

REVERSE LINKAGE POLICY

MAKING CONNECTIONS TO DRIVE
DEVELOPMENT IN TODAY'S
GLOBAL ENVIRONMENT





TABLE OF CONTENTS

INTRODUCTION	02
DEFINITION OF REVERSE LINKAGE	02
POLICY STATEMENT	02
FUNDAMENTAL ELEMENTS	02
OPERATIONAL ELEMENTS	05
FINANCIAL ELEMENTS	06

List of acronyms

IsDB	Islamic Development Bank
MCPS	Member Country Partnership Strategy
RC	Resource Center
SSC	South-South Cooperation
TCP	Technical Cooperation Program

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INTRODUCTION

The Islamic Development Bank (IsDB) is the only multilateral development institution whose membership is drawn entirely from the developing ‘South’. It has been promoting the principles of South-South Cooperation (SSC) since its inception in 1973.

In 1983, the Technical Cooperation Program (TCP) was established to support SSC among IsDB member countries following the Declaration of the Third Organization of Islamic Cooperation Summit, held in Makkah, Saudi Arabia in 1980. The TCP was created to ‘match-make’ between provider and recipient member countries, by financing seminars, on-the-job-training courses and the recruitment of experts in order to enhance the skills and enrich the expertise of technical and professional staff in IsDB member countries.

In 2012, the IsDB introduced a new scaled-up, results-oriented, capacity development initiative within the TCP. This was called Reverse Linkage and was based on the IsDB’s longstanding experience with the TCP.

In 2017, the Board of Executive Directors of the IsDB approved the Reverse Linkage policy. This set the practical operational boundaries and defined the features of Reverse Linkage, standardizing its use across the IsDB and its member countries.

The Reverse Linkage policy is a manifestation of the IsDB’s commitment to expand its support to results-oriented interventions and to promote connectivity under South-South Cooperation among IsDB member countries. Ultimately, its aim is to help realize the Sustainable Development Goals.

The Reverse Linkage policy underlines the IsDB’s role as a facilitator and coordinator, supporting development, overcoming obstacles, and working with all partners in a collective and collaborative manner.

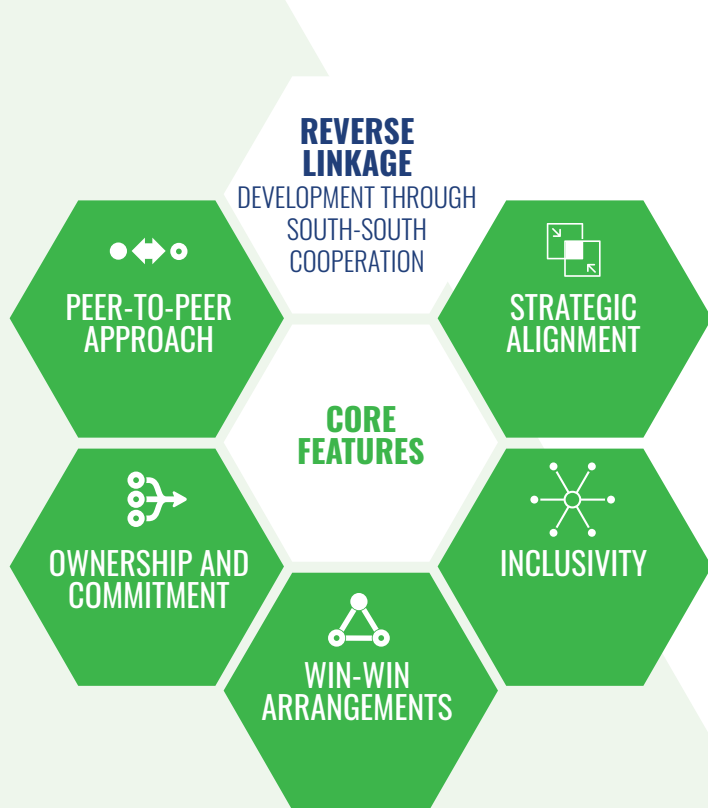
DEFINITION OF REVERSE LINKAGE

Reverse Linkage is defined as ‘a technical cooperation mechanism enabled by the IsDB whereby member countries and Muslim communities in non-member countries exchange their knowledge, expertise, technology and resources to develop their capacities and devise solutions for their autonomous development.’ Reverse Linkage is anchored under the existing TCP.

POLICY STATEMENT

FUNDAMENTAL ELEMENTS

Scope: Reverse Linkage is a scaled-up technical cooperation mechanism that is primarily used for capacity development based on member country to member country cooperation (including Muslim communities in non-member countries). It can easily be adopted to undertake any development intervention if there is willingness from at least two member countries, and/or Muslim communities in non-member countries, to engage in such a cooperation. It can involve both soft and hard components, including training, provision of expertise, construction and provision of equipment.



No limitation on sector: Reverse Linkage can be used in any sectoral intervention as defined by the IsDB's sector classification.

Guiding principles: Reverse Linkage adopts the internationally recognized SSC principles, which include: (i) respect of national sovereignty; (ii) national ownership and independence; (iii) equality; (iv) non-conditionality; (v) non-interference in domestic affairs; and (vi) mutual benefit.

Core features: The core features of the Reverse Linkage mechanism include the following:

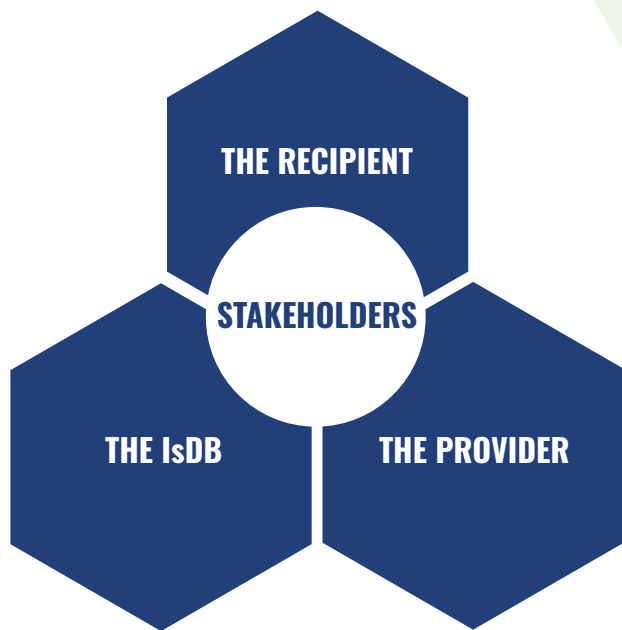
- **Strategic alignment:** Reverse Linkage interventions must be in line with the recipient country's national development priorities.
- **Inclusivity:** The mechanism considers that all member countries, and Muslim communities in non-member countries, have proven knowledge, expertise, technology or resources to offer, regardless of their level of development.

- **Win-win arrangements:** All stakeholders have something to gain through the transfer of knowledge, expertise, technology and resources. The provider, at a minimum, wins additional international experience and exposure, which can lead to further opportunities in cooperation, trade and investment. The recipient wins by gaining expertise and resources in an area that was previously a barrier to its development.
- **Ownership and commitment:** Reverse Linkage requires all sides of the exchange to commit technical, in-kind, and/or financial resources to a project.
- **Peer-to-peer approach:** Reverse Linkage initiatives are led by the provider and recipient member countries, or Muslim communities in non-member countries, using a direct consultation process leveraging the endogenous knowledge of the recipient and expertise of the provider.

Stakeholders: As part of its design, Reverse Linkage involves at least two member countries, or Muslim communities in non-member countries, and the IsDB. Other development partners can also be involved in a Reverse Linkage intervention. The stakeholders are categorized below:

- **The recipient:** This is the beneficiary of a Reverse Linkage intervention. It can be a public, private, or third sector institution(s), that is sanctioned by the recipient member country or Muslim community in a non-member country.
- **The provider:** This is a Resource Center (RC), which is an institution in a member country, or managed by a Muslim community in a non-member country. It has proven knowledge, expertise, technology and resources. The provider RC can be from the public, private or third sectors. There can be more than one RC provider in a Reverse Linkage intervention.

The following safeguards must be met when the private sector is involved: (i) public sector acts as an enabler of such engagements; (ii) Reverse Linkage generates return on investments to the provider and benefits the economy of the recipient; (iii) there are equal opportunities to companies (non-discrimination); and (iv) the intervention does not impose any sort of conditionality on the recipient.



“Reverse Linkage is a technical cooperation mechanism... for capacity development. It can easily be adopted to undertake any development intervention.”

- **Development partners:** These are institutions that have goals and objectives similar to that of the IsDB in terms of strengthening cooperation between countries, and undertaking interventions to promote socio-economic development. These can be bilateral technical cooperation agencies, multilateral development institutions, public and private foundations, NGOs, private sector companies involved in development projects through their social corporate responsibility mandates, and any other partner that fits this category.

Typology: Reverse Linkage interventions can take the form of: (i) a standalone project (a project in which all the components are fully designed by the provider and recipient member countries), or (ii) an embedded component of a project (in which only a specific component is fully designed by the provider and the recipient member countries). It can also differ based on the number of partners involved as recipients. When two or more recipients are involved, the Reverse Linkage intervention is considered a regional project.

The IsDB recognizes that Muslim communities in non-member countries represent a vital and vibrant part of the fabric of the Muslim world at large. They have capacity needs, and abilities that can be shared. They can therefore be part of Reverse Linkage interventions. Under any arrangement that involves a Muslim community in a non-member country, it is important to inform the host-government of such an undertaking, and take all legal, financial and operational considerations into account to make sure the Reverse Linkage intervention abides by all applicable laws and regulations of the host country.

A Reverse Linkage intervention with a non-IsDB member country or an international organization as one of the providers is also a possibility, provided the following safeguards are met: (i) non-member country from the South; (ii) recipient country accepts the involvement of the non-member country, and (iii) non-conditionality is preserved. When the provider member country needs to complement its expertise, it may partner with any other country that has the desired expertise, technology and resources.

- **IsDB:** As a facilitator, the IsDB works to support the exchange and to ensure the adequate and timely implementation of the Reverse Linkage intervention. The main stakeholders, namely the provider and recipient, must show full commitment to achieving the mutually agreed outcomes from the start.

OPERATIONAL ELEMENTS

Identification of demand: Reverse Linkage interventions should be demand-driven and clearly address the needs of the recipient member country. Demand can be identified through: (i) the Member Country Partnership Strategy (MCPS); (ii) programming or project identification missions; and (iii) official requests received from the recipient or the provider member countries.

Selection of resource centers: RCs are institutions in a member country, or managed by Muslim communities in non-member countries, with proven knowledge, expertise, technology and resources. They are the providers of solutions under Reverse Linkage interventions. The RCs are selected by the recipient.

When the recipient proposes an RC from a particular member country or Muslim community in a non-member country, the IsDB will concur with the proposed RC if it is found suitable.

When the recipient does not propose a RC, the IsDB will identify and propose at least two RCs as potential providers to the recipient for final selection. These resource centers may be identified through: (i) mapping studies on RCs; (ii) the MCPS; (iii) the rosters of the winners of the IsDB Prize for Science & Technology; or (iv) any other structured approach cleared by the IsDB. The recipient will make the final selection from the proposed list.

Formulation of Reverse Linkage interventions: Standalone Reverse Linkage projects and embedded Reverse Linkage components are designed through a peer-to-peer consultation process with full involvement of both the recipient and provider member countries, in addition to the IsDB. The formulation includes steps for diagnosis of the situation, including needs assessment and validation of results-based solution(s).

Procurement of goods, works and services: All services that can be provided directly by the selected provider resource center(s) will be directly procured by it. Any service that cannot be directly provided by the selected provider resource center(s) will be procured according to

“Reverse Linkage interventions should be demand-driven and clearly address the needs of the recipient member country.”

the guidelines of the partners financing these services. Reverse Linkage projects may also contain components that include the procurement of goods and works. Under these circumstances; (i) when IsDB's funds are used for procurement of goods and works, the procurement guidelines of the IsDB will be applicable; and, (ii) when the funds of the provider or recipient member country, or other development partners are being utilized, they will use their own procurement guidelines, as long as funds are not pooled together.

Implementation: Implementation of a Reverse Linkage project starts once related project agreements are signed with the stakeholders concerned. The provider resource center(s) leads the implementation in close coordination with the recipient member country and the IsDB. The IsDB facilitates the implementation.

Monitoring: The IsDB monitors the implementation, in coordination with both the recipient and provider member countries through a Joint Coordination Committee, among other means. This committee is composed of the technical and financial partners involved in the Reverse Linkage project.

Completion: The IsDB, in coordination with all stakeholders, will undertake a final review of the project results and prepare a joint completion report highlighting the outputs, outcomes and lessons learned at completion.

Knowledge management: It is vital to capture knowledge created during project implementation and provide it to relevant stakeholders. Therefore, knowledge and experience gained will be documented.

“All stakeholders, including the recipient and the provider, are required to make a contribution.”

FINANCIAL ELEMENTS

Mode of financing: Any mode of financing of the IsDB can be used for Reverse Linkage interventions, in line with the IsDB's rules and guidelines governing the modes of financing.

Contributions of recipient and provider: One of the core features of a Reverse Linkage intervention is that all stakeholders, including the recipient and the provider, are required to make a contribution, in addition to the transfer of technical expertise. This contribution is to ensure ownership and commitment of all sides. Contributions can be in cash and/or in-kind, subject to the IsDB's clearance. In-kind contributions may include: discounted consultancy fees, intellectual property, equipment, logistics, etc.

Contributions of development partners: Other development partners that are involved in a Reverse Linkage intervention will also be required to contribute to the project in technical and/or financial terms. If the partner is a development finance institution, they will be required to make a financial contribution. Partners may also contribute to projects by leveraging additional financial resources from within their network of donors. The mechanism for making such funds available for Reverse Linkage projects would be determined on a case-by-case basis for each project.

Private sector financial contribution: Financial resources that can be acquired from the private sector for social/ economic development projects will be utilized without any sort of conditionality imposed on the recipient.



REVERSE LINKAGE

DEVELOPMENT THROUGH
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