



itfc

International
Islamic Trade
Finance Corporation

**DEVELOPMENT
EFFECTIVENESS
REPORT**

**SUSTAINABLE
TRADE HORIZONS**

**20
23**





Member of Islamic Development Bank Group

P.O. Box 55335, Jeddah 21534, Kingdom of Saudi Arabia.

T +966 12 646 8337 F +966 12 637 1064



itfccorp



International Islamic Trade
Finance Corporation (ITFC)

TABLE OF CONTENTS

- CEO MESSAGE

APPENDICES

- I- Limited Assurance Statement
- II- Verifier Statement
- III- Methodological Note
- IV- Bibliography



CHAPTER

01

P11

STRATEGIC CONTEXT

- Global Goals
- Strategic Goals



CHAPTER

02

P17

DEVELOPMENT RESULTS



CHAPTER 03

P43

OPERATIONAL PERFORMANCE

- Delivery effectiveness
- Portfolio management



CHAPTER 04

P49

OUR APPROACH TO ESG AND IMPACT MANAGEMENT

- Transitioning towards a new ESG framework
- Managing for results the Development Impact Framework



CHAPTER 05

P57

THE WAY FORWARD

List of Abbreviations

ADB	Asian Development Bank
ADER	Annual Development Effectiveness Report
Afreximbank	African Export–Import Bank
CEO	Chief executive officer
DIF	Development Impact Framework
ESG	Environment, Social and Governance
FAO	Food and Agriculture Organization
IFSB	Islamic Financial Services Board
IsDB	Islamic Development Bank
ITFC	International Islamic Trade Finance Corporation
LDCs	Least Developed Countries
LNG	Liquefied Petroleum Gas
MCs	Member Countries
MLA	Mandated Lead Arranger
MSMEs	Micro, Small & Medium Enterprises
OIC	Organisation of Islamic Cooperation
SDGs	Sustainable Development Goals
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
UN	United Nations
UNSD	United Nations Statistic Division
WFP	World Food Program
YoY	Year on Year



ITFC engaged BlueMark, a Tideline company, to independently verify the quality of ITFC's external impact reporting based on industry best practices, including the Sustainable Development Goals and the Operating Principles for Impact Management, among others. BlueMark's assessment findings cover both areas of strength and areas for improvement, as reflected in the Verifier Statement for the Year 2023 reporting period.

Read the Independent Auditor's Verifier Statement in Appendix II

A limited assurance was provided on a sample of indicators that were deemed to be representative of the DIF indicators. They included indicators at operational, output and outcome levels, based on different methodologies and data collection approaches.

Read the Independent Auditor's Limited Assurance Statement in Appendix I

About Bluemark. BlueMark is a leading independent provider of impact verification services in the impact investing market. BlueMark is a subsidiary of Tideline Advisors, LLC, a specialized consulting firm that works with asset managers and allocators to design and implement best-in-class impact management and measurement systems.



A message from the Chief Executive Officer, ITFC



These are exceptionally challenging times for our Member Countries. Converging crises, exacerbated by conflict, the widening trade finance gap, and the accelerating effects of climate change, demand innovative and adaptable solutions. Trade holds the answers, and ITFC is determined to leverage trade as a powerful force for good in this rapidly shifting environment.

It is with great honor that I present to you the eighth edition of the Development Effectiveness Report. This edition has been structured to provide an in-depth overview of the strategic context in which we operate, the remarkable development results we have achieved, our operational performance, and our holistic approach to impact management. The report highlights our multifaceted contributions to achieving the Sustainable Development Goals.

Despite global disruptions, ITFC's dedication and commitment remains steadfast. Our work to remain relevant to our Member Countries and address their needs never ends. It evolves and adapts. Here's why I'm proud of ITFC's results in 2023

• **We left No One Behind** We are committed to bring financing into some of the world's most vulnerable economies and communities. This targeted approach is evidenced by our record US\$2.5 billion in financing for Least Developed Countries (LDMCs), now 42% of our portfolio. In West Africa, we supported an estimated 480,000 farmers, boosting their incomes and bolstering member country export earnings.

• **We Sustained Critical Supply Chains** We addressed food insecurity, disbursing US\$ 1.5 billion and reaching approximately 28 million households with access to affordable, safe, and sufficient food. Our energy financing, worth US\$ 3.4 billion, supported reliable power supply to an estimated 12 million households.

• **We Unlocked Private Sector Potential** We empowered 297 SMEs and corporates through 23 partner banks, driving financial inclusion. Simultaneously, we strengthened Islamic finance literacy through targeted trainings and SME capacity-building with flagship programs such as the Export Launchpad.

• **We Fostered Regional Trade** Through financing and capacity building, ITFC has made significant contributions to the positive trends in Intra-OIC trade, extending US\$4.6 billion to finance trade between OIC Member Countries. We lead impactful programs like the Arab Africa Trade Bridges Program and the Aid for Trade Initiatives in Arab States (Phase II), strengthening regional supply chains and supporting an inclusive trade.

Yet, there's more to be done. With global supply chains responsible for up to 80% of the economy's carbon emissions, the critical role of trade in reducing emissions and combating climate change is undeniable. We must find ways to integrate sustainability into every element of our work, explore new avenues for green energy, and push harder to reach underserved communities.

By integrating ESG considerations into its operations, ITFC strives to be a leader in promoting responsible and sustainable trade practices. The recent acquisition of carbon credits from the Regional Voluntary Carbon Market

Company (RVCMC) marks a significant step towards our goal of net-zero emissions.

As we celebrate the significant milestones achieved and look forward to the opportunities that lie ahead, I extend my deepest gratitude to our partners, clients, and dedicated staff. The road ahead won't be easy. But when we look at the challenges faced by those we serve, we find a renewed sense of purpose. We have the will, dedication, and ingenuity to foster a more resilient, inclusive, and sustainable future through trade. Let's seize this opportunity together.



Eng Hani Salem Sonbol,
Chief Executive Officer, ITFC



This year, the report, themed "Sustainable Trade Horizons," reflects ITFC focus on promoting sustainability and setting a forward-looking commitment towards Environmental, Social, and Governance (ESG) leadership. ITFC has embarked on a transformative journey towards ESG excellence with the design of a climate change policy and an ambitious Ten-Year Action Plan.



What is the ADER?

The Development Effectiveness Report is ITFC's primary tool for monitoring and reporting on its performance in achieving development results. The ADER uses the indicators in the ITFC's Development Impact Framework (DIF) as a yardstick for reporting and to showcase its contribution to the Sustainable Development Goals.

With 54 indicators, the ITFC DIF enables management and stakeholders to evaluate performance, from the perspective of development impact, by assessing the extent to which its activities are aligned with the priorities and the theory of change pertaining to the Corporation.



Vision

To become the leading provider of trade solutions for OIC Member Countries' needs.



Mission

To act as a catalyst for trade development among OIC Member Countries and beyond.



Mandate

Advancing Trade,
Improving Lives

REPORT THEME AND STRUCTURE

Chapter I

Strategic Context

- Sets the stage by analyzing Member Countries' progress towards the SDGs, highlighting current challenges and opportunities within the global landscape.
- Examines ITFC's strategic objectives (Intra-OIC trade, Islamic finance, economic diversification) within the global context.

Chapter II

Development Results

- Demonstrates how ITFC's financing translates into tangible outcomes.
- Explores impact across four key themes Inclusive Growth, Private Sector Development, Sustainability, and Technology, Skills, & Innovation.
- Provides sector-specific case studies to illustrate real-world improvements.

Chapter III

Operational Performance

- Focuses on internal efficiency and how this translates into delivering development impact.
- Examines delivery effectiveness and portfolio management strategies.

Chapter IV

Our Approach to ESG and Impact Management

- Outlines ITFC's evolving commitment to ESG principles and how it integrates this into its operations.
- Details the impact management system, tools, frameworks, and the emphasis on 'managing for results'.

The Way Forward

- Outlines future strategies and areas of focus in light of the report's findings.

Rationale for this structure

This report strategically moves from the broader global context down to ITFC's specific actions and results

- It establishes the challenges and goals faced by Member Countries.
- It showcases how ITFC's interventions directly contribute to addressing those challenges and achieving goals.
- It examines ITFC's internal processes, ensuring operations are optimized for impact.
- It delves into ITFC's ESG framework, demonstrating the commitment to responsible and sustainable practices.

Sustainable Trade Horizons

This theme accurately reflects the focus on

- **Sustainability** ITFC journey towards sustainable trade finance practices
- **Trade** The core of ITFC's mission is enabling and promoting Intra-OIC trade as a driver of development.
- **Horizons** The report presents both current results and a forward-looking commitment to ESG leadership



REPORT HIGHLIGHTS

Strategic Context

An additional

80–100 MILLION

live in extreme poverty

Trade finance gap reached

US\$2.5 TRILLION

Share of Intra OIC trade accounts for

18.4%

Development Results

Inclusive Growth

A record

US\$2.5 BILLION

disbursed to Least Developed Member Countries (LDMCs), now 42% of ITFC's portfolio.

Supported an estimated

460,000

farmers, facilitating the purchase of essential agricultural commodities.

Sustainability

Ensured electricity access for an estimated

US\$12 MILLION

people, despite a decrease in overall energy disbursements.

Supported the purchase of

5 MILLION

metric tons of food commodities, reaching an estimated 28 million households and safeguarding food security.

Private Sector Development

Disbursements for private sector financing surged 158%, reaching

US\$868 MILLION

Supported a significant increase in the number of corporates and

SMEs

provided with access to finance.

Technology, Skills, & Innovation

Actively supported 77 impactful development projects, representing a total project cost of

US\$27.5 MILLION

141% increase in people trained, reaching

2,357

individuals, demonstrating ITFC's commitment to capacity building.



Operational Performance

Approvals & Disbursements

Trade finance approvals slightly increased to

**US\$6.9
BILLION**

while disbursements decreased to

**US\$6
BILLION**

(down 18.7% from 2022).

This resulted in a lower disbursement ratio compared to the previous year's exceptional result.

Cumulative Impact

Since its creation, ITFC's cumulative approvals reached

**US\$75.5
BILLION**

and disbursements totaled

**US\$63.5
BILLION**

Resource Mobilization

In a challenging market, ITFC successfully mobilized

**US\$3.4
BILLION**

from syndicate partners and

**US\$830
MILLION**

from within the IsDB Group.

This reflects strong partnerships and effective leveraging of internal resources.

Client satisfaction

ITFC's 2023 Trade Finance Client Satisfaction Survey demonstrates outstanding client satisfaction, with an impressive

84%

overall score exceeding its target.



Overall Trends and Opportunities

- ITFC prioritizes addressing trade finance gaps in underserved markets, reflected in the significant increase in LDMC financing.
- There's potential to further align energy financing with global sustainability goals by exploring renewable energy options.
- Increased commitment to private sector development is evident, but leveraging microfinance facilities could further expand financial inclusion.
- ITFC's trade development programs address key sectors but could explore additional areas to enhance ESG solutions.

01

STRATEGIC CONTEXT

THIS CHAPTER PROVIDES A FOUNDATION FOR UNDERSTANDING ITFC'S ROLE WITHIN THE BROADER CONTEXT OF GLOBAL DEVELOPMENT. IT ANALYSES THE PROGRESS MADE BY MEMBER COUNTRIES TOWARD ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND THE GLOBAL CONTEXT SURROUNDING THE STRATEGIC OBJECTIVES OF ITFC. THE CHAPTER HIGHLIGHTS BOTH SUCCESSES AND ONGOING CHALLENGES FACED, PARTICULARLY IN THE WAKE OF CONVERGING GLOBAL CRISES SUCH AS CLIMATE CHANGE, CONFLICTS, AND THE LASTING IMPACTS OF THE COVID-19 PANDEMIC.



GLOBAL GOALS



STRATEGIC GOALS

Global Goals

The convergence of crises, including the climate change impacts, and escalating conflicts, continues to derail progress towards the SDGs.

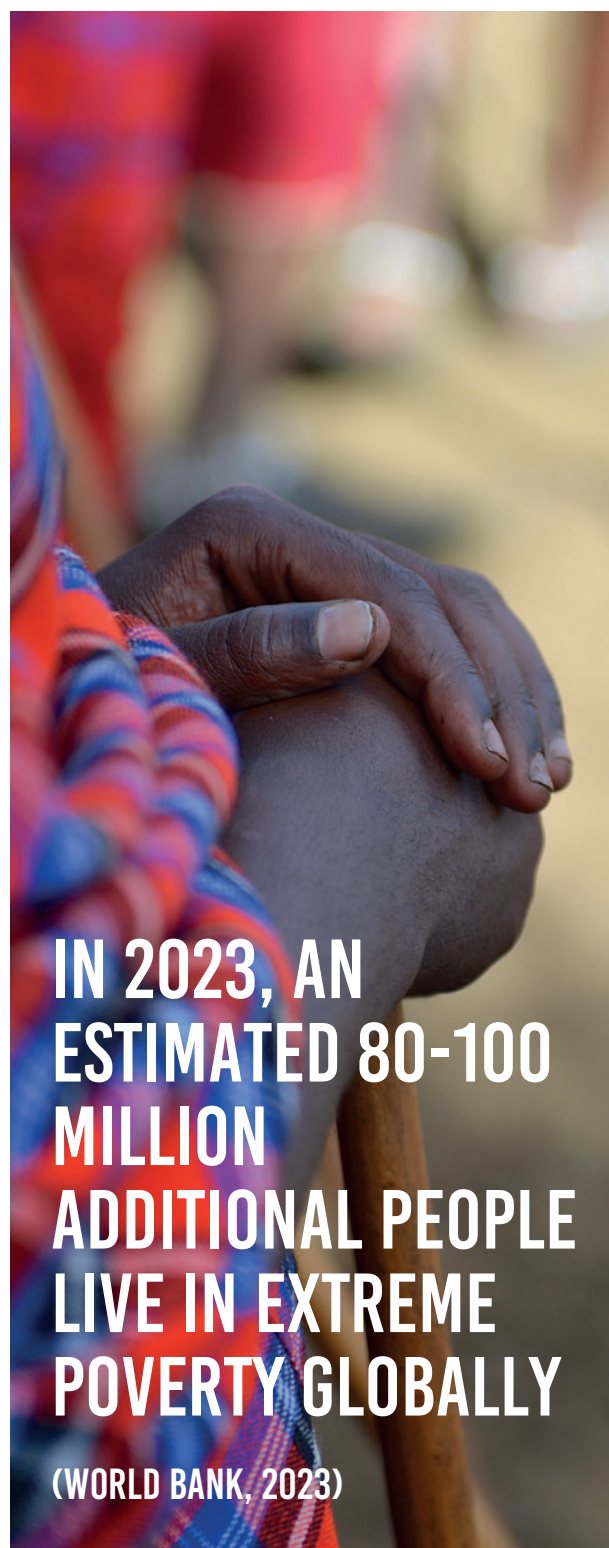
The UN SDGs Report 2023 emphasizes how these disruptions have eroded gains in poverty reduction, hunger eradication, health, and education (UN, 2023). Low-income countries remain especially vulnerable, with escalating debt, diminishing fiscal resources, and stunted economic recovery (UN, 2023).

Rising debt burdens significantly constrain developing countries' ability to invest in the SDGs. Over 60% of low-income nations are either in debt distress or at high risk of it (UN, 2023). Escalating conflicts and natural disasters are displacing millions, creating record-level humanitarian needs and straining resources for sustainable development. As of May 2023, more than 110 million individuals were forcibly displaced worldwide (UNHCR, 2023)

In 2023, an estimated 80-100 million additional people live in extreme poverty globally and it is projected that nearly 600 million people could remain in extreme poverty by 2030 (World Bank, 2023). In addition, acute food insecurity threatens an estimated 333 million people across vulnerable regions (WFP 2023). Trade disruptions played a major role as they led to higher food and essential goods prices, pushing more people into poverty and exacerbating food insecurity. Supply chain blockages hinder access to agricultural inputs, further threatening food production.

With the 2030 Agenda at its midpoint, renewed global action is urgently needed to get the SDGs back on track. OIC Member Countries' SDG Index score currently reflects the challenges they face, highlighting areas like Goal 9 (Industry, Innovation, Infrastructure), Goal 5 (Gender Equality), and Goal 11 (Sustainable Cities, Communities) as needing stronger focus (IsDB Institute, 2023).

Trade, harnessed effectively, remains a powerful tool for accelerating growth and sustainable development. The positioning of trade across the 2030 Agenda shows that trade, when well-regulated, can contribute to exponential growth and sustainable development. ITFC is fully committed to the SDGs. Our contribution goes to those areas where we can achieve the highest impact energy, agriculture, private sector development, and health. These sectors are fundamental to our member countries growth and shared prosperity.



ITFC's Value Addition to the Global Development Agenda



Trade is recognized as a key enabler of the 2030 UN Sustainable Development Agenda



Trade finance is indispensable to international trade



Trade finance significantly impacts trade flows and its availability and access help ensure the continuity of international trade



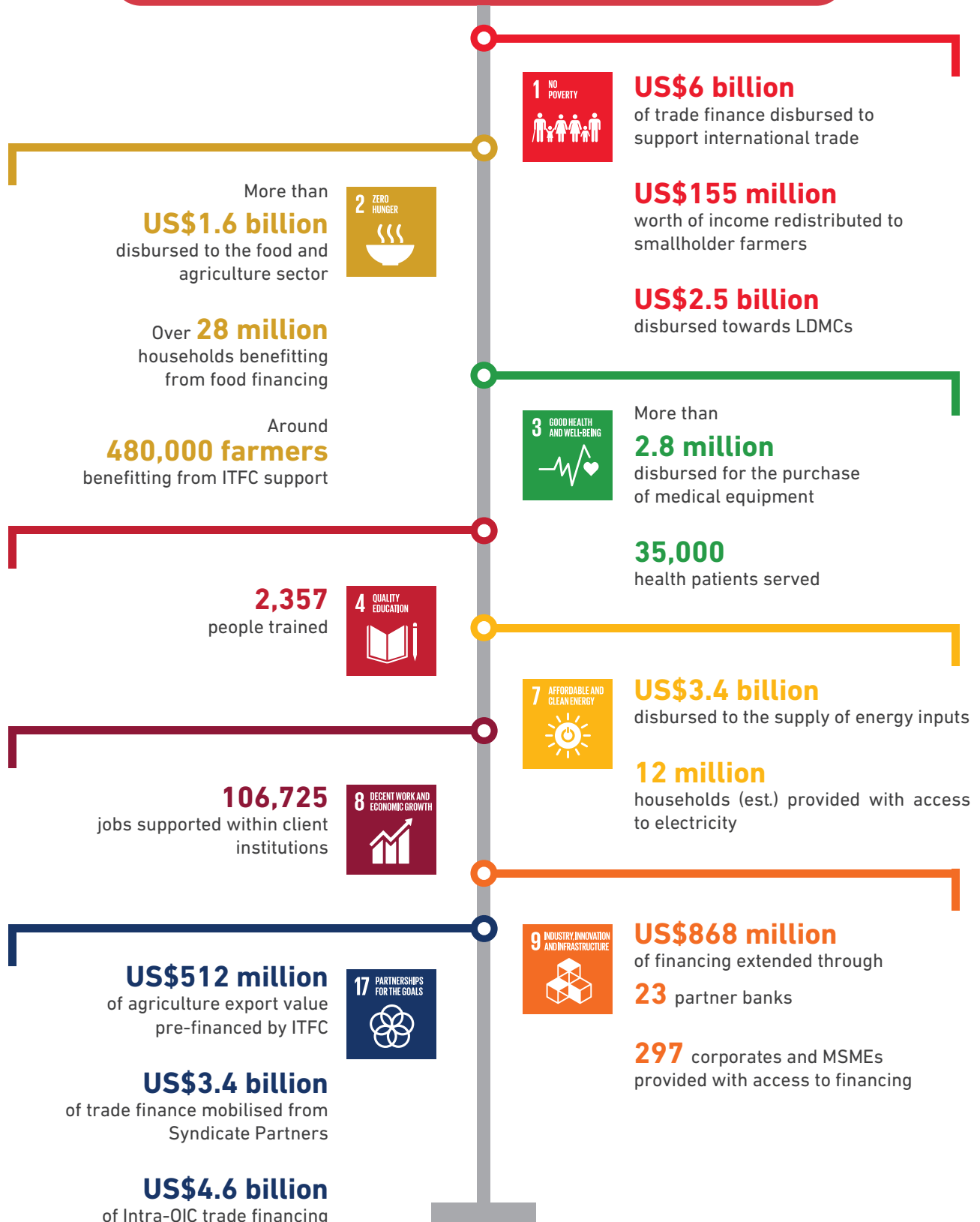
The Islamic Development Bank Group is the only MDB with an autonomous entity exclusively dedicated to fostering trade in Member Countries



ITFC is a leading provider of trade solutions in OIC Member Countries with US\$75 billion of trade finance approved to date



ITFC's contribution to the SDGs - 2023



Strategic Goals

While the OIC has made significant strides in boosting intra-OIC trade over the last two decades, with both volume and share increasing, recent years have seen stagnation. This highlights the need for renewed efforts to reach the ambitious 25% target set out in the OIC Ten-Year Programme of Action (OIC 2025).

Reflecting on a broader scale, OIC countries showcased a robust performance in their trade, especially in exports which grew by 29.8% in 2022, enhancing the

OIC's share in global exports. Similarly, OIC imports rebounded with an 18.2% growth in 2022, boosting their share in global imports to 9.7%. This resilience was mirrored in the services sector, with exports from OIC countries leaping by 47.6% in 2022 to US\$ 549 billion, thereby raising their global export share to 7.7%. Imports of services also saw a healthy growth of 22.1% in 2022, reaching US\$ 622 billion and increasing their global import share to 9.4%.

Long-Term Gains

Intra-OIC trade volume grew from around US\$ 130 billion in 2000 to US\$ 964 billion in 2022. Its share within the OIC's total trade rose from 12.9% to 18.4% in the same period.

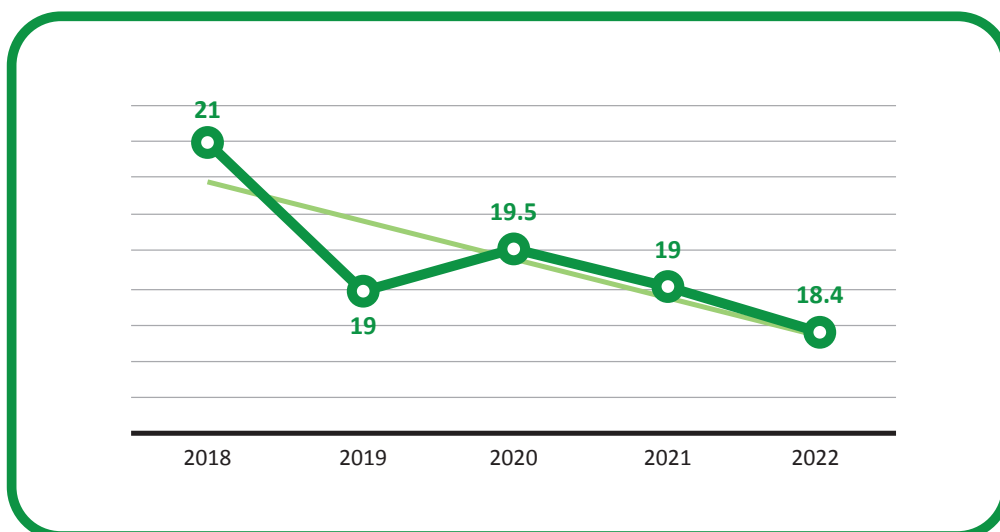
Recent Stagnation

Intra-OIC trade growth peaked at 21% in 2018 and has since declined slightly to 18.4% in 2022. This is due to a surge in exports to the rest of the world, outpacing trade within the OIC.

2021-2022 Rebound

While intra-OIC exports bounced back in 2021 and 2022, reaching \$475 billion, broader economic trends make achieving the 25% target by 2025 a significant challenge.

Share of Intra OIC Trade



SESRIC, OIC Economic Outlook

The global trade finance gap values have been persistently large over the years and grew to an all-time high of \$2.5 trillion in 2022 (ADB, 2023)

The Asian Development Bank's latest Trade Finance Gaps, Growth, and Jobs Survey paints a concerning picture. The global trade finance gap has surged to an alarming \$2.5 trillion in 2022, marking the largest increase since the survey's inception. This highlights the growing challenges faced by businesses, especially SMEs, in accessing the financing they need to participate in global trade. Over the last years, the trade finance gap has historically represented around 7%–10% of global merchandise export values.

Islamic Finance has continued to report remarkable growth and represents an opportunity to fill the trade finance gap

In the face of challenging global financial conditions throughout 2022, the Islamic Financial Services Industry (IFSI) demonstrated resilience and underwent structural growth, with its estimated value reaching US\$ 3.25 trillion. Despite a robust foundation, the global economic recovery encountered several headwinds, including escalating inflation rates worldwide, a surge in oil and commodity prices, supply chain disruptions, and geopolitical tensions. Islamic banking constituted the core of the IFSI, boasting assets of US\$ 2.25 trillion and representing 69.3% of total global IFSI assets.




Strategic Objectives

Fostering
Intra-OIC Trade

Promotion of
Islamic Finance

Diversification of
Member Countries'
economies

Progress towards Strategic objectives based on key DIF indicators

Strategic objective	SDG	Indicator	Source	Baseline (2016)	Results (2022)
SO1 Intra-OIC trade		Share of Intra-OIC trade (%)	SESRIC	18.8	18.4
SO2 Islamic Trade Finance		Trade Finance Gap (in US\$ trillion)	ADB	1,6	2.5
		Islamic Banking assets (in US\$ trillion)	IFSB	1.4	2.2

02

DEVELOPMENT RESULTS

IN THE "DEVELOPMENT RESULTS" CHAPTER, WE DELVE INTO HOW ITFC'S INTERVENTIONS TRANSLATE INTO CONCRETE OUTCOMES FOR OUR MEMBER COUNTRIES. USING KEY METRICS FROM THE DEVELOPMENT IMPACT FRAMEWORK, WE EXAMINE OUR IMPACT ACROSS FOUR CORE THEMES: INCLUSIVE GROWTH, PRIVATE SECTOR DEVELOPMENT, SUSTAINABILITY, AND TECHNOLOGY, SKILLS, AND INNOVATION. THE ANALYSIS IS SUPPORTED BY SECTOR-SPECIFIC IMPACT THESES AND IN-DEPTH CASE STUDIES TO ILLUSTRATE THE IMPACT OF ITFC'S INTERVENTIONS, HIGHLIGHTING CONCRETE IMPROVEMENTS ACROSS VARIOUS SECTORS AND MEMBER COUNTRIES.



Inclusive Growth

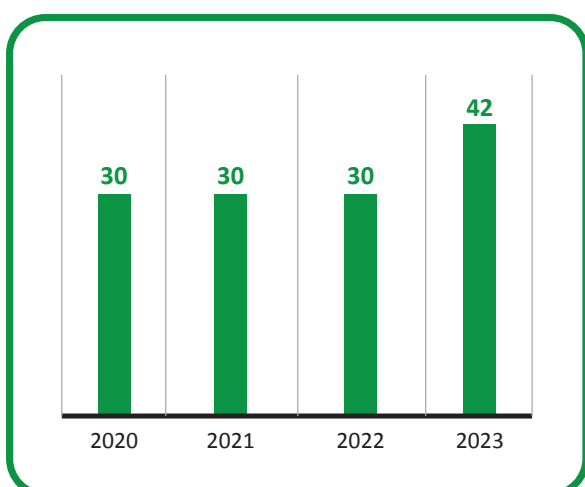
Through its inclusive growth pathway, ITFC aims at allocating resources where it matters with the goal of tackling the increasing trade finance gap for underserved markets and communities.

In 2023, ITFC reached a new milestone in its commitment to addressing trade finance gaps in the world's most vulnerable economies. Disbursements towards LDMCs soared to an all-time high of US\$2.5 billion. This significant increase benefited twelve countries and represents a 14% growth compared to 2022.

Since its inception, ITFC has disbursed US\$24 billion in trade financing to LDMCs. The share of LDMC disbursements in ITFC's portfolio reached a record 42% in 2023, up from around a third in previous years.

Despite a decrease in the number of farmers reached through trade finance in 2023, ITFC's support remained substantial. This decrease was primarily due to a 38% decline in disbursements to the sector compared to the previous year, partly caused by operational challenges faced by one of ITFC's agribusiness clients. ITFC financing still enabled the purchase of 283,000 metric tons of cotton and 34,000 metric tons of groundnuts from an estimated 460,000 farmers.

LDC Financing in Total Disbursements (%)



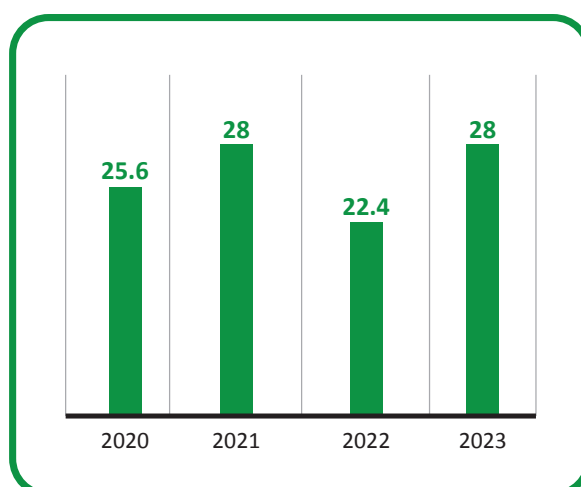
Sustainability

Through its sustainability pathway, ITFC tracks its performance in sustaining critical supply chains – energy, food and healthcare – which enable Member Countries to preserve their economic and social stability.

ITFC remains dedicated to ensuring reliable energy access for Member Countries, safeguarding them against disruptions. Despite decreased disbursements in 2023 (US\$3.4 billion compared to US\$4.2 billion in 2022), ITFC financing still enabled electricity access for an estimated 12 million people. This decrease reflects declining global oil prices and ITFC's ongoing portfolio diversification efforts. While LNG financing remains steady, there is potential area for growth and alignment with global sustainability goals by exploring clean and renewable energy financing.

In 2023, ITFC's support for the food sector reached US\$1.5 billion, down 25% from the previous year. Despite this, the volume of purchased food commodities (mainly grains) increased by 32% to 5 million metric tons, primarily due to lower food prices. This resulted in a significant increase in the number of estimated households reached, from 22 million to 28 million. Uzbekistan was added to the list of benefitting countries.

Number of Households Fed



Private Sector Development

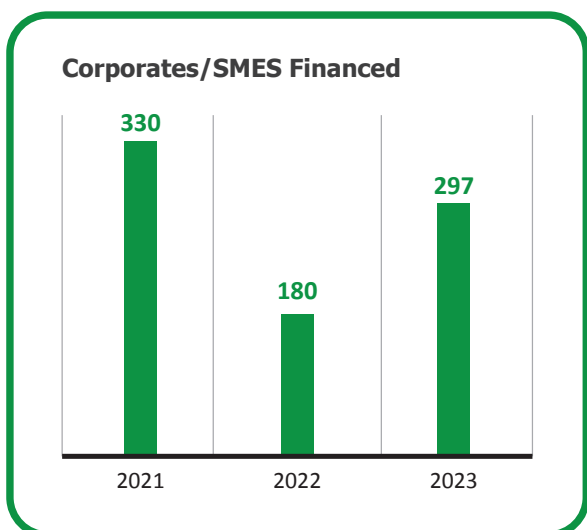
Private sector growth has been identified as one the key pillars of Strategy 2.0 in supporting portfolio diversification and enhancing financial inclusion in Member Countries.

In 2023, ITFC's financial support for the private sector soared to a new peak, with disbursements reaching \$868.1 million, marking a 158% increase from the previous year.

This surge in private sector financing was largely driven by significant transactions in favor of two major regional Exim Banks, which contributed to approximately two-thirds of the total financing disbursed. The number of active private sector clients remained at 38, with 37 being partner banks.

There was a notable increase in the provision of finance to corporates and SMEs, with the numbers increasing from 180 to 297. This indicates a strong commitment to fostering the development of the private sector.

One crucial insight from ITFC's operations highlights the vital role of microfinance facilities in expanding financing outreach and promoting financial inclusion. The ITFC is actively seeking ways to enhance the presence of microfinance facilities within its portfolio, aiming to broaden its impact further.



Technology, Skills, and Knowledge

Through this pathway, the ADER assesses how ITFC leverages its grants financing to create an enabling environment for Intra-OIC trade development and to promote Islamic trade finance.

ITFC recognizes the transformative power of capacity building, which is evident in the increasing number of trade development interventions within its portfolio.


In 2023, the organization focused on training initiatives in Islamic finance, agriculture, and export development – sectors vital to Member Countries.

These activities provide growth opportunities for ITFC, particularly in supporting fragile states and expanding the role of SMEs and the private sector. The remarkable 141% YoY increase in people trained (reaching 2,357 in 2023) highlights this commitment. The sharp increase is related to the roll-out of the Coffee Export Development Program in Indonesia, which is building capacities of coffee farmers.

Overall, ITFC's trade development programs are tackling key impact sectors for the Member Countries. The organization can still further explore other areas that can expand its current portfolio and enhance its delivery of dedicated ESG solutions as part of trade finance transactions.



Development Results

Development theme	Indicator	SDG	Source	Baseline (2017)	Results 2022	Results 2023
Inclusive Growth	LDC Financing (% of portfolio)		Corporate information system	30	30	42
	LDC financing (US\$ million)		Corporate information system	1,034	2,252	2,549
	Direct jobs supported		Self-assessment	-	110,272	106,725
	Farmers reached – Trade Finance		Self-assessment	600,000	600,000	460,000
Sustainability	People provided with access to electricity		Model-based	10.4	13	12
	Energy Generated (#GWh)		Self-assessment	-	9,615	8.872
	Renewable energy, share of portfolio		Corporate information system	0	0	0
	Health Patients served		Self-assessment	-	-	35,000
	Export Sales (US\$ million)		Self Assessment	-	528,8	512
	Households provided with access to food (# millions)		Self-assessment	-	22.4	28.8
	LNG, share of energy portfolio		Corporate database	-	18	20
Clients with an environmental policy (share)		Self Assessment	-	49	52	
Private Sector Development	Number of corporates and SMEs provided with access to finance		Self-assessment	-	180	297
	Average value of loans (US\$ million)		Corporate Information system	-	1.8	1.9
	Active private sector clients		Corporate information system	13	38	38
Technology, skills and innovation	Number of people trained		Self-assessment	539	1,218	2,357
	SMEs/Banks trained		Corporate Information system	-	120	120
	High-Tech trade (share of portfolio)		Corporate Information system	-	-	-



The background of the page features a close-up of a green plant with several leaves. Overlaid on this is a financial candlestick chart with green and blue bars, and a dashed white line representing a trend or moving average. The overall color palette is dark green and blue.

A DEEP DIVE INTO ITFC'S IMPACT THROUGH THE DIF THEMES

01

DIF Theme Inclusive Growth

Linking inputs to impact

How ITFC financing supports farmer’s inclusion through contract-farming schemes in least developed Member Countries?



INPUTS



OUTPUTS

ITFC's focus on pre-export and inputs financing is transforming the agricultural sector in some of Africa's least developed and most fragile regions, including the cotton-producing areas of northern Cameroon and eastern Burkina Faso. By integrating smallholder farmers into global value chains, ITFC fosters sustainable growth, improves food security, and fights poverty.

The success of this model, as evidenced by the significant financing extended and the substantial number of farmers benefited, underlines the potential of contract farming schemes to uplift rural communities by connecting them to international markets.

Pre-export Financing
Offering financial resources to agricultural exporters to enable them to purchase produce directly from smallholder farmers, ensuring farmers receive payment within one month after collection.

Inputs Financing
Providing loans for inputs to farmers through contract farming schemes, which ensures that they have the necessary resources to engage in productive and sustainable agriculture.

Increased Agricultural Production
Enhanced access to inputs and improved farming practices lead to higher yields and more reliable production for smallholder farmers.

Strengthened Market Linkages
Contract farming schemes connect farmers directly with buyers and exporters, ensuring their participation in the global agri-food value chain.

Improved Livelihoods of Smallholder Farmers
Timely payments and increased production contribute to higher incomes and better living standards for farmers and their communities.

2023 RESULTS

3

Number of agribusiness clients

155

Value of production purchased from farmers (US\$ million)



OUTCOMES

Reduced Poverty and Enhanced Food Security

Economic growth in the agriculture sector significantly contributes to poverty reduction and improved food security in rural areas.

Resilient Agricultural Systems

Smallholder farmers are better equipped to deal with external shocks, such as pandemics and climate change, due to improved access to resources, knowledge, and markets.

Increased Exports and Economic Growth

The production and export of agricultural commodities like cotton and groundnuts contribute to economic growth and foreign exchange earnings for the participating countries.



IMPACT

Smallholder farmers are integrated into the global agricultural value chain, contributing to inclusive economic growth, enhanced food security, and poverty reduction on a large scale.



ASSUMPTIONS



Stability and favorable conditions in global and local markets persist.



No significant adverse environmental changes or events disrupt agricultural production.



Supportive policy environment and financial incentives that bolster the sector's competitiveness and sustainability, including a fair price to producers.

322

Volume of production purchased from farmers (in thousands mt)

512

Export value (US\$ million)

460,000

Benefitting farmers

A STORY OF IMPACT

Transforming Cotton, Transforming Lives

ITFC's Impact on Burkina Faso's Cotton Sector

WHAT?

Objective

Burkina Faso, a Least Developed Country (LDC) in West Africa, heavily relies on its cotton sector, which employs 15-20% of the active labor force and indirectly supports 1.5 to 2 million people. The sector is primarily composed of small farms and smallholders, with the Société Burkinabè des Fibres Textiles (SOFITEX) playing a pivotal role in processing and marketing cotton fiber.

WHO?

Stakeholders

SOFITEX. The primary beneficiary of the financing is SOFITEX (Société Burkinabè des Fibres Textiles). It is a state-owned company in Burkina Faso that plays a central role in the country's cotton industry. Established after the country's independence, SOFITEX is the largest cotton company in the country and is primarily involved in the processing and marketing of cotton fiber. Its operations encompass the entire cotton value chain, including purchasing raw cotton from farmers, transporting it, and ginning (the process of separating cotton fibers from their seeds).

HOW MUCH?

Scope and Scale

Since 2006, the International Islamic Trade Finance Corporation (ITFC) has been actively supporting SOFITEX to support the resilience of the cotton sector in Burkina Faso. Between 2008 and 2023, ITFC approved a total of US\$ 958.1 million in financing through nine transactions aimed at purchasing raw cotton from farmers and importing fertilizers. In 2023, ITFC disbursements to the sector amounted to US\$111.7 million. Between 80,000 to 120,000 cotton have benefited annually from the financing. ITFC support has significantly reduced the payment time for producers from up to six months to less than one month after cotton collection, thereby strengthening their income and livelihoods.

CONTRIBUTION

Additionality

ITFC's structured trade finance solutions have directly contributed to improving the financial position of SOFITEX, enabling it to make timely payments to cotton producers. This has been crucial in maintaining producer motivation and stabilizing incomes, especially in times of productivity challenges and increasing input costs. ITFC's role went beyond financing. As SOFITEX's leading financial and technical partner, ITFC has also been instrumental in strengthening operational efficiencies within the company. In 2021, A Cash Against Documents transaction orchestrated by ITFC was successfully completed between SOFITEX and a major trading company, using an electronic bill of lading issued by a world leader in shipping and logistics, through Bolero's digital trade finance platform for the first time.

RISKS

The cotton sector is highly vulnerable to global price fluctuations, climate change, input cost increases, and production challenges. ITFC's support mitigated some of these risks by providing stable financing. However, ongoing challenges include ensuring the sustainability of these impacts amidst variable global markets and addressing the environmental implications of cotton production.



ITFC's intervention aimed at enhancing operational efficiencies and financial sustainability within Burkina Faso's cotton sector. By providing structured trade finance since 2006, ITFC facilitated timely payments to cotton producers, supported the purchase of raw cotton, and enabled the import of necessary fertilizers.

SOFITEX provides crucial support to the agricultural sector by supplying farmers with agricultural inputs like fertilizers on credit, technical support, and a guaranteed annual price for their cotton production. The company employs over 5,000 staff, with 75% being seasonal workers.

Smallholder Farmers. The end-beneficiaries are cotton producers in Burkina Faso. ITFC's operations targeted cotton producers in the Hauts-Bassins Region, where approximately 40% of the population lives below the national poverty line.



"Since I produce the cotton, the yields have never been so low. This is mainly due to pest infestation and the low quality of fertilizers. But iCotton is better than other crops. At least we can estimate how much we will earn at the end of the campaign and when we will be paid. There were years when even after all the cotton was sent to the factory and processed, we waited for one to two months for payment. But now there is a big difference and we are paid in seven to ten days. I can use the money to pay for my kids' schools and other basic expenses of the household"

Kakuy Ouanko, cotton producer, Hauts Bassins



"Our first digital shipping consignment via Bolero's platform was a real success. Eliminating documentary collection delays, which can take up to 21 days, to being able to retain and access all shipping documents in one place without the risk of misplacing them, has increased both efficiency and confidence across the entire process."

Lassana Kargougou, Sales Director at SOFITEX

Key figures 2023

US\$111.7 million

disbursed by ITFC to purchase 247 thousand mt of cotton produced from an estimated

100,000 farmers

Price paid to producers reached

US\$500

per mt, up 12,5% YoY

SOFITEX shipped

127,500

metric tons of cotton fiber, generating export revenues totaling

US\$246 million.

More than two-thirds of the exports were sent to OIC Member Countries, with Bangladesh being the primary destination.



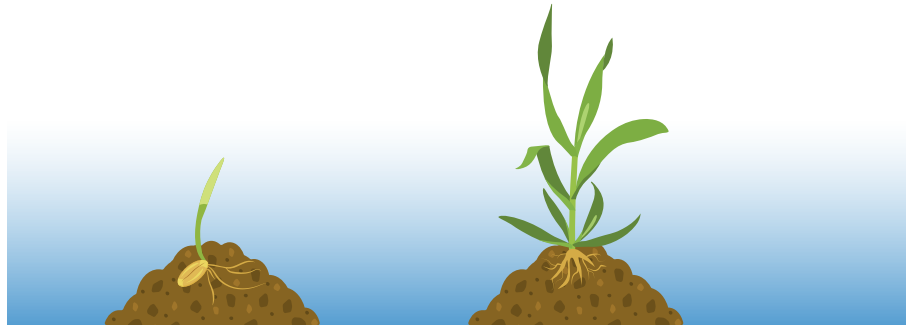
02

DIF Theme Sustainability



Linking inputs to impact

How ITFC financing supports food security in Member Countries?



The International Islamic Trade Finance Corporation partners with agencies in Member Countries dedicated to enhancing food security through safety nets and price stabilization. ITFC provides tailored financial support to empower these agencies in their mission. By facilitating strategic food reserve imports and local food purchases, ITFC boosts the availability and affordability of essential commodities. This strengthens food safety nets, especially during crises, while supporting local farmers. This approach reduces hunger and malnutrition, protects countries from price shocks, and fosters resilient food systems in the long term.



INPUTS

Provision of financing
Allocation of ITFC's financial resources specifically earmarked for enhancing food security through direct support to food-based safety nets.

Partnerships
Collaboration between ITFC and national agencies with mandates focusing on food security, food safety nets, and agricultural promotion within Member Countries.



OUTPUTS

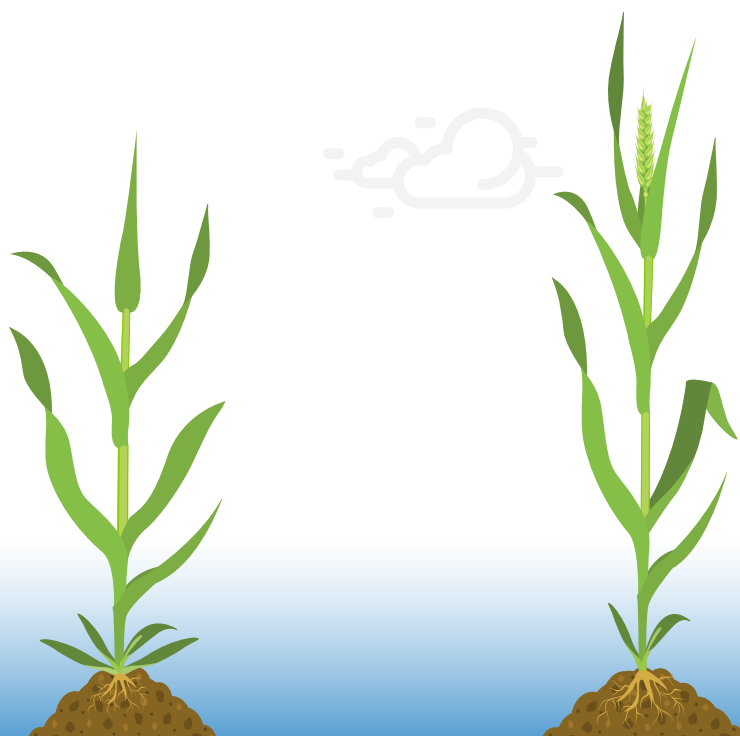
Strategic Food Reserves Enhanced
Through ITFC financing, Member Countries can bolster their strategic food reserves, ensuring a steady availability of essential food commodities during periods of shortage or crisis.

Increased Agricultural Market Participation
Support for the purchase of food commodities from local farmers leads to an expanded market presence and better income opportunities for these farmers, thereby stimulating local economies.

Food Price Stabilization Initiatives
Implementation of price stabilization measures to mitigate the impact of food price volatility on the population, making essential food items more accessible and affordable.

2023 RESULTS

1.450
Disbursements (US\$ million)



OUTCOMES

Strengthened Food Safety Nets

Enhanced capability of Member Countries to provide vulnerable populations with reliable access to food, thereby safeguarding against malnutrition and hunger during critical periods.

Improved Food Security

A noticeable reduction in hunger and malnutrition rates among the population, particularly among the most vulnerable groups, contributing to overall improved public health and welfare.

Enhanced Agricultural Production and Supply Chains

Strengthening of local food systems through better agricultural practices, increased farmer incomes, and more efficient food supply chains, leading to greater resilience and sustainability.



IMPACT

Long-term enhancement of food security in ITFC Member Countries, characterized by reduced vulnerability to food crises, particularly for the most vulnerable populations.



ASSUMPTIONS



Food-based safety net programs are effectively implemented to mitigate the impact of food crises on vulnerable populations.



Cash transfer and voucher programs empower vulnerable groups to access food.



An undisturbed food supply chain allows for the efficient distribution of food commodities.



Stable markets that can support the predictable supply and demand for food commodities.

28.8

households fed (million)

5,409,493

Volume of food commodities (grains) purchased (in mt)

A STORY OF IMPACT

Seeds of Change

Uzbekistan's Journey to a Market-Driven Agriculture

WHAT?

Objective

The state order system in Uzbekistan, in the context of wheat production, is a mechanism where the government sets quotas for wheat production and purchases the crop at a predetermined price from farmers. This system has been a significant part of Uzbekistan's agricultural policy, aiming to achieve self-sufficiency in staple foods and ensure food security. For a long time, limited access to markets outside the state order system restricted opportunities for farmers to sell their produce at competitive prices. Recognizing the limitations of the state order system, Uzbekistan has been undergoing agricultural

WHO?

Stakeholders

State Fund for Support of Agriculture

The State Fund for the Support of Agriculture in Uzbekistan plays a pivotal role in bolstering the nation's agricultural sector and enhancing food security. The Fund provides farmers with financial resources, such as loans and credit facilities, to improve their productivity. Additionally, it intervenes in markets to stabilize prices by strategically purchasing and releasing agricultural commodities.

HOW MUCH?

Scope and Scale

The government's agricultural strategies have led to a notable increase in farmers' incomes and an expanding number of beneficiaries. From over 32,827 farming households in 2020 to more than 37,313 in 2023, this growth in beneficiaries highlights farmers' rising motivation and confidence, spurred by better remuneration and supportive policies. The state purchase price of wheat reflects this positive trend, with a rise from 1,550,000 som per ton in 2020 to 2,993,800 som per ton in 2023. These measures underscore the government's commitment to enhancing farmers' earnings and stabilizing the sector.

Despite global market disruptions and food inflation, the domestic wheat price remained managed, moving from 3,292,000 som per ton in 2021 to 3,111,000 som per ton in 2023, after an interim rise. This reflects the success of initiatives aimed at market stabilization, evident also in the maintained bread prices at 2,800 som from 2022 to 2023, despite inflationary pressures. Such stability, in the face of global volatility, demonstrates the effectiveness of the government's efforts to ensure the affordability of essential foods for its population.

CONTRIBUTION

Additionality

ITFC has significantly contributed to Uzbekistan's agricultural sector's transformation and food security efforts. Alongside the Government of Uzbekistan's structural reforms, which include improved storage and distribution infrastructure to manage and stabilize wheat prices, ITFC's financial support has been pivotal. In particular, since 2020, ITFC has allocated \$150 million to the State Fund under a sovereign guarantee, with a substantial \$100 million disbursed in 2023 alone to purchase 413,400 metric tons of locally-produced wheat.

This trade finance facility provided by ITFC has underpinned the financial sustainability of the government's initiative, supporting not just the procurement and distribution of wheat but also contributing to broader agricultural reforms and economic development objectives.

RISKS

The shift towards market mechanisms and the scrapping of production quotas for wheat and cotton introduce uncertainties regarding price settings, market demand, and supply dynamics.

Ensuring a smooth transition requires careful planning, support for farmers in adapting to market conditions, and mechanisms to protect against extreme price volatility and supply disruptions.



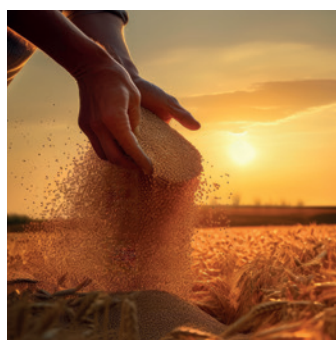
reforms to introduce more market-oriented mechanisms and reduce the state's role in directly purchasing crops. These reforms aim to improve efficiency, sustainability, and profitability in agriculture, potentially offering wheat producers more freedom to make market-driven decisions. ITFC supported the Government efforts through a US\$100 million facility to fund the procurement of agricultural goods and ensure a stable supply of wheat throughout the year. Beyond its impact on wheat prices, the financing ensured that the farmers received fair and timely payment for their produce.

Farmers

Wheat farmers in Uzbekistan are a diverse group, primarily consisting of smallholder farmers, family-operated farms, and to a lesser extent, larger agricultural enterprises. They were the primary target of ITFC financing which was allocated to purchase locally-produced wheat.

Consumers

Uzbekistan is classified as a country with a wheat-based diet, with average consumption amounting to 110 kilograms of flour per person per year. The entire population benefited from stabilized wheat prices and consistent availability, contributing to national food security and affordability of staple foods.



Since the government introduced these reforms, there's been a real change for us wheat producers. There are more incentives now to produce wheat and to sell to the government at a pre-agreed price. Although I have the option to sell a significant portion of my produce in the market, I prefer the stability and predictability that comes with selling at the government's attractive purchase price. It's not just about the prices, though; the support we receive for purchasing inputs on credit from the state fund has been incredibly beneficial. It gives us visibility into our operations and helps us plan for the future with much more confidence

Wheat producer, Region of Tashkent

Key figures 2023

US\$ 100 million
disbursed

413,400
mt of wheat purchased
from farmers using
ITFC financing

37,313
farming households
benefitting, up 14%
since 2020

93%
increase in price paid
to farmers since 2020

Bread prices
maintained at

2,800
som per loaf from 2022
to 2023, despite global
inflation



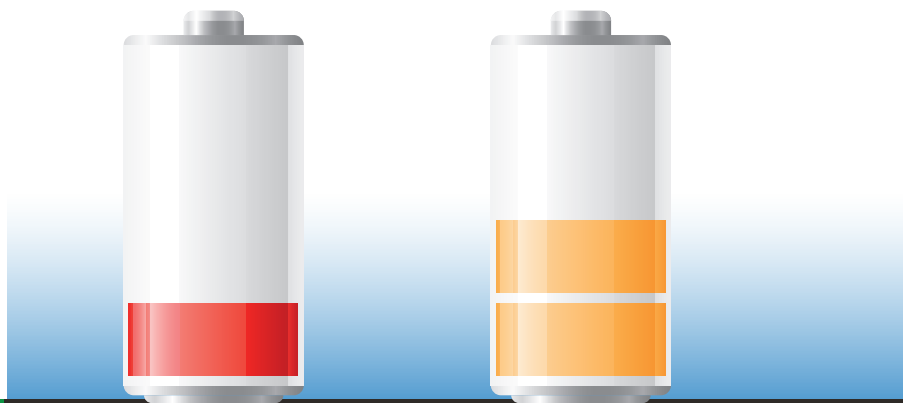
03



DIF Theme Sustainability

Linking inputs to impact

How ITFC foster economic growth through reliable and sustainable Energy supply?



INPUTS



OUTPUTS

ITFC aims to address critical energy challenges by providing financing solutions, mobilizing resources through syndication, and offering technical assistance to energy companies. This support is designed to ensure a reliable energy supply, with the goal to enhance energy production and operational efficiency. These efforts aim to boost economic resilience by reducing power disruptions and support critical sectors. While initially focusing on fossil fuels, the long-term goal is a gradual transition to sustainable energy sources to align with environmental objectives. Ultimately, these actions seek to drive economic growth and stability within Member Countries.

Financial resources

Provision of trade finance solutions to energy companies.

Expertise in syndicated financing

Leveraging international market financing for significant energy financing.

Capacity-building support

Technical assistance to energy companies to enhance their operational efficiency, resilience, and potential for integrating sustainable energy solutions.

Enhanced operational capacity for oil and gas companies

to ensure a steady supply of energy, reducing shortages.

Strengthened power generation capabilities

in companies utilizing fossil fuels, with financial support to meet increasing demand.

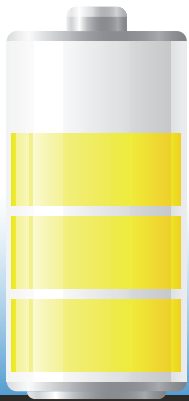
Large-scale mobilization of financing

for substantial energy projects, supporting the provision of reliable energy supply.

2023 RESULTS

3,4

Value of oil/gas purchased (US\$ billion)



OUTCOMES



IMPACT



ASSUMPTIONS

Increased access to energy with fewer power failures, leading to more stable and predictable energy supplies.

Economic resilience bolstered by enhanced energy reliability, supporting critical sectors and mitigating economic output fluctuations due to energy supply issues.

Environmental sustainability through compliance with environmental standards and a gradual shift from fossil fuels to more sustainable energy sources, aligning with global environmental goals.

Sustained economic growth and stability within Member Countries, supported by reliable and sustainable energy access.



Global financial markets remain receptive to funding large-scale energy supply.



Regulations support energy sector investment, including transitioning to more sustainable solutions.



There's a genuine commitment from energy companies and governments to integrate sustainable energy solutions over time.

8,985

Energy generated by ITFC clients (in GWh)

20

share of LNG in ITFC energy portfolio (%)

12

People provided with access to energy (est. in million)

A STORY OF IMPACT

ITFC Partners with CEET to Drive Energy Diversification in Togo

WHAT?

Objective

The objective of the operation is the enhancement of energy diversity, efficiency, and reliability in Togo's electricity sector. Togo sources approximately 50-60% of its electricity from imports, primarily hydropower from Ghana and Nigeria.

WHO?

Stakeholders

The executing agent of the financing is the **Compagnie Energie Electrique du Togo (CEET)**. CEET is the primary public utility responsible for the management and distribution of electricity throughout Togo. Established in 1963, CEET plays a vital role in powering homes, businesses, and essential services across the nation. While CEET does not directly generate large-scale electricity, it purchases power from independent power producers (IPPs) and neighboring countries.

The beneficiaries of this initiative are broad and encompass Togo's entire population of approximately 8 million people, with a specific focus on the 290,000 electricity customers.

HOW MUCH?

Scope and Scale

The scale of impact is measured by the increase in electricity access rates, the expansion of domestic electricity generation capacity to 100 MW, and the improvement in reliability, with the plant's availability exceeding 98%. Additionally, ITFC's financial contribution for natural gas imports to fuel the plant represents a significant investment towards achieving energy diversity. The current energy mix, comprising 50% hydro and 50% thermal sources, illustrates a move towards a more balanced and diverse energy portfolio.

CONTRIBUTION

Additionality

ITFC's contribution is critical in facilitating Togo's transition towards a more diversified and reliable energy sector. By disbursing US\$33.8 million for natural gas imports in 2023, ITFC not only supports the operational needs of the tri-fuel plant but also plays a pivotal role in ensuring the project's financial viability and sustainability. About 7,5 million m3 of natural gas were delivered through ITFC financing.

This financing is instrumental in enabling the national power company, Compagnie Energie Electrique du Togo, and its IPP partner, ContourGlobal, to invest in the necessary fuel supplies to maintain and expand electricity generation.

RISKS

The pursuit of energy diversity in Togo is not without its risks and challenges. Key among these is the reliance on imported natural gas, which, despite the flexibility of the tri-fuel strategy, exposes the country to vulnerabilities related to fuel price volatility and supply chain disruptions.

The ambition to expand power generation and incorporate solar energy introduces additional challenges, balancing cost-efficiency with energy security and environmental considerations.

Furthermore, the disparity in electricity access rates between urban and rural areas remains a significant challenge, necessitating targeted efforts to extend the benefits of improved energy reliability and efficiency to all segments of the population.



By transitioning from a heavy reliance on imported electricity and a single-source fuel strategy to developing domestic generation capacity with a tri-fuel plant, Togo aims to secure a more stable and efficient electricity supply. This strategic move is expected to mitigate the historical challenges of supply security, reliability, and efficiency that have plagued the country's electricity grid.

The initiative notably impacts urban areas, where electricity access rates are significantly higher, and aims to address the stark disparity in electricity access between urban (56.4%) and rural areas (5.5%).

By improving the reliability of the electricity supply, the operation also directly benefits businesses, enhancing their operational continuity and encouraging investment, while indirectly supporting the population through improved service quality and economic stability.

Key figures 2023

**US\$33.8
million**
disbursed

**7.5
million**
of natural gas
imported

**290,000
households**
connected to CEET's
energy system



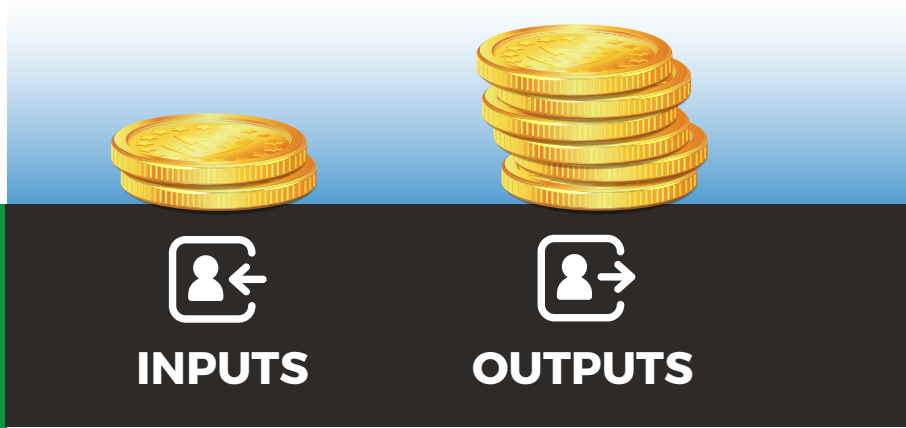
04

DIF Theme Private Sector Development



Linking inputs to impact

How ITFC’s Islamic finance solutions supports financial inclusion and economic diversification in Member Countries?



ITFC's approach centers on providing Sharia-compliant financing solutions and targeted capacity building for partner banks. This support aims to increase access to working capital for MSMEs, with special consideration for women-led businesses and sustainable practices. By strengthening the Islamic finance skills of banks and making ethical financing more accessible, ITFC aims to boost the resilience of the private sector, promote their participation in global trade, and enhance financial inclusion. Ultimately, these efforts have the potential to drive sustainable economic growth, generate employment, and foster a more diversified and inclusive economy.

Sharia-compliant financing solutions offered by ITFC Including lines of financing and direct corporate financing to support MSMEs and private firms with ethical financing options.

Capacity-building programs Aimed at enhancing the skills of partner banks in strengthening and implementing Islamic finance solutions, ensuring that bank staff are well-equipped to deliver Sharia-compliant products and services.

Collaboration with partner banks and private sector entities Crucial for broadening the reach and efficacy of financing solutions.

Dedicated financing for women-led or owned businesses and sustainable practices Special financial tranches earmarked for empowering women entrepreneurs and promoting environmentally friendly business practices.

Enhanced access to working capital for MSMEs, ensuring their operational sustainability, especially during economic downturns.

Strengthened Islamic finance skills and solutions among partner banks, leading to an increased understanding and application of Islamic finance principles among bank staff and the development of a wider array of Sharia-compliant financing products.

Targeted support for women-led businesses and sustainable projects, leading to increased financial and business development resources for these entities.

2023 RESULTS

297

Number of benefitting corporates and MSMEs



OUTCOMES

Improved financial stability and resilience of the private sector, contributing to its ability to sustain operations and pursue growth opportunities.

Greater involvement of MSMEs in global trade, leveraging Sharia-compliant financing to enhance their competitive edge in international markets.

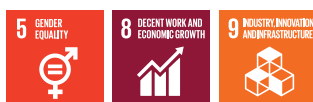
Enhance financial inclusion of vulnerable MSMEs, including those led by women, effectively addressing specific challenges they face.

Growth of the Islamic Finance Sector, with an increase in the availability and diversity of Sharia-compliant financial products, contributing to the sector's overall development and accessibility



IMPACT

Promote sustainable economic growth, generate employment opportunities, and foster economic diversification through financial inclusion of the private sector.



ASSUMPTIONS



Demand for Sharia-compliant and sustainable financing solutions will continue to grow, driven by increasing awareness of ethical financing.



Partner banks' capacities to lend to SMEs are sufficient and adaptive, allowing for effective distribution of Sharia-compliant financial resources to small and medium enterprises



Regulatory environments are conducive to the growth and scalability of Islamic finance and support initiatives aimed at women's empowerment and environmental sustainability

868,1

Disbursed financing (US\$ million)

37

Partner banks

A STORY OF IMPACT

Bridging Islamic Finance and Development Finance a collaborative partnership with Uganda Development Bank

WHAT?

Objective

Uganda's development and economic landscape is characterized by robust growth potential and diverse opportunities across sectors such as agriculture, manufacturing, and services. Despite its rich natural resources and a young, dynamic population, the country faces challenges in accessing sufficient financing to unlock its full economic potential.

The Uganda Development Bank (UDB), as the country's national development finance

WHO?

Stakeholders

The partner Uganda Development Bank Limited (UDBL), the country's premier development financial institution's duty is to help accelerate Uganda's development by supporting small & medium enterprises (SMEs) and large-scale development projects in the various key growth sectors, thereby, address the financing gap to SMEs and Infrastructure projects in the country.

HOW MUCH?

Scope and Scale

The operation supported two key projects, focused on the plastics and steel industries, which aligns with the UDBL's High Impact Goal (HIG) of promoting sustainable industrialization.

These two Ugandan companies have made significant strides in their respective sectors. A plastics manufacturer based in Mukono has transformed the local industry with its diverse range of plastic products. Concurrently, a leading manufacturer in the East African construction steel market has boosted production capabilities. Together, these companies are integral to enhancing domestic manufacturing capacity, minimizing import reliance, and driving Uganda's industrial expansion.

CONTRIBUTION

Additionality

ITFC financing allowed the Uganda Development Bank Limited (UDBL) to meet the borrowing needs of its clients, particularly in industries where financing is limited due to the perceived risk profile of SMEs. ITFC disbursed around US\$ 3,5 million US\$ of trade financing in favor of UDBL. The financing was used for the purchase of raw material used as a production input by the benefitting SMEs.

This operation also marks UDBL's first footprint into Sharia-compliant financing, introducing Islamic finance to a market where it is underdeveloped. The provision of

RISKS

- Exchange rate fluctuations (if companies import materials extensively).
- Supply chain disruptions affecting both imports and exports.
- Inadequate Financial Literacy Among SMEs restricting their access to finance



institution, plays a pivotal role in filling these financing gaps. UDB channels funding, prioritizes projects aligned with the National Development Plan, and offers technical support to promote sustainable and impactful investments.

ITFC intervention consisted in providing to the Uganda Development Bank Limited (UDBL) a Line of financing to support export-oriented SMEs in various sectors in Uganda.

The end-beneficiaries

- A Ugandan manufacturer of plastic products using polyethylene and PET. The company's product range includes packaging materials, domestic utensils, and building materials.
- A Ugandan manufacturer of construction steel products, including hot rolled coils, roofing, wire rods, and stainless-steel tanks. Serves markets in Uganda and the broader East Africa region.

The plastics manufacturer has expanded its capacity, demonstrating enhanced plastic processing capabilities nationwide. Similarly, the steel manufacturer has bolstered steel processing technology within the country.

A critical impact of these projects lies in the creation of both direct and indirect employment opportunities. The plastics manufacturer now employs a permanent workforce of 480 and supports over 1,000 scrap collectors indirectly. The steel manufacturer employs 284 permanent staff and 759 casual workers, with positive projections for future job growth..

Islamic finance by ITFC not only enhances the diversity of financial products available in Uganda but also paves the way for broader financial inclusion and development. It will contribute to strengthening the role of UDBL as a national development bank by financing the implementation of Uganda's National Development Plan (NDP) and complementing the bank's efforts to diversify its financing base and mobilize resources from other sources.

Key figures 2023

First Islamic Trade
Finance facility in the
market

**US\$ 3,5
million**
disbursed

**Benefitted two
fast-growing and
export-oriented
SMEs**

**Supported
employment,
higher
production
capacities,
increased
turnover and
profitability, and
greater tax
contributions**



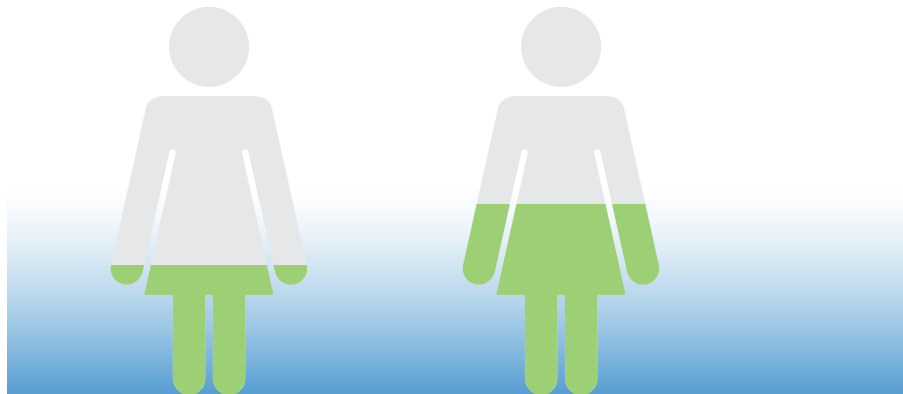
05



DIF Theme Technology, Skills and Innovation

Linking inputs to impact

How ITFC’s grants funded interventions contribute to its overarching strategic goals?



INPUTS



OUTPUTS

In alignment with its ten-year strategy, ITFC emphasizes the importance of integrated solutions by providing holistic trade support to Member Countries. Through partnerships and innovative Waqf-based financing, ITFC provides capacity building and technical assistance in key sectors, driving the adoption of cutting-edge technologies and practices. This support strengthens trade capabilities and competitiveness in OIC Member Countries, fosters resilient trade ecosystems, and boosts intra-OIC trade volumes. Ultimately, ITFC's goal is to enhance economic resilience and drive sustainable development within the OIC community, building a more prosperous and interconnected future.

Grants Resources

ITFC commitment reached US\$14,5 million to support a variety of projects and initiatives, totaling US\$27,5 million in project costs.

Strategic Partnerships

Collaborates with key international and regional organizations and local governments to enhance trade capabilities.

Innovative Financing Models

Leveraging Waqf-based funding mechanisms for supporting trade development activities.

Capacity Building and Technical Assistance

Enhances skills and capabilities in vital sectors like agriculture, SME development, and Islamic finance through targeted interventions.

Technology and Innovation Adoption

Facilitates the adoption of new technologies and innovative practices, improving productivity and market access.

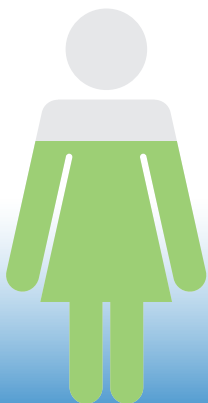
2023 RESULTS

77

Number of projects/initiatives

US\$27,5

million
Total costs



OUTCOMES

Enhanced Capacity and Competitiveness

Member Countries demonstrate improved trade capacities and global competitiveness, fueled by better skills, technology, and innovation.

Resilient Trade Ecosystems

Establishes regional trade ecosystems that are resilient to global challenges, ensuring stable and continuous trade activities.

Increased Intra-OIC Trade

Fosters stronger trade connections within the OIC Member Countries, leading to higher intra-OIC trade volumes and economic cohesion.



IMPACT

Strengthen economic resilience and fosters sustainable development among Member Countries by leveraging enhanced trade capabilities, technology, skills, and innovation, contributing to a more prosperous and interconnected OIC community.



ASSUMPTIONS



Effective Utilization of Grant Resources It is assumed that the allocated grants will be used efficiently and strategically to achieve the intended project goals



Strong ownership Sustainable development and economic resilience are achieved through the direct involvement and ownership of the beneficiaries



Increased Capacity Leads to Enhanced Competitiveness The assumption that improved skills, technology adoption, and innovation directly result in increased trade capacity and global competitiveness is underpinned by beneficiaries' dedication to applying these learnings in a strategic manner.

US\$14,5
million
ITFC co-financing amount

US\$6,75
million
Disbursed amount

56
Country grants

21
Regional grants

12.4
months
Average project duration

A STORY OF IMPACT

Breaking Barriers

Empowering Bangladesh's Women Entrepreneurs for Global Market Access

WHAT?

Objective

Bangladesh's Small and Medium Enterprises (SMEs), despite being the backbone of the country's economic fabric, have historically grappled with significant challenges in accessing international markets. Hindered by a lack of resources, limited exposure to global trade practices, and the complexities of international compliance standards, these enterprises often find themselves at a crossroads. The situation was further exacerbated by the COVID-19 pandemic, which introduced unprecedented disruptions to global supply chains, heightened market volatility, and imposed new barriers to trade.

WHO?

Stakeholders

Partners This initiative was a collaborative effort, bringing together the expertise and resources of ITFC, TFO Canada, the Government of Canada, USAID, and various local partners in Bangladesh.

HOW MUCH?

Scope and Scale

This project, undertaken between 2020 and 2023, represented a significant investment of US\$ 421,696. ITFC's contribution amounted to US\$ 153,677, and was instrumental in making this project a reality and ensuring its successful completion

Specialized Training Central to the project's achievements was the training of 30 master trainers, a significant number of whom focused on mentoring women entrepreneurs. This strategic investment in knowledge-sharing equipped women-led SMEs with the tools to navigate the complexities of international trade.

CONTRIBUTION

Additionality

The project demonstrated ITFC's commitment to women's economic empowerment and SME development. It successfully adapted to online training during the pandemic and spurred greater confidence among women entrepreneurs.

This project provided valuable insights for future endeavors. Here are some key takeaways:

Strategic Alignment: While the project achieved its goals, even greater impact could be realized by ensuring a tighter alignment with ITFC's focus on intra-OIC trade. This would maximize synergy and amplify outcomes.

Efficient Implementation: Implementation costs were higher than anticipated. Future

RISKS

Pandemic Disruptions The project showcased adaptability by shifting to online training but also highlighted the need for flexible implementation plans.

External Factors Visa restrictions for SMEs could limit fair participation benefits, stressing the need to consider potential barriers in market access components



In response to these challenges, the Export Launchpad Bangladesh initiative, spanning from 2020 to 2023, set out with a clear vision to empower women-led SMEs by enhancing their export capabilities and providing them with the tools necessary to thrive in the competitive global market. Acknowledging the pivotal role of women entrepreneurs in driving economic growth and fostering poverty alleviation, the project aimed to create a level playing field for them to access international markets.

Target Group Women entrepreneurs, especially those leading SMEs in the dynamic sectors of jute and agro-food, were the primary beneficiaries. These sectors were chosen for their potential to showcase Bangladesh's unique strengths on the global stage

Empowerment The project facilitated training for 43 SMEs, with a spotlight on sectors where women's entrepreneurship is burgeoning, such as jute and agro-food. This initiative not only enhanced their business acumen but also reinforced their competitive edge in the global market.

Global Platforms for Women-led SMEs A pivotal moment for the project was the participation of 14 SMEs in an international fair in the USA in February 2023. This opportunity was especially significant for women-led businesses, offering them unparalleled exposure to global markets and networks.

projects would benefit from in-depth cost-benefit analysis and a focus on streamlined processes to optimize resource utilization.

Long-Term Sustainability: A longer project duration, stronger emphasis on building institutional capacity, and a larger pool of fully qualified trainers would enhance the project's lasting impact.

The Export Launchpad Bangladesh project offers valuable insights for future SME development initiatives. ITFC's continued commitment, combined with a strategic focus, cost-effective approaches, and a long-term perspective, will further empower entrepreneurs and drive sustainable economic growth – particularly for women – within Bangladesh and

Key figures 2023

Project Cost
**US\$
421,696**

ITFC contribution
**US\$
153,677**

Project duration
2020 - 2023

30
master trainers
empowered

43
SMEs trained

Participation in a
international fair for
about
14 SMEs



03

OPERATIONAL PERFORMANCE

OPERATIONAL PERFORMANCE IS THE BACKBONE OF EFFECTIVE DEVELOPMENT RESULTS. THIS CHAPTER ASSESSES ITFC'S PERFORMANCE IN THIS AREA, FOCUSING ON DELIVERY EFFECTIVENESS AND PORTFOLIO MANAGEMENT. WE'LL EXAMINE OUR INTERNAL EFFICIENCY IN DELIVERING RESULTS WITH THE GOAL TO MAXIMIZE THE IMPACT OF OUR DEVELOPMENT WORK FOR THE MEMBER COUNTRIES AND COMMUNITIES WE SERVE.



**DELIVERY
EFFECTIVENESS**



**PORTFOLIO
MANAGEMENT**

Delivery Effectiveness

In 2023, the International Islamic Trade Finance Corporation (ITFC) demonstrated a continued commitment to supporting the trade financing needs of its Member Countries, amidst fluctuating commodity prices and economic challenges.

While the total approvals for trade finance slightly increased to US\$ 6.9 billion, indicating a modest growth from the previous year's US\$ 6.8 billion, disbursements experienced a downturn, amounting to US\$ 6 billion. This marks a decrease of approximately 18.7% from the record disbursement amount of US\$ 7.38 billion in 2022. Consequently, the disbursement ratio for 2023 decreased, reflecting the shift in the balance between approvals and actual disbursements in comparison to the exceptional performance observed in 2022.

Despite the changes in annual figures, ITFC's cumulative achievements highlight its significant role in facilitating trade financing, with approvals reaching US\$ 75.5 billion and disbursements amounting to US\$ 63.5 billion since its inception. This performance underscores ITFC's pivotal role in addressing the trade financing needs of Member Countries, navigating through economic fluctuations to support their development and trade objectives.

In 2023, the average tenor of the International Islamic Trade Finance Corporation (ITFC) operations was slightly adjusted to 10.1 months, reflecting a minor reduction from the record 10.5 months observed in 2022 but still higher than the 9.6 months in 2021. This adjustment indicates the ITFC's strategic approach to aligning its financing tenors with the evolving needs and challenges of its clients.

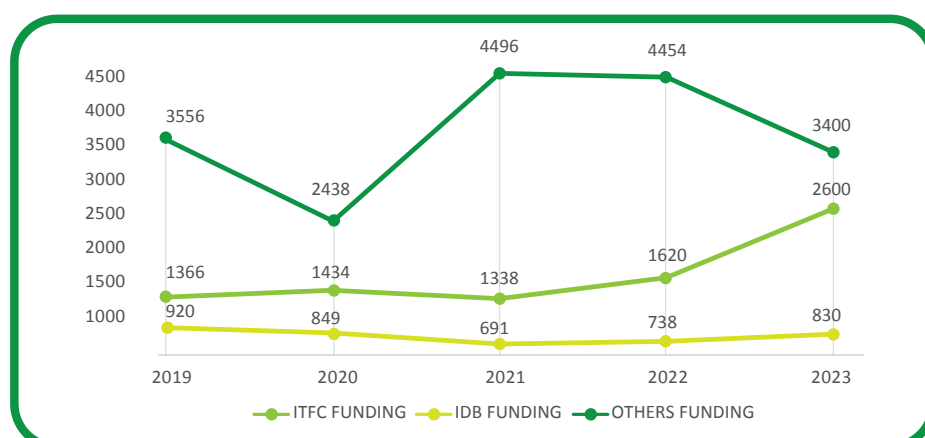
In the face of constrained resources and growing demand in 2023, ITFC strategically leveraged its internal assets to address immediate financing needs, all the while achieving a robust resource mobilization ratio.

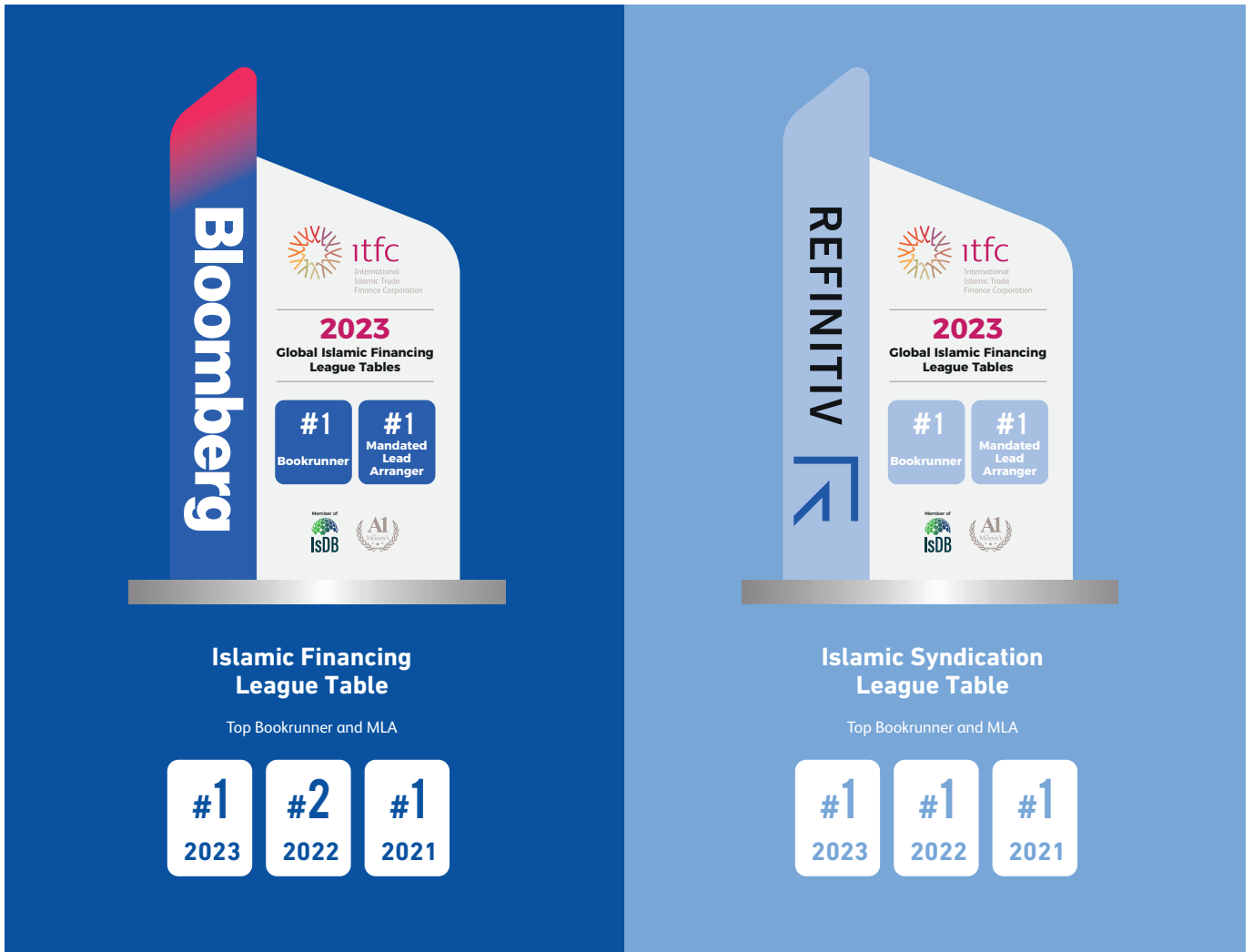
Despite the challenging market conditions, ITFC succeeded in mobilizing US\$ 3.4 billion from Syndicate Partners in the market, demonstrating a notable capacity to attract external funding. Furthermore, an additional US\$ 830 million was mobilized from within the Islamic Development Bank (IsDB) Group through the Mudaraba Fund. These combined efforts resulted in external funds accounting for about 76% of the total trade financing provided by ITFC, underscoring its effectiveness in leveraging partnerships to amplify its impact. Remarkably, ITFC's funding reached a record US\$ 2.6 billion in 2023, evidencing an unprecedented ability to stretch its internal balance sheet to meet the surging financing needs of Member Countries.

For every dollar approved by ITFC, an additional 3 dollars are mobilized from partners

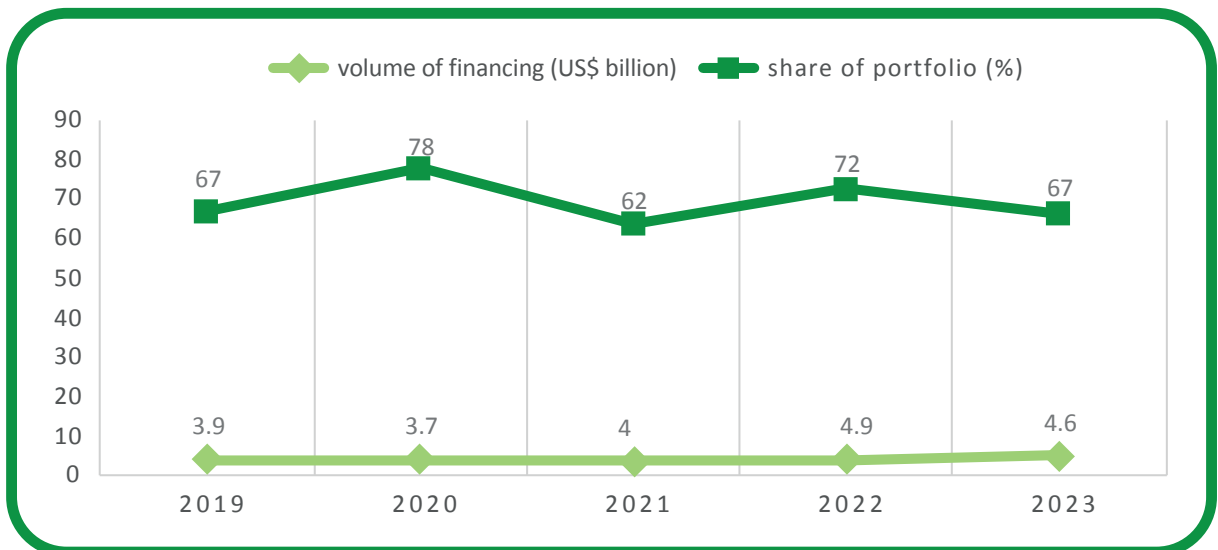
In 2023, ITFC solidified its position in the Islamic finance industry by emerging as the Global Leader in the Islamic Syndication Financing League Tables, as reported by both Refinitiv and Bloomberg. The institution's standout performance secured top rankings, not only as the leading Bookrunner but also as the Mandated Lead Arranger (MLA). This exceptional global performance throughout the year serves to reaffirm ITFC's leadership in the Islamic financing landscape, underscoring its vital role and influence within the sector.

Resource Mobilization - Trade Finance (2019-2023)





Intra OIC trade financing



The share of Intra-OIC trade remains predominant in ITFC's portfolio, thereby contributing to the positive trend in Intra-OIC trade.

Since its creation, ITFC has been contributing to the positive trend in Intra-OIC trade by extending US\$53,5 billion of financing for Intra OIC trade. In 2023, ITFC provided US\$4.6 billion to finance trade between OIC Member Countries, 6 per cent less compared with 2022. Intra-OIC trade in the ITFC portfolio represents about two thirds of the portfolio in 2023.

Based on the Trade Finance Client Satisfaction Survey for 2023, ITFC has achieved remarkable results in customer satisfaction, reflecting its dedication to enhancing client experience continuously.

The survey reveals an impressive overall satisfaction score of 84%, which surpasses the target set for 2023 by 4 percentage points. Here's a detailed breakdown of the findings



Overall Experience Clients reported an outstanding satisfaction rate of 98%, indicating exceptional contentment with the services provided by ITFC.



Satisfaction with Processes Satisfaction with ITFC's processes stands at 82%, showcasing efficient and client-friendly procedures.



Loyalty A strong loyalty score of 77%, which speaks volumes about clients' trust and continuous patronage.



Advocacy The advocacy score at 85% suggests that clients are highly likely to recommend ITFC to others, indicating trust and confidence in ITFC's services.

First Choice ITFC is the first choice for 65% of the surveyed clients, highlighting ITFC's strong market positioning.



Performance versus Others An impressive 96% of clients believe ITFC's performance is at par or better than other market players, indicating a competitive edge in the industry.

Additionality The added value ITFC provides is recognized by 83% of clients, reflecting the distinctive benefits and services ITFC brings to its clients beyond basic financial offerings.

Overall, these results underscore the strategic focus ITFC places on client satisfaction and the effectiveness of its efforts to provide superior trade finance solutions. As ITFC moves forward, the insights garnered from this survey will be instrumental in shaping future initiatives, with the goal of maintaining and enhancing client satisfaction levels across all dimensions.

Portfolio management

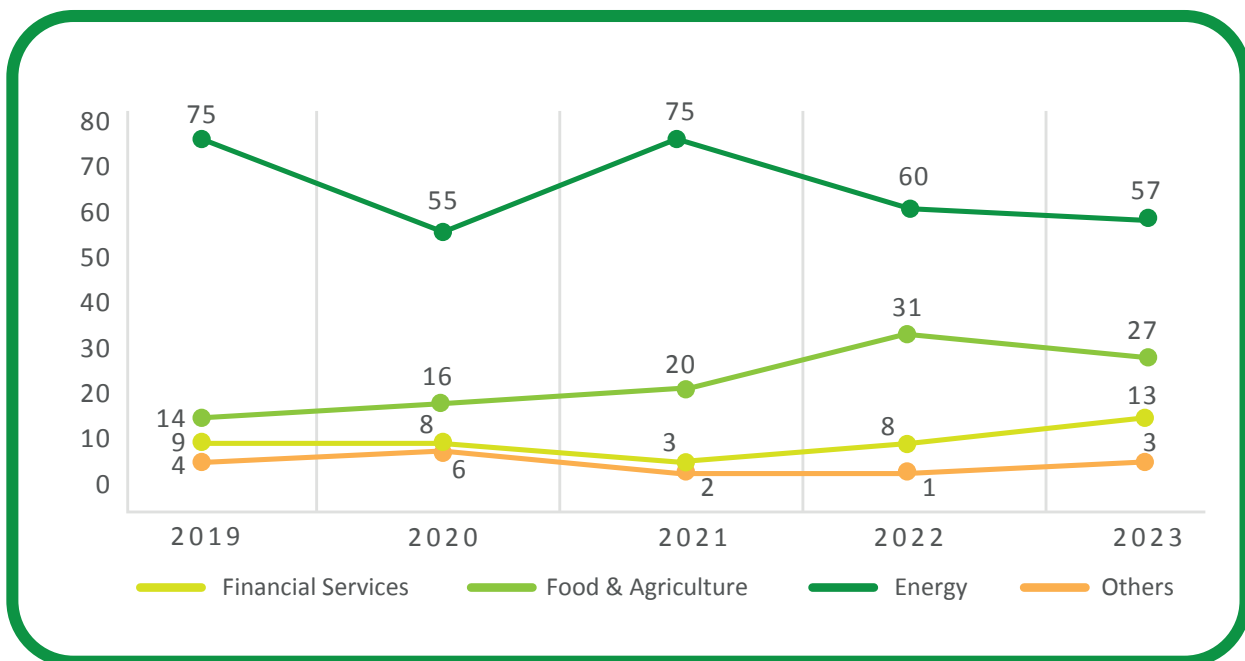
In 2023, while the energy sector continued to be a major component of ITFC's portfolio, the organization notably advanced its diversification efforts, particularly with a substantial increase in disbursements for the food and agriculture sector.

Disbursements in the energy sector amounted to US\$ 3.4 billion, which now represents 57% of the total portfolio, a decrease from 60% in the previous year and a more significant decline from the 75% share in 2021.

On the other hand, the food and agriculture sector reached disbursements of US\$ 1.6 billion, further emphasizing the sector's growing role within the portfolio and highlighting ITFC's response to the increasing importance of food security issues among Member Countries. Additionally, the financial services sector experienced growth with disbursements reaching US\$ 868 million. The upward trend in these sectors reflects ITFC's strategic commitment to supporting essential industries that contribute to the sustainable economic development of its Member Countries.

In 2023, ITFC's geographical focus witnessed a slight shift, with two-thirds (approximately 68%) of its disbursements being allocated to African Member Countries while Asia received the remaining 32%. Despite this relatively balanced distribution at the regional level, the allocation of resources at the country level continued to show a concentration, with half of ITFC's total disbursements directed to just two Member Countries. This underscores a strategic challenge that ITFC acknowledges and is addressing by aiming to expand its client base and penetrate new markets. Such an expansion strategy is expected to yield a more geographically balanced portfolio, which aligns with ITFC's commitment to fostering economic development across all its Member Countries.

Sector Financing (As share of total disbursements)



Operational Results

Indicator	Source	Baseline (2017)	Results 2022	Results 2023
Delivery Effectiveness				
Approvals. Trade Finance	Corporate Information System	4,2	6,8	6,9
Disbursements, Trade Finance	Corporate Information System	3,4	7,4	6
Tenor, Average	Corporate Information System	7.3	10.6	10.1
External resources mobilized, (share of portfolio)	Corporate Information System	78.7	76,2	75,8
Disbursement (share of approvals)	Corporate Information System	82	108	87
Intra-OIC trade, share of portfolio	Corporate Information System	88	72	67
Intra-OIC, volume of financing (US\$ billion)	Corporate Information System	4.3	4.9	4,6
Approvals generated by regional hubs (share)	Corporate Information System	48	91	87
Client satisfaction score	Survey	-	-	84
Employee engagement score (/10)	Survey	-	8.8	8.9
Portfolio Management				
Non-petroleum trade, share of portfolio	Corporate Information System	41	40	46
New clients, number	Corporate Information System	7	10	8
Disbursements Asia (share of portfolio)	Corporate Information System	57	32.5	38
Disbursements Africa (share of portfolio)	Corporate Information System	43	67.5	62
Number of operations	Corporate Information System	54	121	123
Number of Member Countries served	Corporate Information System	19	23	22

04

OUR APPROACH TO ESG AND IMPACT MANAGEMENT

THIS CONCLUDING CHAPTER TAKES A DEEP DIVE INTO ITFC'S COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) PRINCIPLES. WE'LL EXPLORE ITFC'S RECENT JOURNEY TOWARDS RESPONSIBLE AND SUSTAINABLE TRADE FINANCE. WE WILL HIGHLIGHT RECENT ENHANCEMENTS MADE TO THE IMPACT MANAGEMENT SYSTEM, INCLUDING KEY FRAMEWORKS, STANDARDS, AND THE TOOLS THAT ENABLE EFFECTIVE MONITORING AND EVALUATION. BY UNDERSTANDING ITFC'S APPROACH TO ESG AND IMPACT MANAGEMENT, YOU GAIN VALUABLE INSIGHT INTO THE FOUNDATION FOR THE RESULTS PRESENTED THROUGHOUT THIS REPORT.



TRANSITIONING TOWARDS A NEW ESG FRAMEWORK



MANAGING FOR RESULTS

Pioneering Sustainable Trade Finance in a Transforming World

Why it matters?

Trade and climate change Around 20–30% of global CO₂ emissions are associated with international trade (WTO, 2021). While trade generates substantial greenhouse gas emissions, it also has the potential to accelerate the low-carbon transition on a global scale.

Member Country Vulnerability We recognize the vulnerability of our Member Countries to the devastating impacts of climate change. Our ESG efforts aim to support their resilience and transition to more sustainable economies.

Global Alignment Our initiatives align with the SDGs, the Paris Agreement, and regional efforts like the Middle East Green Initiative, ensuring we contribute effectively to global climate action.

Mandate-Driven Integrating ESG principles into our work directly supports our mandate to advance trade, improve lives, and support the IsDB Group Climate Agenda.

Leadership Opportunity We aim to be a leader in sustainable trade finance, demonstrating that economic development and environmental responsibility can go hand in hand.

A look into ITFC's ESG journey

WHAT WE HAVE ACHIEVED



Benchmarking

We analyzed ESG trends across MDBs and comparator institutions to establish our starting point.

01

ESG Products & Services

We began developing offerings that incorporate sustainable practices, supporting clients in their transitions.

02



Climate Policy

We developed a policy that outlines our commitment to embedding climate considerations into all aspects of our work. Focuses on managing climate risks, supporting just transitions in Member Countries, and applies to all ITFC operations.

03

ESG Framework

We developed a comprehensive framework which provides a structure for ITFC-wide ESG integration across strategy, products/services, and internal capacities.

04

10-Year Action Plan

We defined a set of short term, mid-term and long-term actions to guide our ESG journey, It sets out our long-term ESG strategy, guiding governance, risk management, and opportunity maximization.

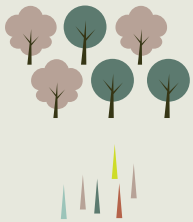
05

WHAT WE ARE WORKING ON



Strengthening ESG assessment, monitoring and reporting

ITFC is actively strengthening its ESG practice through several key projects, which are currently underway



01

Environmental and Social Safeguards Directives & Procedures
ensuring robust ESG risk assessment at the transaction level.



Carbon Accounting and Reporting Directives, which will standardize our GHG emissions measurement and reporting according to best practices.

02



03

Sustainable Impact Framework with targets and baselines for ESG metrics. It will replace the current Development Impact Framework and add an ESG risk dimension to our impact assessment.



ITFC's ESG transformation is a testament to its commitment to sustainable development. It reflects a forward-thinking approach that understands the urgent need for action in the realm of trade and climate change. The journey is ongoing, but with each step, ITFC is reinforcing its role as a pioneer in harmonizing trade finance with the pressing demands of environmental integrity, social development, and effective governance.



Sustainable Impact Management Platform is in development, which will enable real-time ESG risk and impact tracking and reporting at corporate level.

04

Managing for results

Development Impact Framework

ITFC’s approach to development effectiveness is embedded in its Development Impact Framework (DIF). ITFC’s DIF adopts a four-tier structure and comprises 54 indicators, distributed along the four tiers.



**TIER
01****SDG Alignment**

Each of the DIF indicators is explicitly linked to a specific SDG indicator established by the UNSD, ensuring ITFC's work directly supports global development priorities.

**TIER
02****Strategic Objectives**

DIF metrics are connected to measurable strategic targets, like the 2025 goal of increasing Intra-OIC trade to 25%. This connects the framework to ITFC's core mission.

**TIER
03****Development Results**

This tier focuses on tangible outputs and outcomes, focusing on four themes: Inclusive Growth, Private Sector Development, Sustainability, and Technology/Innovation. Specific indicators track ITFC's progress in achieving development goals.

**TIER
04****Operational Effectiveness**

This tier ensures efficient delivery and smart portfolio management. It recognizes that achieving development goals relies on operational excellence and strategic resource allocation.

The DIF's structure provides a clear pathway from high-level SDGs down to concrete actions taken by ITFC. Each tier is interdependent



Ensuring ITFC's Efforts are Aligned



Results-Driven



Effectively Managed

The guiding principles behind the DIF are focus, consistency, reliability, and validity

Monitoring and Evaluation

ITFC goes beyond simply measuring and reporting its results; we actively manage for results. This approach prioritizes evidence-based decision-making to ensure ITFC-funded operations maximize impact and contribute to the SDGs. It relies on the collection of objective, reliable, and consistent data throughout the transaction cycle

This commitment to managing for results is further bolstered by ITFC's **Development Effectiveness Policy** and

Evaluation Policy. These policies, aligned with best practices like the Organization for Economic Co-operation and Development (OECD) and Operating Principles for Impact Management (OPIM) standards, govern data collection and assessment throughout the transaction cycle and evaluations, respectively.

This ensures both accountability for project outcomes and fosters a culture of learning and continuous improvement within ITFC.

Making informed decisions

During appraisal, ITFC employs the DIF model to comprehensively assess the potential development impact of each proposed transaction. This structured approach ensures clarity and accountability in decision-making. The DIF model specifically evaluates these key areas



Strategic Alignment

How well the operation aligns with ITFC's development goals and priorities.



Economic Growth

The potential to drive sustainable economic growth within Member Countries



Sustainability

The operation's anticipated environmental and social impacts.



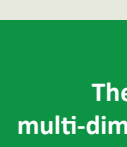
Geographical & Social Targeting

The focus on reaching underserved regions and populations.



Non-Financial Additionality

ITFC's unique value proposition (capacity building, advisory...).



Financial Additionality

The potential to mobilize financing from other sources and ability to address market gaps



Delivery Effectiveness

The likelihood of successful implementation and achieving results.

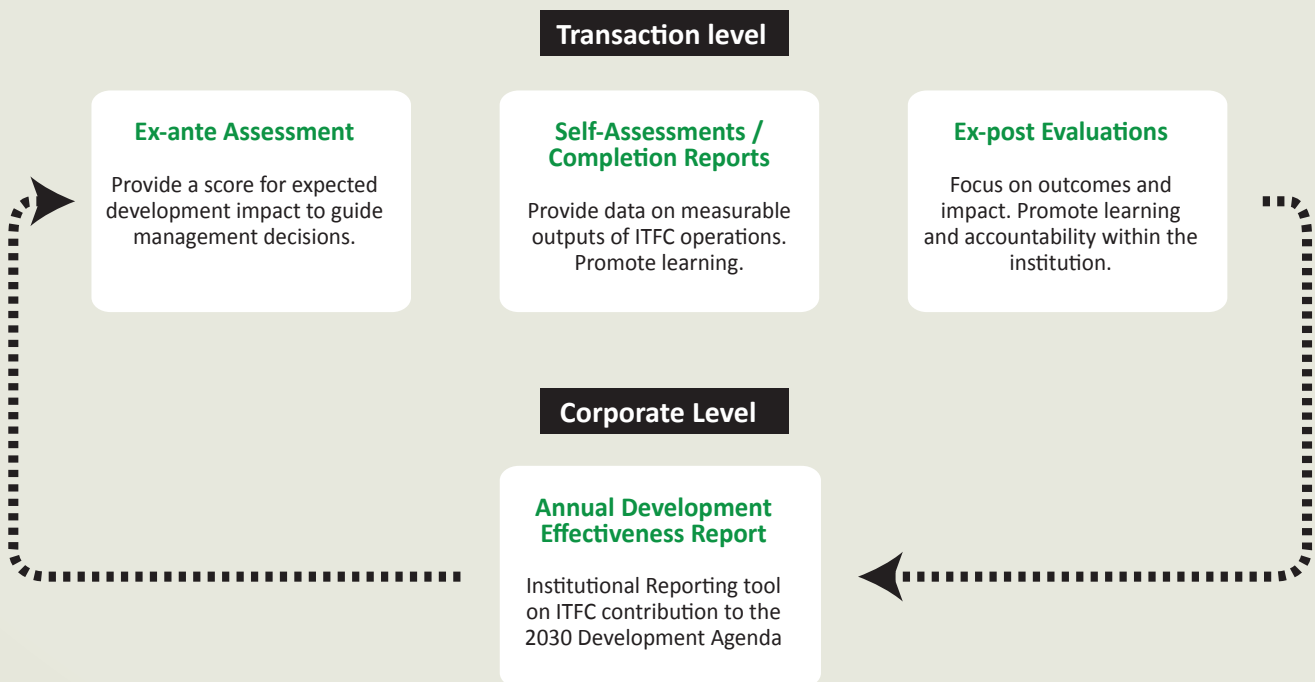
The DIF assigns scores from zero (very low) to five (very high), providing a clear, multi-dimensional assessment. This information is then seamlessly integrated into the credit committee's decision-making process, ensuring that development impact is a core consideration alongside financial risks and returns.

Learning from ITFC Impact A Cycle of Improvement

ITFC fosters a culture of learning and accountability through a robust monitoring and evaluation (M&E) framework



ITFC end-to-end process for monitoring and evaluation



At ITFC, the SDGs and development considerations are present at all steps of the operation cycle.

05

THE WAY FORWARD



THE CHALLENGES OF THE PAST YEAR HAVE HIGHLIGHTED THE CRITICAL ROLE ITFC PLAYS IN MAINTAINING TRADE FLOWS AND SUPPORTING MEMBER COUNTRIES. OUR APPROVAL AND DISBURSEMENT LEVELS UNDERScoreD THE VALUE WE PROVIDE IN TIMES OF CRISIS, ENSURING THE FLOW OF VITAL GOODS LIKE ENERGY, FOOD, AND HEALTHCARE SUPPLIES.

BUILDING ON THESE ACHIEVEMENTS, WE MUST CONTINUE EVOLVING TO MEET THE NEEDS OF A DYNAMIC WORLD.

ITFC REMAINS STEADFAST IN ITS COMMITMENT TO DELIVERING MEASURABLE RESULTS FOR OUR MEMBER COUNTRIES. BY ADAPTING OUR STRATEGIES, EXPANDING OUR IMPACT, AND FIRMLY INTEGRATING ESG PRINCIPLES, WE WILL SHAPE THE FUTURE OF TRADE FINANCE AND CONTRIBUTE TO A MORE PROSPEROUS AND SUSTAINABLE WORLD.



Accelerating Diversification

ITFC's Strategy 2.0 not only emphasizes client diversification but also exploring new markets with high potential for development impact. We will leverage our expertise to unlock trade opportunities in these regions, fostering growth and prosperity for all.

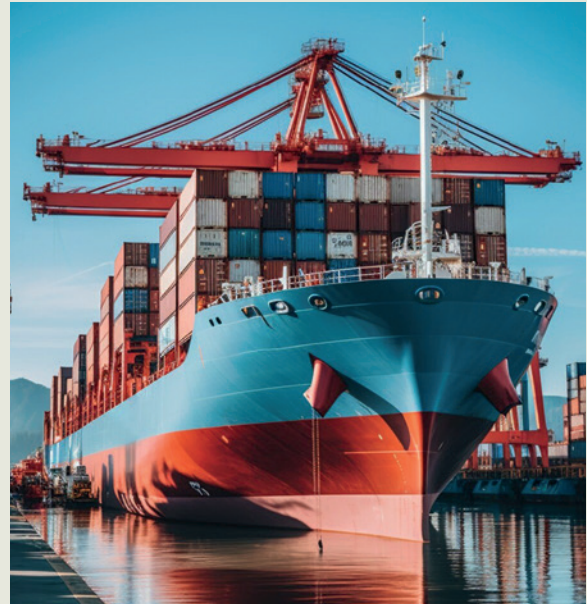


Scaling up Private Sector Impact

Private sector financing remains an area for growth. We will explore additional products, like local currency financing, and strategically engage with microfinance facilities to unlock greater development potential.

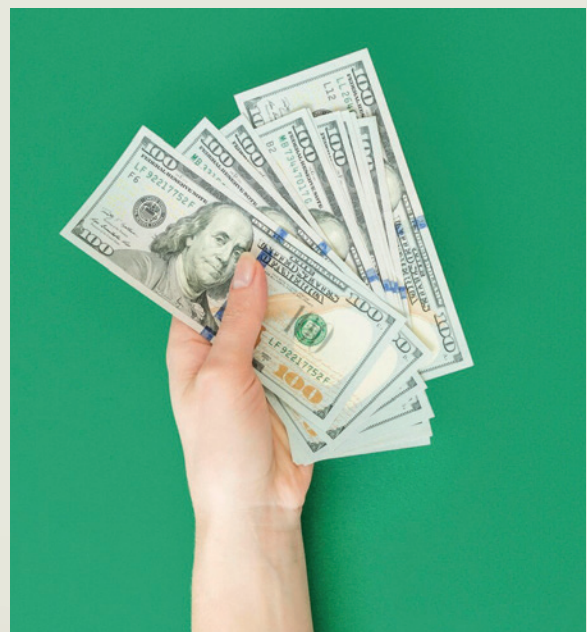
Reaching the Underserved

While financing levels have climbed, broadening our reach to end-beneficiaries remains a priority. We will focus on increasing smallholder farmers, women-led businesses, and young entrepreneurs to cultivate a more inclusive trade landscape that empowers those who are often left behind.



ESG Integration

Our newly adopted Climate Change Policy signifies a crucial step towards embedding ESG considerations across ITFC's operations. We will proactively assess our portfolio's environmental footprint, strengthen our ESG products offerings and actively promote ITFC as a leader in Islamic green financing.



Appendix I Limited Assurance Statement



Independent Limited Assurance Statement

ITFC Development Effectiveness Report 2023

Prepared for International Islamic Trade Finance Corporation (ITFC): April 1st, 2024

Introduction

BlueMark was engaged by the International Islamic Trade and Finance Corporation (ITFC, hereafter) to conduct a limited assurance of select information in its Development Effectiveness Report 2023 as outlined in the methodology and scope below.

Our Limited Assurance conclusion

Based on the assessment performed and evidence reviewed, and subject to key assumptions and inherent limitations set out below, nothing has come to BlueMark's attention to suggest any material misstatements within the reported data against the following 9 preselected KPIs reviewed in the Development Effectiveness Report 2023:

- KPI 1: Disbursement (\$)
- KPI 2: LDC Financing (\$)
- KPI 3: External Resources Mobilized (\$)
- KPI 4: Intra-OIC Trade (\$)
- KPI 5: Food Commodities Imported/Purchased (thousand mt)
- KPI 6: Number of Corporates and SMEs (#)
- KPI 7: Direct Jobs Supported (#)
- KPI 8: Volume of Purchases from (Domestic) Farmers (mt)
- KPI 9: Value of Purchases from (Domestic) Farmers (\$)

The measurement criteria and definition associated with each performance target can be found in the Appendix.

Assurance methodology and scope

BlueMark's limited assurance engagement involved identification and review of appropriate evidence to obtain a sufficient level of confidence over the data reported for a select set of KPIs within ITFC's Development Effectiveness Report 2023, in line with the ISAE3000 standard for non-financial assurance. The processes undertaken and selected were based on our professional judgment, understanding of ITFC's iMAL, ITFC's other data collection and impact management methodologies, and other engagement circumstances.

The scope of BlueMark's review and our approach to the work consisted of:

1. Review and analysis of the supporting monitoring data underpinning the Development Effectiveness Report 2023, including background materials related to each of the nine specified KPIs.
 - Specific documentary evidence reviewed by BlueMark included the 2023 Development Effectiveness Report, ITFC's iMAL data system, and a sample of utilization reports, self-assessment reports and credit memos, along with underlying calculation methodologies and assumptions. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.¹
2. Discussions with ITFC staff responsible for defining and implementing data collection protocols at ITFC.
3. Delivery of assurance findings to ITFC, outlining BlueMark's conclusions.

¹The scope of BlueMark's assessment procedures does not include providing limited assurance over the resulting impacts achieved. BlueMark's assessment is based on its analyses of publicly available information and information in reports and other material provided by ITFC. BlueMark has relied on the accuracy and completeness of any such information provided by ITFC. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from ITFC.



Independent Limited Assurance Statement

ITFC Development Effectiveness Report 2023

Prepared for International Islamic Trade Finance Corporation (ITFC): April 1st, 2024

Responsibilities of ITFC directors

The ITFC management team is responsible for:

- Determining appropriate reporting KPIs and selecting or establishing suitable criteria for measuring or evaluating performance against those KPIs.
- Selecting the set of reporting KPIs to be assured by the third party.
- Preparing information for reporting, including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the KPIs.
- Producing the Report, which provides information on matters relevant to the intended users of the Report.

Our responsibilities

- Planning and performing the engagement to obtain limited assurance about whether the KPI information disclosed is free from material misstatement, whether due to fraud or error.
- Forming an independent opinion, based on the procedures we have performed and the evidence we have obtained.
- Presenting our opinion to the ITFC management team.

Our independence and quality control

We have a System of Quality Management that is aligned with the International Standard on Quality Management 1 and the International Standard on Assurance Engagements 3000. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the applicable Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards that require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE 3000 is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to the underlying documentation reviewed. Our assurance is limited to policies and procedures in place as of April 1st, 2024.

Permissions and disclaimer

This statement, including our conclusions, has been prepared solely for ITFC in accordance with the agreement between our firms. We permit ITFC to disclose this statement in its entirety online, or to furnish this statement to other interested parties including other ITFC stakeholders to demonstrate the credibility of data presented within the Development Effectiveness Report 2023. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ITFC for our work or this statement except where terms are expressly agreed between us in writing.



Independent Limited Assurance Statement

ITFC Development Effectiveness Report 2023

Prepared for International Islamic Trade Finance Corporation (ITFC): April 1st, 2024

About BlueMark

BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011, USA. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit <http://www.bluemark.co/>

Name: Sarah Gelfand

Signature of Engagement Partner: *Sarah Gelfand*
Sarah Gelfand (Apr 2, 2024 10:17 EDT)

For and on behalf of BlueMark PBC

April 1st, 2024



Independent Limited Assurance Statement

ITFC Development Effectiveness Report 2023

Prepared for International Islamic Trade Finance Corporation (ITFC): April 1st, 2024

Appendix

BlueMark used the following criteria for measurement of performance relative to the KPIs:

Criteria:

- Reviewed data policies and Development Impact Framework guidelines to clarify the responsibilities and protocols associated with data collection and entry.
- Interviewed team members to understand the processes for data entry, review, and approval related to disbursements of ITFC assets and the use of the iMAL system.
- Compared alignment of results with prior years' values.
- Sampled a selection of invoices to substantiate the value provided for certain individual data points used in aggregated KPIs.
- Used raw data to recalculate each KPI result to confirm corroboration with the reported value.

KPI 1: Disbursement (\$)

- Definition: Total value of the financing utilized by the clients during the reporting period

KPI 2: LDC Financing (\$)

- Definition: Value of the total disbursements allocated to the LDCs (as per the UN-LDC list) during the reporting period

KPI 3: External Resources Mobilized (\$)

- Definition: Total value of the resources mobilized outside ITFC capital during the reporting period

KPI 4: Intra-OIC trade (\$)

- Definition: Estimated value of the total financing allocated to trade between member countries during the reporting period

KPI 5: Food commodities imported/purchased (thousands mt)

- Definition: Volume of food commodities imported or locally purchased by clients during the reporting period

KPI 6: Number of corporates and SMEs (#)

- Definition: Number of corporates and SMEs benefitting from ITFC financing through partner banks

KPI 7: Direct Jobs Supported (#)

- Definition: Number of full-time equivalent workers, as per local definition, working for the client company or investment project at the end of the reporting period unless there is seasonal variation

KPI 8: Volume of Purchases From (Domestic) Farmers (mt)

- Definition: Volume of the client's purchases of raw materials from farmers during the reporting period

KPI 9: Value of Purchases From (Domestic) Farmers (\$)

- Definition: Value of the client's purchases of raw materials from farmers during the reporting period

Appendix II Verifier Statement



Verifier Statement

Summary of Findings from Impact Reporting Verification

Prepared for International Islamic Trade Finance Corporation (ITFC): April 9th, 2024

Introduction

The International Islamic Trade Finance Corporation (ITFC) engaged BlueMark to undertake an independent verification of ITFC's approach to impact reporting, including an evaluation of the completeness and reliability of ITFC's 2023 Annual Development Effectiveness Report ("the Report") ahead of its publication, drawing on BlueMark's proprietary framework and approach to verifying impact reports.

Summary conclusions

Completeness:

- The ADER clearly articulates ITFC's mission to act as a catalyst for trade development and to support the achievement of the SDGs within OIC member countries. The report includes impact results at both the portfolio and transaction-level. Impact metrics are linked to ITFC's development themes and presented alongside baseline and previous years' data. Transaction-level case studies are standardized using the IMP's 5 dimensions.
- To improve, ITFC should explicitly reference the evidence that informed its thematic focus, specify the methodology used to sample case studies, and outline ITFC's non-financial contributions. ITFC could enhance the profiling information provided to demonstrate the breadth of its financing and publicize Sustainable Impact Framework (SIF) scores. Furthermore, ITFC should specify its process for sourcing beneficiary insights, report on material ESG risks and elaborate on goals outlined in "The Way Forward" section.

Reliability:

- The ADER features a chapter detailing ITFC's Development Impact Framework. Much of the data included in the report is collected and reviewed in a standardized manner via teams involved in the sourcing and disbursement of ITFC transactions. The report includes an Appendix that cites sources and definitions for all impact metrics.
- In future reports, ITFC should provide a clear description of its ESG Framework. The Appendix should specify the alignment of metrics with industry standards and cite assumptions, calculation methodologies, and reporting time periods. Internally, ITFC should document its process for compiling data for impact reports and elaborate on the sampling methodology for selecting projects for ex-post evaluation and data recalculation. Finally, ITFC should build additional oversight and quality control mechanisms for data transfer and consider using a centralized platform to manage all non-financial data and evidence.

Assessment methodology and scope

ITFC provided BlueMark with the relevant supporting documentation to assess the Report. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.¹

BlueMark's full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the Report and supporting documentation, including background materials related to ITFC's impact management and reporting system;
2. Interviews with staff responsible for developing the Annual Development Effectiveness Report;
3. Analysis of the Report was organized by the following key criteria:
 - **Completeness:** Assessment of completeness of reporting against the impact strategy and impact performance results at both the portfolio- and theme-level.
 - **Reliability:** Assessment of the clarity and quality of impact performance data presented in the report, including underlying data management systems and practices.

¹ BlueMark's verification does not constitute either an endorsement of the impact report or a verification of impacts achieved. BlueMark's assessment is based on its analyses of publicly available information and information in reports and other material provided by ITFC. BlueMark has relied on the accuracy and completeness of any such information provided by ITFC. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from ITFC.



Verifier Statement

Summary of Findings from Impact Reporting Verification

Prepared for International Islamic Trade Finance Corporation (ITFC): April 9th, 2024

Permissions

This statement, including our conclusions, has been prepared solely for ITFC in accordance with the agreement between our firms. We permit ITFC to disclose this statement in its entirety online, or to furnish this statement to other interested parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ITFC for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit www.bluemark.co.

Appendix III Methodological Note

I- The DIF metrics What they mean and How they are measured

Tier I and II – Global and Strategic Goals

Share of Intra-OIC trade

The percentage of total trade volume (exports + imports) between Member Countries of the Organization of Islamic Cooperation (OIC) as a proportion of their total global trade.

This KPI is a key indicator of economic integration within the OIC bloc. A higher percentage suggests stronger trade ties between Member Countries, potentially fueled by preferential trade agreements and shared cultural values.

Source SESRIC (Statistical, Economic and Social Research and Training Centre for Islamic Countries) is an OIC subsidiary that collects and disseminates data on economic and social development within OIC countries. They are likely to source primary trade flow data from national statistical agencies and international databases like the UN Comtrade.

Trade Finance Gap (in US\$ trillion)

The estimated shortfall between the demand for trade finance and available supply, particularly in developing and emerging markets.

This KPI highlights a key constraint to global trade growth. A large gap indicates that businesses struggle to obtain the financing necessary to import and export goods, hindering economic development.

Source The Asian Development Bank (ADB) conducts periodic surveys of banks and businesses to assess the trade finance gap. Their surveys capture both the perception of the gap and attempts to quantify it in dollar terms.

Islamic Banking assets (in US\$ trillion)

The aggregate value of assets held by financial institutions that adhere to Islamic banking principles (Sharia-compliant finance). This includes assets such as loans, investments, and deposits.

This KPI measures the growth and scale of the Islamic finance sector. An increasing value suggests a greater role for Islamic financial products in global markets and may indicate potential for addressing the trade finance gap through Sharia-compliant solutions.

Source The Islamic Financial Services Board (IFSB) is a standard-setting body for the Islamic finance industry. They collect and publish data on Islamic banking assets globally.

Tier III – Development Results

Inclusive Growth

LDC Financing (% of portfolio)

The percentage of ITFC's total trade finance portfolio allocated to Least Developed Countries (LDCs), as categorized by the UN. This metric highlights ITFC's prioritization of supporting the most vulnerable economies. (Source Corporate Information System).

LDC financing (US\$ million)

The absolute dollar value of trade financing provided to LDCs within the reported period. This offers another perspective on the magnitude of ITFC's support for LDCs. (Source Corporate Information System).

Direct jobs supported

Number of full-time equivalent workers, as per local definition, working for the client company at the end of the reporting period unless there is seasonal variation (Source Self-Assessment).

Farmers reached – Trade Finance

Number of farmers that are linked to the client company as suppliers, buyers, contractors or farming employees during the reporting period. (Source Self-Assessment).

Value of Purchases From (Domestic) Farmers

The total monetary value (e.g., in US\$) of unprocessed agricultural commodities that the agribusiness client purchased directly from farmers within an agricultural campaign. Directly measures the economic benefit to farmers who sell their produce to the client. This KPI applies to ITFC's pre-export finance.

Volume of Purchases From (Domestic) Farmers

Quantifies the physical amount of agricultural produce sourced from farmers. Complements the value based KPI, particularly if commodity prices fluctuate. This KPI applies to ITFC pre-export finance.

ITFC primarily tracks this data through its trade finance transaction records. Each transaction would specify the type and volume of food commodity purchased.

Tier III – Development Results

Sustainability

People provided with access to electricity

An estimate of the number of individuals who gain new or improved access to electricity from ITFC-supported energy clients. This signifies a contribution to basic infrastructure and quality of life. (Source Model-based, using input-output data, calculated from the DIF model)

Energy Generated (#GWh)

The total amount of electricity produced from energy clients financed by ITFC during the reporting period, measured in Gigawatt-hours. This indicates the raw output generated from ITFC's inputs financing. (Source Self-assessment)

Renewable energy, share of portfolio

The percentage of ITFC's energy portfolio dedicated to renewable sources (e.g., solar, wind, hydro). This KPI measures commitment to clean energy and climate action. (Source Corporate Information System)

Health Patients served

An estimate of the number of patients who receive healthcare services through facilities or programs supported by ITFC financing. This aims to quantify ITFC's contribution to health outcomes. (Source Self-assessment)

Export Sales (US\$ million)

Gross value of export sales of the product generated by agribusiness clients over the reporting period.

Households provided with access to food (# millions)

An estimate of how many households benefitted from food-safety nets or food price stabilization programs supported by ITFC. This is a key metric for ITFC's goal of addressing hunger. (Source Self-assessment)

This KPI measures the total quantity, in thousand metric ton, of food commodities (e.g., grains, oilseeds, sugar) purchased from ITFC's trade finance support. It can be either through imports or from local purchase (farmers, suppliers)

Volume of food commodities purchased (in thousand mt)

ITFC primarily tracks this data through its trade finance transaction records. Each transaction would specify the type and volume of food commodity traded.

LNG, share of energy portfolio

The percentage of ITFC's energy portfolio dedicated to Liquefied Natural Gas (LNG), cleaner than other fossil fuels. (Source Corporate Information System)

Clients with an environmental policy (share)

The percentage of ITFC's clients who have a formal, documented environmental policy in place. Clients with robust environmental policies are likely to be better prepared to manage environmental risks associated with their operations, reducing potential negative impacts on projects supported by ITFC.

Tier III – Development Results

Private Sector Development

Number of corporates and SMEs provided with access to finance

The number of businesses that receive financing through ITFC programs. This highlights ITFC's support for private sector growth. (Source Disbursement data)

Average value of loans (US\$ million)

The average size of loans extended by partner banks benefiting from ITFC's line of finance. This offers insight into the scale of financing per transaction. (Source Corporate information system)

Active private sector clients

The number of businesses with currently active financing arrangements with ITFC. This reflects the ongoing client base within the private sector. (Source Corporate database)

Technology, Skills and Innovation

Number of people trained

The total count of individuals who participate in ITFC-led training programs in areas like Islamic finance and trade facilitation. This measures investment in human capital. (Source Self-assessment)

SMEs/Banks trained

A sub-category of the previous KPI, focusing on training for employees of small and medium-sized enterprises or financial institutions. (Source Self Assessment)

High-Tech trade (share of portfolio)

This KPI represents the percentage of ITFC's trade finance portfolio dedicated to transactions involving high-technology goods (Source Corporate Information System)

Tier IV – Operational Performance

Approvals, Trade Finance	The total value (in US\$) of trade finance transactions approved by ITFC within a given period. This reflects ITFC's commitment to providing financing and its potential to generate development impact. (Source Corporate database)
Disbursements, Trade Finance	The actual amount (in US\$) of trade finance funds disbursed by ITFC within a given period. This represents the real-world flow of financing that directly supports trade activities. (Source Corporate Information System)
Tenor, Average	The average duration (measured in months) of ITFC's trade finance deals. This KPI reveals ITFC's ability to tailor financing to client needs and market conditions. (Source Corporate Information System)
External resources mobilized, (share of portfolio)	The percentage of ITFC's trade financing portfolio that is funded by external partners (e.g., through syndications or co-financing). This demonstrates ITFC's ability to leverage partnerships and amplify the impact of its own resources. (Source Corporate Information System)
Disbursement (share of approvals)	This ratio indicates the efficiency of converting approved financing into actual disbursements. A higher ratio suggests that ITFC is effectively deploying approved funds. (Source Corporate Information System)
Intra-OIC trade, share of portfolio	The percentage of ITFC's trade finance portfolio dedicated to transactions within OIC Member Countries. This is a key indicator of ITFC's role in fostering economic integration within the OIC. (Source Corporate Information System)
Intra-OIC, volume of financing (US\$ billion)	The absolute value (in US\$) of ITFC financing dedicated to transactions within OIC Member Countries. This highlights the magnitude of trade flows supported by ITFC within the OIC. (Source Corporate Information System)
Approvals generated by regional hubs (share)	This KPI tracks the percentage of trade finance approvals generated through ITFC's regional hubs. This measures the effectiveness of ITFC's decentralized structure in reaching clients and tailoring solutions. (Source Corporate Information System)
Client satisfaction score (/100)	A measure of overall satisfaction reported by ITFC clients. Obtained through annual surveys, this KPI reflects how well ITFC meets client expectations and needs. (Source Client Satisfaction Survey).

Tier IV – Operational Performance

Employee engagement score (/10)	This metric indicates the level of engagement, satisfaction, and motivation among ITFC employees. A higher score suggests a positive internal work environment, which can translate into improved service delivery and overall organizational performance. (Source Employee Engagement Survey)
Non-petroleum trade, share of portfolio	The percentage of ITFC's trade finance portfolio dedicated to sectors/commodities other than oil and gas. A higher percentage indicates diversification away from traditional energy financing and potential support for a wider range of economic activities.
New clients, number	Clients who have never received any prior financing from ITFC and/or Clients who have not received any ITFC financing within the past three years. This measures ITFC's ability to attract new business and expand its reach within Member Countries.
Disbursements Asia (share of portfolio)	The percentage of ITFC's trade finance disbursements allocated to clients in Asian Member Countries. This metric reflects ITFC's geographic focus and the relative volume of financing directed towards the Asian region.
Disbursements Africa (share of portfolio)	The percentage of ITFC's trade finance disbursements allocated to clients in African Member Countries. This metric mirrors the Asia metric, but focuses on the African continent.
Number of operations	The total count of distinct trade finance transactions completed by ITFC within the reporting period. This offers a general indication of ITFC's operational activity level.
Number of Member Countries served	The number of different OIC Member Countries that receive ITFC financing during a reporting period. This metric highlights the breadth of ITFC's geographic reach.

Appendix IV Bibliography

Asian Development Bank, Trade Finance Gaps, Growth, and Jobs Survey, October 2021

FAO, WFP, The State of Food Security and Nutrition, 2022

IFSB, Islamic Financial Services Industry (IFSI) Stability Report 2022

ICDT, Annual Report on Trade and Investments among the OIC member States, 38th Ministerial Session of The COMCEC of The Organization Of Islamic Cooperation, Istanbul, 26-29 November 2022

IsDB Institute, Reaching the SDGs: Progress of the IsDB Member Countries 2022

OIC, SESRIC, OIC Economic Outlook 2022, November 2022

OIC, SESRIC, Statistical Yearbook on OIC Member Countries 2022, March 2023

OIC, SESRIC, Towards the Achievement of Prioritised Sustainable Development Goals in OIC Countries 2021, November 2021

United Nations, The Sustainable Development Goals Report 2022

United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2022. (New York: United Nations, 2022)

World Bank. 2021. World Development Report 2021: Data for Better Lives. Washington, DC: World Bank.

World Bank. Commodity Markets Outlook, October 2021

