDG website reveals that 90% of the students around the world have been out of school as of now – almost completely dismantling the years of progress on education that had happened in low-income countries till now

aligned with the new "virtual" norm. Though online education might not essentially substitute the existing physical schooling, this virtual norm would definitely form a significant part of education delivery in times to come. In addition, all education stakeholders also need to be nurtured to overcome their resistance to this change.

This is a daunting mission in itself and demands a recapitulation of the contemporary approaches towards reaching SDG 4, specifically with the objective to ensure "inclusive and equitable quality education" and bridge the educational inequality gap. For MDBs and other multilateral organizations, it is time to rethink if SDG 4 may shift its focus to pragmatizing a new educational paradigm that not only ensures inequality of education but also adapts to the post-COVID new norms. Evidently, it wouldn't be an overstatement to proclaim that COVID-19 endows a pioneering opportunity for the nations of the world to explore a new "educational world order".





# SDG9 and Industrial Policy for Socio-Economic Development in a Post-Pandemic World

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE


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**S**DG9 posits that countries should strive to build resilient infrastructure, promote sustainable industrialization and foster innovation to generate employment and income for their economies. In other words, infrastructure development, industrial policy, and innovation cannot be considered as independent from each other but complementary in achieving socio-economic development goals. In this respect, it is critical to highlight the importance of industrial policy in a post-Covid19 world.

There are many misconceptions about industrial policy such that it is equated to "picking winners". There are also suggestions that advanced industrialized countries did not pursue industrial policy historically, or that industrial policy entails state-capitalism of sorts reflected in the Chinese economic development experience. These assertions have a very limited understanding of the industrial policy and they suffer from lack of substantial evidence.

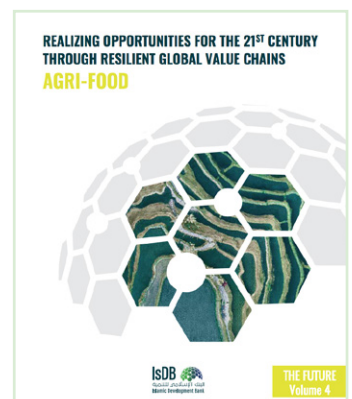
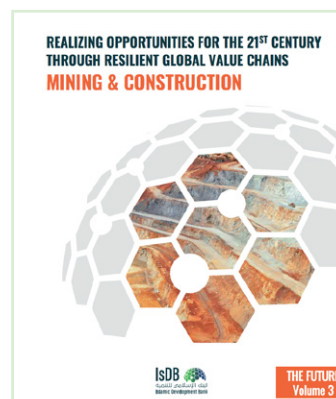
Firstly, industrial policy can be coined as "productive development policies," "structural

transformation policies," or "innovation policies" (Aiginger and Rodrik, 2020). Thus, it entails a much broader set of policies and objectives than "picking winners". Secondly, industrial policy has been reflected in the history of the advanced, industrialized countries and it still assumes a large role in their economic development process (Chang, 2002). For instance, the term "Industry 4.0" was first used by the German government in 2010 to reflect their industrial strategy for 2020 (European Commission, 2017). Lastly, notwithstanding the importance of the Chinese experience, China has several unique features in terms of its population, geography, social, political history, Chinese ethnic population in economic and financial centers, and proximity to the Asian economic centers such as Japan and South Korea which make applying the Chinese lessons in other contexts and trying to use it as a model a much more challenging task than envisaged (Naughton, 2010; Yagci, 2016). In the pursuit of industrial policy and achieving long-term economic development objectives, countries need to find their own path of development with "learning by doing" strategy, in conjunction with their own social, political, and economic context (Rodrik, 2008).

Then, what is industrial policy? International Monetary Fund (IMF) study focusing on Asian economic development miracles in Hong Kong, Taiwan, South Korea, and Singapore, summarize the key elements of True Industrial Policy as (i) active state policies that support the emergence of domestic producers in sophisticated industries; (ii) export orientation; and (iii) the pursuit of fierce competition both abroad and domestically with strict

accountability (Cherif and Hasanov, 2019). To be successful in their pursuit of achieving higher levels of industrialization, countries need to emphasize innovation and technology at every stage of the development process. Moreover, sustainable industrialization process requires close collaboration between the public and private sectors on productivity and social goals, industrial policy should be conducted in tandem with other policy areas, and the technological progress should be a key ingredient in consideration of social, environmental, and labor related outcomes (Aiginger and Rodrik, 2020).

Covid19 pandemic exposed the limits in the productive capabilities of many IsDB Member Countries. In line with the new business model of IsDB, Global Value Chain (GVC) Section aims to develop the industrial capabilities of IsDB Member Countries, make them be part of resilient GVCs in different industries so that they engage in higher value-added activities, diversify their economic structure, create employment opportunities, reduce poverty, and achieve higher levels of socio-economic development. The latest reports entitled "Realizing Opportunities for the 21st Century through Resilient Global Value Chains" aims to offer guidelines to IsDB Member Countries in critical industries of Agri-Food, Mining and Construction, Petrochemicals, Textiles and Apparel, so that they can catch up with the Fourth Industrial Revolution and improve their position in the world economy (The IsDB President's Perspective, 2020). This is a long journey for IsDB and for many IsDB Member Countries, but the first step is always the hardest and we are determined to move beyond the first step to look to a bright, prosperous future.



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# Mainstreaming Climate Actions into National Development Plans in Developing Countries



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Climate change continues to pose significant threats to economic and social development at the global, regional, national and local levels. Extreme weather events and shocks are continuing to have negative impacts in several key sectors and areas including agriculture and food security, water supply, health, energy, etc. With future warming across the globe projected to increase, more extreme climate-related 'shocks will exacerbate the vulnerabilities within these various sectors/ areas. Economic losses from extreme weather events due to climate change cost the global economy US\$330 billion in 2017 alone. Conservative estimates also indicate that yearly costs of adaptation to climate change could reach between US\$280 – 500 billion per year by 2050.

Concrete Climate Actions are necessary to maintain global temperature at acceptable levels to support and enhance sustainable development as stipulated in the Sustainable Development Goals (SDGs) and the Paris Agreement. This requires huge efforts from both developed and developing countries to ensure a low carbon and climate resilient trajectory in future development. Low Carbon and Climate Resilient Pathways offer opportunities to develop and implement strategies that target the specific economic and social development needs of countries at the local, regional and national levels while at the same time addressing climate change. Countries have pledged to support mitigation and adaptation efforts through their Nationally Determined Contribution (NDCs). Globally, 183 countries including

56 out of 57 IsDB Member Countries have developed and submitted their NDCs to the United Nations Framework Convention for Climate Change (UNFCCC) as of 2019. An important enabling factor for the implementation of climate change initiatives in developing countries is the alignment and mainstreaming of Climate Action and NDCs into their national development objectives, priorities and plans. This is important to ensure that climate action plans complement and contribute to development efforts in the country. An effective mainstreaming process will require:

- Finding the entry points of Climate Actions into national development and/or sectoral plans;
- Integrating the Climate Actions' objectives into national and local policy and regulatory frameworks;
- Creating an enabling environment for the implementation of climate and development action plans including institutional strengthening, capacity building, enabling market development, finance sourcing and technical co-operation and training amongst others.

One of the major barriers to effective Climate Action in developing countries is low levels of available financing. Conservatively, the gap in climate finance at the global level is still more than US\$70 billion per year despite huge commitments from the Multilateral Development Banks (MDBs). In 2017 alone, the MDBs spent more than US\$35 billion as climate finance to fund various projects in their respective Member Countries. Between 2013 – 2017, the Islamic Development Bank (IsDB) spent over US\$20.7 billion on 283 projects in the agriculture, energy, transport, and water, sanitation and urban services sectors, of which 20% represented climate finance. However, the urgency to promote and follow climate resilient and low carbon development pathways calls for mobilising and catalysing investments from all available sources including both public and private financing at the domestic and international levels.

Another major barrier that needs to be addressed is the inadequacy of policies and regulatory frameworks to effectively mainstream and implement climate actions as priorities in national development plans. There is a need to develop and adopt policies and frameworks that create an enabling environment for all stakeholders to engage in the implementation of climate actions. There is also a need to strengthen existing institutions through capacity building in mainstreaming climate change into their development plans and priorities.

The low levels of data and information also present one of the key barriers in formulating clear policies and targeted adaptation and mitigation projects to address climate change. This requires efficient data collection, interpretation and dissemination to a wide variety of stakeholders at the local, national and regional levels, which will help to create awareness and ensure effective participation, cooperation and coordination in the implementation of Climate Actions.

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# Climate Paradox and Social Dilemma Communication

13 CLIMATE ACTION



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“We are the first generation to feel the effect of Climate change and the last generation who can do something about it” said Barack Obama, Former US President. Taking urgent action to combat climate change and its impacts is at the core of SDG 13.

Despite, the consensus that Climate change is a serious threat to humanity based on the scientific data and climate projections, it still seems that we are lacking awareness of the scientific evidence and the ways to craft human behavior to forge a carbon-neutral path. In the 21st century that has overseen the digital revolution, this seems contradictory, or what I would like to refer to as the ‘climate paradox’.

For a young Senegalese, the melting of the North Pole seems distant in time and space. Consequently, we need to



drive climate change concerns closer to home and this can be achieved through 3 essential strategies:

- **Use the power of social networks;**
- **Reframe the climate messages;**
- **Utilize the potential of narratives.**

Social networks are a double-edged sword, they can be a wonderful voice for climate change action as they can build a denial of the cause. An empirical analysis focusing on climate change conversations from Twitter during the period 2007-2017 showed the polarization of belief and communication on climate change among people having similar beliefs (homophily)



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tends to be highly correlated. The article also modeled credibility and found that tweets with anti-climate change messages are largely not credible to society and an MIT study also revealed that fake news on Twitter spreads six times faster than credible news. IsDB have then to assume the role of the credible voice for MC on climate change. Consequently, the IsDB CCC hub aiming to be a dynamic online repository of national level climate action information will play an important role.

Secondly, reframing climate messages is of paramount importance as wrong framing can hamper the previous good work to raise awareness on climate change issues. Indeed, climate change should be considered as much an environmental concern as a social and psychological problem. In this regard, the Australian Psychological Society came up with eight (8) best practices to bring people onboard to not only understand but to act under the acronym A.C.T.I.V.A.T.E.

Finally, the power of a recovery narrative seems to have a much more positive and comprehensive impact than apocalyptic messages. Major achievements and success stories to tell from our member countries as a result of IsDB's objective to increase its climate finance lending target 19% in 2013-2017 to 35% between 2020 and 2025 showed or will strongly demonstrate the recovery narrative. The irrigated agriculture development in Issyk-Kul and Naryn regions, Kyrgyzstan by developing seasonal regulated dams to capture and store the existing limited water is one of them.

Social science suggests that people have a “finite pool of worry” and intuition may direct that the COVID 19 pandemic took over all concern. However, a survey conducted by Yale and George Mason Universities from 7-17 April 2020 revealed that public engagement on the issue of climate change remains at or near historic levels at a time where the world was at home. The ambition of IsDB to help member countries recover from the Pandemic in a green way by SPRP US\$ 2.3 billion budget within triple RRR (Restore, Restart, Recover) pillars was therefore a right way to respond to the COVID-19. Indeed, the pandemic showed us our limits as humans and how our planet can be temporarily closed. Let's work against a complete shutdown.

# Crowdfunding Social Sector Projects



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**D**ebt Sustainability issue has been exasperated by the COVID-19. Cognizant of the challenge, even prior to the onset of the COVID-19, IsDB's P5P called for exploring alternative development financing mechanisms to address the development needs of the Member Countries. Especially, given the significant funding requirements for the achievement of SDGs, the P5P recognizes that the traditional debt or grant resources provisioned by the MDBs will not be sufficient, instead participation of the private sector will be instrumental and needs to be successfully tapped in a meaningful manner.

Providing "free" social sector services through conventional foreign debt or grant resources, sometimes results in lack of local ownership as well as creation of an unsustainable dependency. For example, development literature indicates that bed nets for protection against mosquito borne diseases, funded by foreign loans or grants, and provided "free" of cost to the public, sometimes end up for sale in local markets, available to potential customers to buy for a price. Similarly, "free" vaccination campaigns funded by most well-intentioned foreign donors, sometimes fail to realize their intended goals as they are susceptible to becoming easy targets for "us against them" baseless conspiracy theories. In addition, studies show that by designing projects that enable provisioning of "free" social goods, the foreign debt or grant providers may also be unknowingly and unintentionally undermining the development of local markets and crowding out local private sector, Social Entrepreneurs.

Social sector projects in most cases involve local currency expenses. Thus,

funding of social sector projects using Foreign Currency Loans, results in exposing the beneficiary countries to significant exchange rate risk. Some MDBs have tried to overcome this challenge through issuance of Local Currency Bonds while others have adopted a policy of funding social sector projects mostly through Grant resources. A better alternative, as recognized by IsDB's P5P, is to crowdfund Social Sector projects, as this not only enhances the local ownership but also eliminates the creation of unsustainable dependency of the beneficiary countries on foreign debts or grants.

While most MDB's may be new to Crowdfunding, Relief Organizations, especially faith-based institutions, have been successfully tapping the significant potential of Crowdfunding for past several decades, if not centuries, for provisioning of social services. With the onset of internet, the Relief Organizations have most effectively leveraged the newfound digital platforms to efficiently expand their Crowdfunding efforts beyond the confinements of their physical geographical location. The disruption caused by COVID-19 provides the

MDBs with an opportunity to look beyond traditional debt and grant financing models and benefit from the years of experience of the Relief Organizations to effectively and efficiently raise local currency funding needs for the Social Sector Projects through Crowdfunding.

Several books have been written on the significant challenges associated with the traditional foreign debt or grant financing of local social sector projects. Dead Aid, in particular, calls for focusing Foreign Funding on pivotal mega infrastructure projects requiring foreign currency resources. On the other hand, local Social Entrepreneurs, as envisioned by IsDB's P5P, should be nurtured to address the local social sector development challenges, requiring local currency resources. By adopting Crowdfunding, as an integral part of P5P, to develop social sector projects, the Bank will not only effectively address the Debt Sustainability issue heightened by COVID-19 but also ensure the successful and timely achievement of the developmental impact of its social sector projects by leveraging enhanced local ownership.

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# Role of Line of Financing Models in Achieving SDGs 8 and 9



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IsDB has been using different line of financing (LoF) models both in sovereign and PPP transactions. Those models can be simply defined as structures where IsDB works with an experienced local intermediary to channel committed funds to end-beneficiaries via that financial intermediary without taking the direct risk of the end-beneficiaries. This modality brings in various advantages. Firstly, IsDB is making a development impact at end-beneficiary level by only being exposed to the intermediaries. In cases where the intermediary has a separate legal entity from the government, those intermediaries are mostly backed by the repayment guarantees of the respective governments. Secondly, the Bank can reach small or micro sized enterprises through LoF models in an affordable and operationally feasible manner. Thirdly, experienced financial intermediaries with local knowledge ensures smooth implementation and increases targeted development impact. Having covered the background information, this article will mainly focus on how LoF models can be instrumental in achieving SDG8 "Decent Work and Economic Growth" and SDG9 "Industry, Innovation and Infrastructure" by sharing the gained experiences in this field from Turkey in the next section.

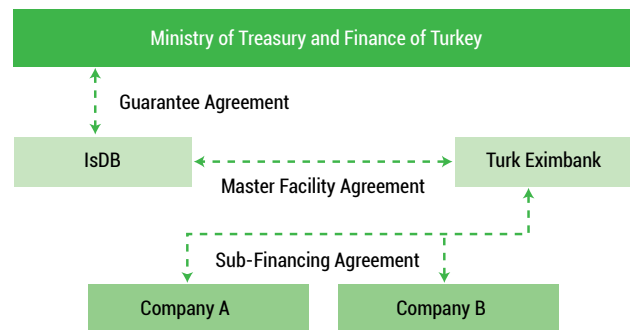
To begin with, most intermediaries with which IsDB works have specific development mandates. Similar to IsDB, they are developmental institutions. Therefore, their operations are centered around SDGs. Developing an LoF model with such institutions becomes a natural process at project design stage. Since they have more local and granular level knowledge, they can even provide innovative local solutions to create a bigger impact at end-beneficiary level.

As a concrete example, IsDB has developed two LoF models with Turk Eximbank. Founded in 1987, Turk Eximbank has emerged as a strategic entity in Turkey to support exports. Turk Eximbank's main objectives are to increase the volume of exports, diversify exported goods and services and develop new markets. Their mandate is directly linked to the following goals:

**SDG8 "Decent Work and Economic Growth"**

**SDG9 "Industry, Innovation and Infrastructure"**

This feature made Turk Eximbank the perfect candidate as a local intermediary to channel IsDB commitments to end-beneficiary private companies in LoF-I. The structure of the first LoF-I with Turk Eximbank amounting to US\$ 270 million is depicted below:



The LoF-I was fully disbursed in less than two years. It was observed to have achieved a significant impact by supporting creation of additional employment, export capacity and revenue for beneficiary companies. To be more specific, 57 firms, 18 of which are SMEs, benefitted from the financing and 39 firms recorded a rise in their workforce. In 2017, total increase in workforce of those firms was 1,039 or 3% compared to 2016. The total amount of goods that are exported by these firms increased by USD 1.2 billion or around 100% in 2017 compared to the previous year. A second LoF was approved for Turk Eximbank in 2019 which was built upon the success of the first one.

In conclusion, IsDB has had positive experiences in supporting SDGs 8 and 9 via LoF models. This experience can be replicated in other Member Countries as well. This replication can both address some of the quality at entry issues and potentially be evolved into a network of local development partners in long term.



Source: Photo taken by IsDB team from the production facility of an end-beneficiary of LoF-I

# The African Continental Free Trade Area (AfCFTA)



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## SDGs Goal 17 linkage to trade:



The SDG Goal 17 “Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development” and its indicators 17.10, 17.11 and 17.12, recognize international trade as an engine for inclusive economic growth and poverty reduction, and an important means to achieve SDGs. Being a free trade agreement, empirical studies find that the AfCFTA has the potential to increase income and welfare significantly, boost economic growth, transform economies for its MCs and make them achieve their SDGs. Recent studies estimate that, where implemented properly, by 2035 the AfCFTA is set to lift 30 million Africans out of extreme poverty and 68 million from moderate poverty contributing to Goal 1 and subsequently SDG Goals 2,3, and 8.

## Important Facts and Dates about the AfCFTA

- The AfCFTA Agreement was signed on 21 March 2018 by 44 African countries in Kigali (Rwanda), currently all 54 African nations (except one country) signed the AfCFTA almost half of them are common IsDB MCs
- The AfCFTA came into effect in 30 May 2019 when 24 of the signing countries ratified the agreement with the number now increased to 30 ratifications including 19 IsDB common MCs
- The AfCFTA is now the world’s largest free trade area since the formation of the WTO. It will cover a market of 1.2 billion people, with a GDP of \$3.4 trillion
- The AfCFTA will be governed by five operational instruments: i) the Rules of Origin ii) the online negotiating forum iii) the monitoring and elimination of non-tariff barriers iv) a digital payment system and v) the African Trade Observatory
- Due to COVID 19, Commencement of trading under the AfCFTA is changed from July 2020 to January 2021
- The agreement is being negotiated in two phases:
  - o Phase I: covers trade in goods and trade services disciplines, as well as dispute settlement
  - o Phase II: focus on cooperation on investment, competition and intellectual property rights
- H.E Wamkele Mene, South African, was selected as the first Secretary General of the AfCFTA Secretariat and was sworn-in on 19 March 2020 for a four-year mandate. The Secretariat is based in Ghana and was officially commissioned and handed over by the African Union to Ghana on Monday, 17 August 2020

## About the AfCFTA

The main objectives of the AfCFTA are to create a single continental market for goods and services, with free movement of business, persons and investments, and thus pave the way for accelerating the establishment of the Customs Union. It will also expand intra-African trade through better harmonization and coordination of trade liberalization and facilitation and instruments across the RECs and across Africa in general. AfCFTA will Create opportunities for

businesses operating across the continent, promotes diversification of African economies and their integration into regional and global markets and Integrating into the global economy through creating successful RVCs as a step to connecting to GVCs.

## Benefits of the AfCFTA in boosting trade

Intra-Trade among African Countries only 15% compared to EU 60%, Asia 51%, and North America 37% while 20% in SADC Subregion – Intra OIC trade standing at 19%. AfCFTA is expected to increase intra-African trade by 52% (USD 34.6 billion) by 2022 doubling the share of intra-African trade and will maximize intra-African investment and FDI. African position in regional and global value chains will be more efficient, paramount and sustainable. Studies also shows that the AfCFTA has the potential to increase intra-Africa trade by 81%, by the year 2035.

## Challenges

Even without the pandemic, however, the AfCFTA’s launch agenda was ambitious, with key elements of the AfCFTA, such as rules of origin, tariff reductions, and services schedules, yet to be finalized making both phases still not finished.

## IsDB Support to the AfCFTA

The IsDB CSC-CSMI, as part of its Regional Cooperation and Integration strategy/Policy (RCI) program, and ITFC in partnership with UN ECA and GIZ are planning to support the implementation of the AfCFTA in coordination with the AfCFTA Secretariat. The initiative focuses on the AfCFTA Building Blocks with a planned budget of 3 million USD over a 3-year timeline.



## OFFICIAL HANDING OVER AND COMMISSIONING OF THE AfCFTA SECRETARIAT BUILDING

**H.E. Nana Addo-Danquah Aduko-Addo**  
 President of the Republic of Ghana

**H.E. Wamkele Mene**  
 Secretary General of the AfCFTA Secretariat

**H.E. Shousha Fatah Mohamed**  
 Chairperson, AfCFTA Commission

**H.E. Wamkele Mene**  
 Secretary General of the AfCFTA Secretariat

**MONDAY, 17TH AUGUST, 2020**  
 11AM

**AFRICA TRADE HOUSE**  
 ACCRA, GHANA





# World Halal Conference 2020: Boosting the Global Halal Pharmaceutical Market



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Around 1,200 top industry players gathered online to participate in a webinar entitled 'Embracing a Halal Pharmaceutical Eco-System' and held in conjunction with the **World Halal Conference (WHC) 2020** webinar series spotlighting the halal pharmaceutical industry in Kuala Lumpur (Malaysia). The webinar was organised by the **Halal Development Corporation (HDC)** in collaboration with **Duopharma Biotech Berhad**, and **KPJ Healthcare Berhad** hosted by the **Ministry of International Trade and Industry (MITI)**.

The panellists included **Haji Amrahi Buang**, President of the Malaysian Pharmaceutical Society (MPS), **Leonard Ariff Abdul Shatar**, Group Managing Director of Duopharma Biotech and **Dr Ammar Abdo Ahmed**, Senior Global Health Specialist (Social Infrastructure-Global Practices) of the Islamic Development Bank. It was moderated by **Tehmina Kaosji**, an independent broadcast journalist.

The halal pharmaceuticals market is projected to reach USD 34.82 billion by 2026. Muslims make up approximately 24% (1.8 billion) of the world population. Besides highlighting market trends and public healthcare needs connected with the Halal concept, the webinar brought to light the boundless potential of Halal pharma for the healthcare industry.

The Malaysian Standard on halal pharmaceutical (MS2424:2012) is rapidly gaining universal acceptance and that its evolution – the MS2424:2019 - has significantly expanded the scope of Halal certification to address rising demand in biologics and the search for Halal vaccines. Malaysia's Halal pharmaceutical eco-system is further boosted by the MS: 2424 Halal Pharmaceutical General Guidelines, which address the entire supply chain from processing to retail.



Malaysia's exports of halal pharmaceuticals recorded steady growth, valued at RM 401 million in 2019. The total halal export for the year 2019 was RM40.2 billion. The items exported were halal medicinal pharmaceuticals which included health supplements, generic products and traditional herbs-based products.

HDC reported that Malaysia's major export destinations in 2019 were the USA, Singapore, Nigeria, Hong Kong and The People's Republic of China. The increase in demand directly offers industry players a unique opportunity to enhance Halal pharmaceutical products.

**Key takeaways from the webinar:**

#### **Creation and catering to market demand**

- The underlying importance of Halal better fulfils the essential right of a patient to demand the highest standard of healthcare; and that of the Muslim community, in upholding their rights to practice their faith, which is to exercise the Islamic dietary law.
- Halal is a blue ocean strategy capturing a growing market in which the Muslim patients play a role in the creation of market demand.
- The concept of nurturing prosumer or professional consumers who share information and experience may lead to the creation of demand.

#### **Knowledge management**

- Healthcare practitioners and professionals need access to information on the classification of pharmaceutical products and halal-certified pharmaceutical products for global sourcing and verification.
- Healthcare practitioners and professional are required to possess the right knowledge on Toyyib, which are elements of safety, quality and efficacy, as well as principles of "ethics".

#### **Strengthening the halal pharmaceutical eco-system**

- The MS 2424:2019 provide clear guidance on the production of halal pharmaceuticals, which could lead to a global halal pharmacopoeia.
- Halal Certification is a voluntary requirement to demonstrate an additional layer of assurance for consumers. However, from industry perspectives, clarity and consistency of the standard are crucial to propel the development of the halal pharmaceutical industry.
- Research and development or influential feasibility study are encouraged to determine the gaps and needs in the end-to-end value chain.

# Having “Skin-in-the-Game” : Incentivizing Development Finance



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The achievement of the SDGs under Agenda 2020 will entail very large investments estimated in the upwards of US\$ 4 trillion over the next 10 years in the least developed countries, expected to be financed from the both the Public and Private Sectors, including Bi-laterals and Multi-laterals (MDBs). Most of these investments will be in the form of projects in developing countries. The delivery of these development projects in a timely, cost-effective and efficient manner is therefore of critical importance, to achieve the objectives of the SDGs.

However, evidence shows that in many cases development projects suffer from delays in implementation, cost-overruns, and the failure to successfully deliver development their objectives, in spite of the large investments being made in them . Now the question is, who pays for these delays, cost overruns and failures?

From a risk perspective the financiers (including MDBs), who are sophisticated investors, typically ring-fence their investments very well, by using mechanisms such as sovereign guarantees, off-take agreements etc., reducing their losses to a great extent. Similarly, officials in-charge of the project, are unlikely in most cases, to be held responsible for the failure of a project to deliver its objectives, unless it can be proved that they were willfully negligent, committed fraud or some type of illegal act. Ultimately, the ones bearing most of the cost of due to the project failures are the very people who expected to benefit from it, who may still be expected to pick-up the bill. In short there is no “Skin-in-the-game” here for the most players involved, except for the end beneficiaries.

Herein lies the dilemma of the development finance, those who are implementing it and are responsible for its delivery have very little to lose even if the project fails, regardless of the outcome. Hence if we are to answer the question why projects fail, we need to start by looking at the incentives in place for the different players associated with the project.

For financiers like the MDBs, the typical KPIs tend to focus on measure Approvals, Disbursements, Number of field visits etc., while they measure operational efficiency, they fail to take in to account the achievement of the final development outcomes of the project. In certain circumstances, they can even become “perverse incentives”, encouraging the countries to take on projects that are unnecessary from a development perspective.

How do we address this challenge of creating the right set of incentives for delivery of development outcomes? In the private sector which implements its projects, with its own money, the typical project manager is given a great deal of empowerment to make decisions regarding the management of the project, however it comes with the caveat that he would be held responsible for the its final delivery, i.e. he can be rewarded or fired easily based on the performance of the project. This is contrast to the public sector and



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MDBs where job-security and reward is assured no matter what the outcome of the project.

Therefore, a new incentive structure with true “Skin-in-the-game” for the different players involved, tied to the final outcomes of the projects should be developed. For example, repayment of the project financing, should be linked to the project delivering its outcome, thereby incentivizing the financiers to pay more attention to project design, implementation and delivery. Officials in-charge of the project both at the Bank and in the field should have their rewards linked to the successful delivery of the final outcomes of the project and not just to implementation efficiency related KPIs. In addition, the final project beneficiaries should also have a more active ownership role, to play not only in the design and conception stage of the project but also during its implementation. Having such “Skin-in-the-game” is essential if the objectives of Agenda 2030 are to be realized.



# The Nexus Approach Towards SDGs: Understanding the Intertwined Nature of the Goals



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Our human society - when thinking of it in a holistic manner - is very complex. Only Allah with His omniscient quality knows the intricate details of the interactions and interdependencies between various parameters that affect our lives. With our limited human knowledge when we give attention to one aspect, very often we might affect adversely some other related aspects.

With SDGs encompassing diverse sectors and activities often face the same type of complexity. For example, giving priority to agriculture would address hunger (SDG 2) but might drain or pollute the water system and adversely affect SDG 6. Similarly, Manufacturing and Industrialization (SDG 9) might positively create jobs (SDG 8), create affordable housing (SDG 11) and promote ICT (SDG 16). However, these same manufacturing activities can adversely create pollution (SDGs 13, 14), affect consumption (SDG 12) and promote inequality (SDG 10). In

summary, we need to consider a proposed economic activity as a complex system and weigh the positive as well as the negative interactions between SDGs to consciously decide on the net effect of this activity and proceed accordingly.

Recently, I came across an interesting journal article by Zanten and Tudler published in the International Journal of Sustainable Development & World Ecology on March 2020 titled "Towards nexus-based governance: defining interactions between economic activities and Sustainable Development Goals (SDGs)". The authors reviewed 876 articles published between 2005 and 2019 and studied the nexus between individual economic activities, sustainable development in general, and the SDGs in specific. They found out that most articles (553 articles; 63% of total) center on the negative interactions of economic activities on sustainable development, 203 articles (23% of total) discuss positive interactions and the remaining 120 articles (14% of total) refer to a combination of positive and negative interactions.

This empirical study might give us a hint that continuing with the status quo would lead the globe to a net negative effect on SDGs. As the development community is embarking on the "decade of action", it is imperative that Governments, MDBs and all stakeholders be mindful of this net negative effect and find solutions, and change courses as we approach 2030.

The COVID19 pandemic has brought the interlinkage issue between conflicting

priorities to the limelight. The globe is now trading-off between "health of the nation" and "wealth of the nation". The IsDB Group has charted for itself a roadmap and a new business model that relies heavily on leveraging the competitive advantages of its MCs and tapping into five industries (i.e., agri-food, textile, petroleum & chemicals, construction and Islamic Finance). It is imperative then to weigh the various trade-offs and be mindful of interdependencies between these industries vis-à-vis the SDGs. IsDB enjoys a unique global development agenda that is underpinned by Sharia compliant long term sustainable and ethical financing structures. These principles are inspired by the indispensable articles of Maqasid ash-Shariah. Such goals and priorities can play a vital role for IsDB to strike a fine balance between conflicting SDG outcomes while designing its strategic interventions in MCs.

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# Asian Evaluation Week 2020: OED Coordinates Session on the Role of Private Sector in Evaluating Impact

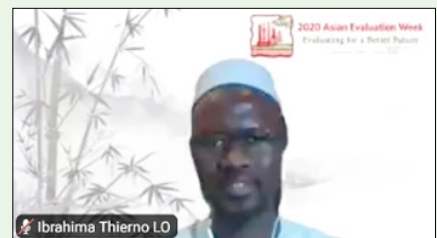


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The Operations Evaluation Department (OED) of the Islamic Development Bank (IsDB) coordinated the session on the role of the private sector entities in evaluating their impact at the Virtual 2020 Asian Evaluation Week, hosted from 7-11 September 2020 by the Asian Development Bank.

The evaluation departments of the development financial institutions and evaluation and development practitioners came together to discuss trendy topics in development evaluation during this yearly event, which was held virtually this year due to the travel constraints.

The session was moderated by Mohammed Alyami, Director, Development Effectiveness Department of the Islamic Corporation for the Development of the Private Sector (ICD). Ibrahima Thierno



LO, Senior Business Oversight and Delivery Monitoring Specialist, Office of the President, IsDB, delivered the main presentation titled 'The Role of the Private Sector Entities in Evaluating their Impacts' which set the stage for a lively discussion on the topic mainly focused on the concept of impact investment.

The panellists included Ahmad Shukri Abd Rahman, Chief Risk Officer of the Bank Rakyat Malaysia, Nathan Subramaniam, Director, Sector and Project Division at Independent Evaluation Department of the Asian Development Bank, Issa Faye, Director, Development Impact at the International Finance Corporation, and Jochen Kluve, Head,

Evaluation Unit at the KfW Development Bank.

The panel discussed the Impact Investment Framework used to support monitoring and evaluation systems for private sector interventions, the existing opportunities to enhance the monitoring and evaluation practices of private sector interventions, the challenges and gaps faced by private sector entities in undertaking the evaluation of their impact, and the collaboration channels between DFIs and private sector entities to enhance impact assessment of their interventions.

## Challenges in measuring/evaluating Impact

Precise  
not  
Accurate  
e.g.  
Students  
Enrollment



Accurate  
not Precise  
e.g.  
Jobs or  
Access to  
electricity



1. **Ex-ante** : Lack of baseline data, especially for sub-projects (Due Diligence mostly done at the higher Level)
2. **Annual review**: Issue with the completeness and reliability of data collected
3. **Ex-post** : Only a small sample of sub-projects visited to collect impact data (XPSR)
4. **Attribution vs Contribution** : Double counting for co-financing interventions, more challenging with SDGs targeting approach (LNOB)
5. **Impact washing**: Concerns of 66% of Impact Investors followed by inability to demonstrate impact- 35%- (GIIN 2020 Survey)
6. **Supply/Donor Driven** : Perception among local companies that Impact is only the donor's concern.





# IsDB, IPU & UN Agencies Organize Forum for Arab Parliamentarians on COVID-19



The Islamic Development Bank in partnership with United Nations Development Programme (UNDP) and the UN Economic and Social Commission for Western Asia (UNESCWA) have organised a program for developing the capacity of parliamentarians in the Arab region on the impact of COVID-19 in the implementation of the SDGs. The theme of the Forum is Arab Regional Parliamentary Forum on the 2030 Agenda: The Impact of COVID-19 on SDGs Implementation and the Role of Parliaments. Around 30 parliamentarians and 20 experts from international organizations attended the Forum.

Dr. Rami Ahmad, Special Envoy on the SDGs at the IsDB and Senior Advisor to the IsDB President, delivered the Welcoming Remarks on behalf of the Bank alongside Rola Dashti, Executive Secretary of UNESCWA, Martin Chungong, Secretary General of the IPU and Khaled Abdel Shafi, Regional Hub Director, Regional Bureau of Arab States.

The Agenda 2030 acknowledges the essential role of national parliaments in achieving the Sustainable Development Goals (SDGs). To fulfil their role, it is crucial to strengthen the capacity of parliamentarians in order to take the bold and transformative steps which are needed to shift the world onto a sustainable and resilient path towards achieving the SDGs by 2030.

To support these ambitions, the IsDB, through the SDGs Community of Practice and the Reverse Linkage Section, and in cooperation with the United Nations Development Programme (UNDP) and the

UN Economic and Social Commission for Western Asia (UNESCWA) designed a program for developing the capacity of parliamentarians in the Arab region on implementation of the SDGs. The program contains organization of regional forums for Arab Parliamentarians and implementing specific capacity development interventions.

Due to the ongoing pandemic, the second Regional Forum for Arab Parliamentarians took place virtually. Thursday, 26 November, under the theme of "The Impact of COVID-19 on SDGs Implementation in Western Asia and the Role of Parliaments". The event was organized in cooperation with UNDP, UNESCWA and (Inter-Parliamentary Union). Parliamentarians from Algeria, Bahrain, Egypt, Iraq, Jordan, Lebanon, Morocco, Palestine, Saudi Arabia, Somalia and the Syrian Arab Republic exchanged views on how the COVID-19 pandemic has impacted their work and the steps they have undertaken to adjust to the new circumstances to address the development challenges of their people and achieve the SDGs.

In the first session of the event under the theme of "Scene Setting", experts from UNESCWA and IPU shared key findings of the Arab Sustainable Development Report and the role of parliaments in crisis response. In the second session, an open discussion was held among the participants to discuss the means to strengthen role of Arab Parliaments on crisis response. Finally, in the last session, which was moderated by Dr. Rami Ahmad, participants had an open discussion their role to achieve the SDGs despite the COVID-19 pandemic.



# Brown Bag Series

A New, Bottom-up Engagement and Learning Platform of the SDGs Community of Practice



## SDGs COP Core Team



Ahmed Faruk Diken



Hamdi Ahmdeou



Sharia Walker



Munira Abdalwahid



Amir Hamza Syed



Khalid Ahmed



Yehia Amin Sabry Amin



Syed Muhammad Abdullah

In late October, the SDGs COP held a brainstorming session with the staff of the Bank in order to hear your inputs on how we have been doing and to take your suggestions to improve our work further. The session was well attended and some great ideas were shared to help us assess our work and conceptualize new approaches to help us achieve the objectives of the SDGs COP under the three work streams, which are: (i) Raising Awareness; (ii) Ensuring Alignment; and, (iii) Enhancing Advocacy.

So far, the COP has provided a continuous stream of SDGs Digests—13 issues since inception—promoting the contributions of professionals covering various SDGs, from across sectors, entities and regional hubs. We have also organized regular Open Dialogues with eminent personalities and global experts, including: H.E. Ms. Amina J. Mohammed, Deputy Secretary General, United Nations; Dr. Mahmoud Mohieldin, UN Special Envoy on Financing the 2030 Agenda for Sustainable Development; H.E. Mr. Achim Steiner, UN Development Programme Administrator; Prof. Jeffrey Sachs, Director of the Center for Sustainable Development, Columbia University; Prof. Dr. Murat Yulek, Rector, OSTIM Technical University and author of the Book “How Nations Succeed” and Prof. Asim I. Khwaja, Director of the Center for International Development, Harvard Kennedy School, among others. We have also held sessions where colleagues from the

Bank shared presentations on how the SDGs are being mainstreamed in their work, be it from the perspective of promoting value chains, trade and investments, and development projects.

During the brainstorming session, your comments and recommendations made it clear that in addition to these platforms, the COP can provide a more frequent, informal session for professionals to delve deeper into experiences and expertise from projects, as well as share good practices and lessons learned on achieving the SDGs. Such a platform would give further visibility to the SDGs-related work of the professionals across the Group and encourage cross-fertilization.

The COP has taken note of this recommendation from our colleagues and developed the concept and operational framework for a new series of events—the Brown Bag Series—which we will pilot beginning next year. This platform will be a bottom-up event series which will be “for the staff from the staff” and will rely exclusively on your expertise, contributions as well as your network of professionals. We will begin this series with a “pilot season” during which we will experiment with various approaches of presentation and engaging the staff before we roll it out as a specific knowledge event of the COP. We look forward to your positive contributions and involvement during this process and sincerely thank all of you for your recommendations.



SDGs-Related Events



IsDB, together with 10 multilateral development banks (MDBs) and the IMF launch the first report on the contributions of the MDBs to the SDGs. For the full report, please visit: <https://www.isdb.org/financing-the-sustainable-development-goals-the-contributions-of-the-multilateral-development-banks>



F20 Climate Solutions Week: IsDB President Discusses Challenges in Achieving SDGs



IsDB and Indonesia's BAZNAS Launch Project to Unlock Zakat Potentials for Poverty Alleviation and COVID-19 Response



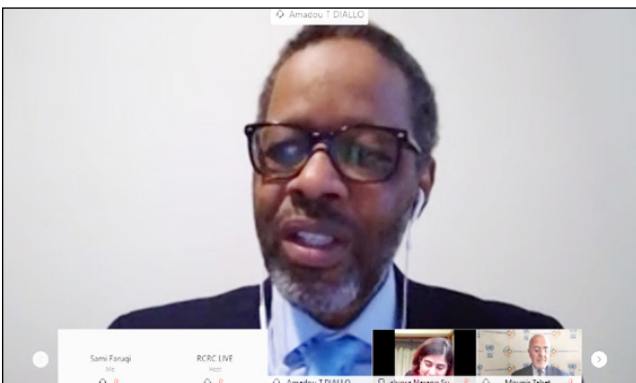
ITFC CEO Affirms the Group's Commitment to Supporting Trade and Investment to Achieve SDGs



IsDB Participates in FAO 35th Regional Conference for the Near East (RNE)



Webinar on Youth Development Working Group's COVID-19 Response



IsDB Participate in the U20 Urban Side Event 'Harnessing the Force of Urbanisation to Accelerate SDG Delivery: The Voluntary Local Review and SDG Cities Global Initiative'



Climate Finance: Commercial Opportunities and Technical Challenges

# Are the SDGs Still Sensible?



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No doubt, the disruption that took place because of COVID-19 was profound. It will take an ultimate optimist to argue that this pandemic was an opportunity rather than a challenge. To say the least, about 100 million people have been pushed back into extreme poverty and not to mention the hundreds of millions who lost their jobs and their livelihood. And more importantly, the great loss of life and family grief because of the tremendous suffering. The crisis started as a health crisis, exposing the lack of resilience and preparedness of health systems all over the world. The health crisis turned rapidly into an economic crisis and certainly for us in the developing world, it has become a development crisis of largest magnitude.

The pandemic touched all aspects of development, starting with national response systems, available resources and expertise, basic services, national debt, and certainly upsetting the already rocky road towards achieving the SDGs. Some could argue that the SDGs of the 2030 Agenda were conceived more than five years ago under different circumstances and, if anything, the agenda has failed to build the resilience required to anticipate and deal with such global catastrophes. On the other hand, environment advocates could argue that the pandemic confirmed to us that when we had to, and with the political will, it was possible to implement robust policy interventions to make progress and alleviate the ill-doings of commercial greed and the unwise depletion of the planet's resources. The opportunities presented by digitization and technological advances for health, education, business and communications cannot simply be ignored on the road to recovery. It will not be logical nor normal to go back to 'normal' in many aspects of our development activities.

The debate could take years to really reap the benefits of the lessons learned so far. Humility and compassion, as

expressed by Prof. Asim Khwaja of the Harvard Kennedy School in a recent dialogue with the SDGs IsDB CoP, were undeniable outcomes of this disruption. In order to be effective, we have learned that we cannot do without the mixed ingredients of collaboration, experimentation, clear and honest communication and, above all, adaptive and decisive leadership. The 2030 Agenda for sustainable development and its SDGs is not a holy book. By all means, some targets and indicators could be reasonably revised by expert groups considering the aftermath of COVID-19 and based on the prevailing realities in each country. However, the SDGs still present our best hope for a global effort in the next decade to address the holistic economic, social and environmental dimensions of development. The disruption only proved the case for effective multilateralism and fair globalization to deal with such a global crisis. The SDGs helped in providing a universal language to address human dignity and to commit to leaving no one behind. After all the efforts put in building consensus, and not withstanding all the thinkable shortcomings, it would be a great loss, and in fact a shame on development practitioners and policy makers, to let go with such a unifying framework as the SDGs!

