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By the IsDB Group Community of Practice (CoP) on SDGs

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ANNUAL MEETINGS SPECIAL EDITION

TRANSFORMATIVE ACTIONS: DRIVING SDGs FORWARD AND IMPACTING LIVES

For almost fifty years, Algeria and the Islamic Development Bank (IsDB) have cultivated a strong, trustful collaboration that has supported the nation's socio-economic development.

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SDGs Digest is published by the SDGs Community of Practice (CoP) in IsDB Group. You can submit your articles, book reviews, and other SDG-related content, as well as your feedback, to **sdgscop@isdb.org**

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It is with great enthusiasm that we present the 21st Edition of the SDGs Digest, a biannual publication of the Islamic Development Bank (IsDB) Group dedicated to fostering insightful discussions and driving impactful action towards sustainable development. As the global community navigates a complex and evolving landscape, this edition underscores the imperative of collaboration, knowledge-sharing, and innovative solutions in accelerating progress toward the Sustainable Development Goals (SDGs).

We are excited to launch this edition during the IsDB Group Annual Meetings, taking place from May 19-22, 2025, in Algeria. In line with the theme of the Annual Meetings, “Diversifying Economies and Enriching Lives,” this edition highlights Algeria’s vital role as the host in advancing the global SDG agenda and promoting discourse on regional and international collaboration for sustainable growth. Notably, H.E. the President of the IsDB underscores the longstanding partnership between Algeria and the Islamic Development Bank in the cover story, providing concrete examples of their collaboration.

Across our different regional hubs, we observe promising development as countries strategically pivot toward economic diversification. Investments in sustainable tourism and industrial transformation showcase how tailored approaches to diversification can yield significant socio-economic dividends. These efforts demonstrate that context-specific strategies, rather than one-size-fits-all solutions, are essential for sustainable development in our member countries.

This edition provides critical insights into the financing gap for sustainable development and evidence-based policymaking. Our contributors reveal that member countries require an estimated additional 15-20% of GDP in annual investments to meet the 2030 targets. For instance, Mr. Li Junhua, Under-Secretary-General for Economic and Social Affairs at UNDESA, outlines a renewed global financing framework that could mobilize up to US$ 2.5 trillion annually for developing economies. Similarly, Mr. Matías Bendersky, Manager of the Global Partnerships Office at the Inter-American Development Bank, highlights the importance of scaling up private capital mobilization for development finance, drawing on evidence from the LAC region. Additionally, Dr. Mustafa Yagcı, Senior Economist at IsDB, presents a robust industrial policy framework designed to help member countries diversify their economic base while aligning SDG priorities.

This edition brings together over forty contributions from International Financial Institutions (IFIs), UN agencies, policymakers, academia, and private sector leaders, all unified by a common goal: to chart a course toward a more resilient, inclusive, and prosperous future. We are honored to feature thought-provoking insights from high-level dignitaries, eminent personalities, and IsDB’s Strategic Partners, as well as contributions from IsDB staff across headquarters and regional hubs, each offering unique perspectives on sustainable development.

Moreover, this edition reinforces our belief that data-driven decision-making and monitoring frameworks are central to our sustainable development efforts. Enhanced statistical capacity has the potential to significantly improve policy outcomes across our member countries. Integrating gender-disaggregated metrics and climate vulnerability indices into national development frameworks can enable more targeted interventions. As we approach the final years of the 2030 Agenda, robust monitoring tools will be crucial for accelerating progress in lagging areas and ensuring no one is left behind. While considerable work remains to achieve 2030 targets, this edition aims to inspire deeper engagement and actionable strategies, encouraging stakeholders to move beyond conventional approaches and embrace bold, transformative solutions. In this journey, the Islamic Development Bank (IsDB) Group remains steadfast in its commitment to advancing the SDGs, working alongside partners to catalyze inclusive and sustainable growth.

We are also proud to report that the IsDB Group’s SDGs Community of Practice (CoP) has continued to expand the reach and impact of this publication. The digest has evolved into a widely recognized platform for sharing data-driven solutions, innovative approaches and best practices, with a growing readership that spans policymakers, practitioners, and development enthusiasts alike. We invite readers not only to absorb the insights presented but to actively contribute to our collective knowledge by sharing their innovations, challenges, and successes in implementation.

On behalf of the SDGs CoP, we extend our sincere gratitude to all contributors for their invaluable insights and dedication to sustainable development. We encourage our readers to immerse themselves in this edition, reflect on the ideas presented, and join us in this collective journey toward achieving the SDGs.

Best wishes.

Cover Story

Algeria and the Islamic Development Bank: **A Partnership Shaping the Future**

Dr. Muhammad Al Jasser,
Chairman, Islamic Development Bank Group, IsDB

For almost fifty years, Algeria and the Islamic Development Bank (IsDB) have cultivated a strong, trustful collaboration that has supported the nation's socio-economic development. Today, with the introduction of the 2025-2027 Country Engagement Framework (CEF), this enduring partnership gains even greater significance as it embarks on a new chapter.

A Legacy of Economic Transformation

The IsDB-Algeria relationship dates back to August 1974, when the country became a founding member. Demonstrating its commitment, Algeria's capital subscription to IsDB stands at ID 1.4 billion (2.43% of the bank's total), with a paid-up portion of ID 199.9 million.

Over the years, this strong relationship has translated into significant development, with IsDB Group financing 401 operations valued at approximately USD 3 billion. These investments have targeted vital sectors, including industry, agriculture, energy, and infrastructure, contributing to the expansion of industrial areas, the enhancement of power networks, and the advancement of the nation's economic diversification goals.

Specifically, the IsDB Group has channeled about USD 2.2 billion into Algeria's industry and mining sector, actively supporting the nation's drive to lessen its dependence on hydrocarbons. Agriculture has received USD 313.7 million, bolstering irrigation and essential infrastructure to enhance food security.

Furthermore, the financing of USD 230.8 million in energy has facilitated the expansion of electricity grids, oil refineries, and gas transmission networks. The tangible outcomes of this partnership include increased power generation, reduced outages, and a growing industrial base.

Building Roads and Bridges Between Nations

Algeria has made significant domestic strides while also expanding its regional influence, particularly evident in the Trans-Saharan Road Corridor (TSR)—a massive project connecting North and Sub-Saharan Africa. IsDB has financed USD 454 million into this project, boosting regional trade and connectivity. Algeria's strategic role in Africa is becoming increasingly prominent as it strengthens economic ties with countries like Tunisia, Mali, and Nigeria.

The TSR corridor, stretching 9,400 kilometers, serves as a vital link between Algiers, Tunis, Bamako, Niamey, N'Djamena, and Lagos. With IsDB funding, the project has improved transport efficiency, lowered costs, and facilitated trade across the region.

In parallel, Algeria is emerging as a key player in South-South Cooperation (SSC), where developing nations collaborate to share expertise. Algeria is leveraging its strengths in renewable energy, water desalination, and healthcare to assist other IsDB member countries, particularly in Africa.

The IsDB is partnering with the Algerian Agency for International Cooperation to develop the "Mapping Algeria's Resource Centers" report. This mapping initiative aims to identify institutions that can act as resource centers for regional knowledge-sharing and will pave the way for expanding the involvement of Algerian competent institutions in SSC projects in other IsDB member countries.

A New Era of Trade and Investment

Algeria's past growth relied on natural resources, but its future will focus on trade, investment, and innovation. The International Islamic Trade Finance Corporation, a subsidiary of the IsDB Group, has been crucial in facilitating

trade. Meanwhile, the Islamic Corporation for the Insurance of Investment and Export Credit, also part of the IsDB Group, has provided USD 9.9 billion in business insurance to enhance Algeria's ability to attract foreign direct investment.

The IsDB Group's Islamic Corporation for the Development of the Private Sector has been instrumental in fostering entrepreneurship and the growth of small and medium-sized enterprises (SMEs). Initiatives like Algeria Leasing and the Algeria SME Fund have improved access to finance for small businesses, spurring private-sector activity. As Algeria aims to diversify its economy, these efforts are laying the groundwork for a more dynamic business environment.

Additionally, in 2024, the IsDB Group's Islamic Corporation for the Insurance of Investment and Export Credit facilitated over USD 267 million in trade and USD 1.8 billion in exports, covering sectors like pharmaceuticals, agriculture, and manufacturing. Hikma Pharmaceuticals, a major investment in Algeria's pharmaceutical sector, has improved healthcare access and strengthened Algeria's export potential in African and European markets.

The Rise of Islamic Finance

In recent years, Algeria has embraced Islamic banking and finance to enhance financial inclusion and diversify investments. The IsDB Institute is assisting in creating a legal and regulatory framework for Islamic banking. It also considers the introduction of sovereign Sukuk bonds, which could generate substantial capital for infrastructure projects.

Additionally, the IsDB is investing in capacity-building programs, offering training in Islamic economics, fintech, and liquidity management. Over 500 Algerian professionals have benefited from these efforts.

A Vision for Country Engagement Framework

As Algeria and the IsDB Group launch the 2025-2027 CEF, their efforts will center on two main objectives:

1. Advancing economic diversification by bolstering key sectors, fostering infrastructure, and supporting SMEs.
2. Strengthening human capital and regional cooperation by investing in capacity development and South-South knowledge exchange.

The CEF aims to create new financing opportunities by supporting priority sectors such as infrastructure, trade finance, and energy transition. A particular emphasis will be placed on green finance and climate resilience, aligning with IsDB's sustainable development agenda.

With Algeria's steadfast dedication to sustainable development and IsDB's proven track record in financing high-impact projects, this partnership is set to enter a new era. Whether by expanding infrastructure, promoting innovation, or deepening regional cooperation, Algeria's economic future is being shaped, with IsDB playing a pivotal role as a key partner.

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KSRelief: Working to Fulfill Saudi Arabia's Commitment to Achieving Global SDGs

Dr. Abdullah bin Abdulaziz Al-Rabiah
Adviser at the Royal Court and General Supervisor of the King Salman Humanitarian Aid and Relief Center (KSRelief)

Since its founding in 2015, KSRelief has served as the humanitarian arm of the Kingdom of Saudi Arabia, providing basic needs, services, and economic empowerment to some of the world's most affected people. KSRelief has provided aid to more than 100 countries across four continents; through its collaboration with international, regional, and local partners, the center has delivered life-changing assistance to millions of beneficiaries worldwide.

KSRelief understands that successful achievement of the SDGs relies on several key components, including economic growth, social inclusion and effective collaboration. As a member of the United Nations General Assembly, the Kingdom of Saudi Arabia is dedicated to achieving these goals both domestically and globally by supporting low- and middle-income countries across multiple humanitarian sectors.

To date, KSRelief has provided USD 7.89 billion to support all of the SDGs in the partner countries in alignment with their own sustainable development plans. This assistance was delivered via bilateral and multilateral partnerships with more than 309 national, regional, and local partners including major UN agencies. Through its comprehensive, multisectoral work, KSRelief has contributed to supporting countries through projects and initiatives that often include elements of multiple SDGs.

KSRelief's impact on SDG 14 involved coordinated interventions to secure the oil being stored in the damaged Safer tanker off Yemen's Red Sea coast. KSRelief has also provided notable support to other SDGs during this period, including SDG 2; since 2015, KSRelief has delivered humanitarian assistance to low- and middle-income countries with the goal of eliminating hunger. The center has implemented more than 930 projects to promote food security, improve nutrition, and encourage sustainable agriculture, empowering communities to improve their agricultural productivity and adapt to changing environmental conditions. Additionally, KSRelief has supported SDG 3 through 1,212 projects to promote wellbeing in people of all ages, with efforts focused on achieving universal health coverage and access to high-quality basic healthcare services to ensure that safe, effective, and affordable essential medicines and vaccines are available to everyone. KSRelief has also implemented projects to strengthen healthcare infrastructures, expand maternal and child health services, and combat infectious diseases, in collaboration with local and international partners, improving healthcare accessibility and building the capacities of local health care workers.

To support SDG 4, KSRelief has provided humanitarian and relief assistance through 136 projects focused on promoting comprehensive educational services. The goal of this support is to ensure that all children have the opportunity to complete free, equitable, and high-quality primary and secondary education. The center has also supported the building of educational facilities that consider the needs of all children, creating safe, non-violent, inclusive, and effective learning environments. KSRelief and its partners support teacher training programs and curriculum development initiatives to improve the quality of education. In support of SDG 6, KSRelief has supported clean water and sanitation initiatives in developing countries, implementing 96 projects to provide widespread access to safe, affordable drinking water and sanitation and hygiene services to improve living environments and create greater community resilience against waterborne diseases.

SDG 10 has been addressed by KSRelief through many of its ongoing programs, including its Artificial Limbs Centers in Yemen and Syria to provide prosthetic devices and support for landmine victims and others with physical disabilities. KSRelief-supported vocational training programs for women provide income-earning skills to female breadwinners to improve their ability to support themselves and their families and decrease their dependence on long-term humanitarian assistance. Through its involvement in the CFAAC program (Children Formerly Associated with Armed Conflict), KSRelief has provided vital rehabilitation and reintegration services to children severely affected by armed conflict; this program directly addresses SDG 16 and gives children affected by conflict the best possible chance to live happy, productive lives. And in February 2018, KSRelief launched MASAM, the Saudi Project for Landmine Clearance in Yemen to save lives and prevent serious injuries. Clearing landmines from agricultural areas also helps farmers return to cultivating their land, which in turn contributes to reducing poverty and food insecurity levels.

KSRelief has worked with its aid partners, including United Nations agencies and international, local, and civil society organizations, to help countries achieve their SDGs and improve the lives of their citizens (SDG 17). KSReliefalso strives to localize aid procurement and delivery, and its capacity-building activities have empowered local aid implementation partners to help their communities. Since its inception, the center has played a significant role in supporting global humanitarian coordination and access.

Because of the increasing number of serious global humanitarian crises and ever-widening funding gaps, it is more urgent than ever that all countries and concerned entities find new and innovative ways to support the SDGs while also meeting the immediate needs of affected populations. Saudi Arabia is committed to continuing its work to help ensure that no one is left behind in our common goal of saving and improving lives in order to create a world that will be safer, more equitable and more hopeful than ever before.

Climate finance that delivers: The OPEC Fund's growing role in the face of a warming world

Abdulhamid Alkhalifa
President, OPEC Fund

With average temperatures soaring to 1.55°C above pre-industrial levels, the year 2024 became the hottest year ever recorded. This figure is not merely statistic—it's a dire warning. Surpassing the critical 1.5°C threshold outlined in the Paris Agreement, it has prompted the UN to issue a stark warning that, the accord is "not yet dead, but in grave danger."

For the OPEC Fund for International Development, this development is a powerful call to action. In an era where the impacts of climate change are becoming increasingly evident and costly, the OPEC Fund is intensifying its climate response through targeted finance, policy reform, and technical assistance to make a real and measurable difference.

Since the adoption of its Climate Action Plan in 2022, the OPEC Fund has dramatically accelerated its climate finance activities. The inaugural Climate Finance Report, launched at COP29 in Baku in November 2024, details the OPEC Fund's progress in delivery: While the Climate Action Plan initially aimed to allocate 25 percent of new commitments to climate by 2025, the OPEC Fund significantly exceeded this target—reaching 33 percent in 2022, 34 percent in 2023 and 39 percent in 2024. In light of this momentum, we are now reviewing our climate finance targets to reflect our heightened ambition and the evolving needs of our partner countries.

Climate action is embedded across all operations and its effects are tangible. Our 2024 Development Effectiveness Report found that half of the approved and completed projects over a 12-month-period contributed to Sustainable Development Goal 13—Climate Action. These included initiatives that reduced carbon emissions by nearly 75,000 tons annually.

A key element of our Climate Action Plan is boosting support for renewable energy, which rose to almost 40 percent of all OPEC Fund energy sector commitments in 2024. Among the most prominent projects is the landmark 1.1 GW Gulf of Suez Wind Farm in Egypt by ACWA Power and Hassan Allam Utilities, in collaboration with development bank partners. Once operational, the wind farm will power more than 1 million homes and cut carbon emissions by 2.5 million tons per year.

But financing alone is not enough. Knowledge sharing, collaboration and innovation are also critical to advancing climate solutions. In April 2024, the OPEC Fund hosted its first Climate Solutions Week, bringing together experts, policymakers and private sector leaders for a series of high-level and technical discussions. The event helped reinforce the OPEC Fund's role as a platform for climate dialogue, particularly among countries of the Global South.

Climate Solutions Week also featured the inaugural partnership forum of the Nature Solutions Finance Hub, a joint initiative with the Asian Development Bank. With an ambition to mobilize US$2 billion to fight biodiversity loss in Asia and the Pacific, the facility exemplifies the OPEC Fund's commitment to integrated climate and nature goals. In another partnership, the OPEC Fund joined the International Renewable Energy Agency's Energy Transition Accelerator Financing platform, which is mobilizing billions for renewable investments.

While the climate crisis affects everyone, for some it poses an existential threat. Small Island Developing States (SIDS) are grappling with rising sea levels, severe weather events, economic and cultural loss, and in some cases, the risk of displacement. These challenges strain infrastructure, threaten livelihoods, and accelerate biodiversity loss.

To help address these risks, the OPEC Fund launched the Island Resilience Facility at its 2024 Development Forum. This work remains a key focus of our 2025 Development Forum, with dedicated discussions on resilience-building, long-term adaptation strategies, and financing partnerships tailored to the unique needs of Small Island Developing States (SIDS). Moreover, the OPEC Fund will be hosting the high-level "Resilience in Action" Summit for Small Island Developing States on May 12-13, 2025, with the aim of building a robust pipeline for climate resilience and economic growth of SIDS.

Focusing on the nexus of climate, land and biodiversity, the OPEC Fund has also pledged US$1 billion as part of a collective US$10 billion commitment from the Arab Coordination Group at the UN Conference to Combat Desertification (COP16) in Riyadh, to support drought resilience and land restoration across 80 vulnerable countries. Alongside, the OPEC Fund began assessing Land Degradation Neutrality across its portfolio to guide future investment through 2030.

As climate impacts become increasingly severe, our response must be equally robust. The OPEC Fund exemplifies how targeted, collaborative and transparent climate finance can bring about meaningful change. The world cannot afford to lag behind in climate action—organizations that deliver, such as the OPEC Fund and its development partners like the Islamic Development Bank, must be at the forefront of the global response. The cost of inaction is one we simply cannot afford.

A Renewed Global Financing Framework: **Bold Proposals for the Fourth FfD Conference in Seville**

Li Junhua
Under-Secretary-General for Economic and Social Affairs, United Nations, UNDESA

The world faces a deepening sustainable development crisis. Progress on the Sustainable Development Goals is severely off track, while poverty and inequality persist, and systemic risks — including climate shocks — continue to rise.

At the core of this crisis are significant financing challenges, underscored by a widening financing divide between countries. The current international financial architecture has proven inadequate to meet the scale and urgency of these challenges. The burden is especially heavy for Least Developed Countries (LDCs), where the median debt service now consumes 12.8 per cent of general government revenue — with some countries spending over 70%. As a result, many LDCs – home to some of the world's most vulnerable people – now allocate more resources to debt servicing than to essential services like health and education.

In response, world leaders will convene in Seville this June for the Fourth International Conference on Financing for Development (FfD4). This pivotal conference aims to establish a renewed global financing framework — one that delivers a large-scale, impact-driven investment push alongside ambitious reforms to the global financial system. Such changes are essential to enable the transformative shifts our world urgently needs.

While negotiations for the Seville outcome are still in progress, the recently released First Draft of the Outcome Document — prepared by the co-facilitators (the Permanent Representatives to the UN from Nepal, Norway, Mexico, and Zambia) — offers early insights into what this renewed framework could entail.

Scaling Up Investment with Ambitious Proposals

The Draft outcome outlines comprehensive and bold measures to scale up investment. Proposals include strengthening the public development bank system, with capital increases for multilateral development banks (MDBs), and the rechanneling of special drawing rights (SDR) through MDBs to enhance financial support for developing countries. It also recommends innovative mechanisms to expand local currency lending — critical for stabilizing economies in developing countries.

To address the mounting debt burdens and constrained fiscal space faced by many nations, the Draft proposes a dedicated debt facility that offers financial and capacity support to countries grappling with high debt servicing costs and high borrowing costs.

Strengthening Public Finance and Combatting Illicit Flows

The draft also emphasizes the need to increase public finance. Proposed measures include a robust package to curb illicit financial flows, and a commitment to double development partners' support for domestic revenue mobilization and public financial management by 2030 and to support countries striving to raise their tax-to-GDP ratios above 15 per cent. These steps are crucial to expanding domestic resources and reducing financial leakages that undermine sustainable development efforts.

Aligning Financial Flows with Sustainable Development

Crucially, the Draft underscores that scaling up resources must go hand in hand with improving the quality of financial flows. It calls for a mission-oriented approach that aligns all financing with transformative change. This would involve creating enabling environments for investment in sustainable development, strengthening blended finance mechanisms to focus on measurable impacts and developing standardized metrics on impact. Revitalizing the development effectiveness agenda — with country leadership at its core — is also highlighted as essential for achieving meaningful and lasting results.

Reforming the Global Financial Architecture

For this investment push to succeed, bold reforms to the international financial architecture are critical. The Draft outcome includes ambitious proposals to strengthen the global financial safety net, including a new SDR playbook to improve resource allocation during crises. It also advocates for increasing the voice of developing countries in global financial governance, such as restoring basic vote shares in the International Monetary Fund (IMF) and realigning quotas to reflect contemporary economic realities.

Proposals to improve credit rating transparency, alongside the suspension of IMF surcharges during external shocks, further demonstrate a commitment to ensuring fairer financial conditions for developing countries.

A New Era of Public Policy and Action

The renewed financing framework outlined in the First Draft signals a decisive shift in development thinking. It acknowledges that public policy and action must take center stage in driving sustainable transformations. No longer confined to regulating markets, the role of the State must expand to actively shape development outcomes through strategic investments and by steering private finance toward shared development goals.

This recognition reflects a growing consensus that the 'post-neoliberal' era demands bold public leadership, increased investment in critical sectors, and a mission-driven approach to economic transformation.

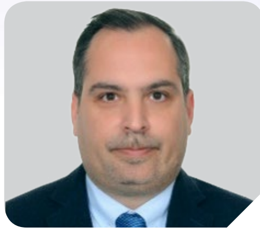
Seizing the Moment for Transformative Change

As we approach this pivotal moment, the Fourth International Conference on Financing for Development in Seville offers a rare opportunity to recalibrate the global financial system to meet the pressing needs of our time.

There is widespread recognition that the status quo does not serve the needs of all people and countries. Yet rather than retreating from international cooperation, the answer lies in reforming global institutions to make them more inclusive, effective, and responsive.

By seizing this moment with ambition and determination, world leaders can forge a renewed financing framework capable of unlocking the investments needed to drive sustainable development and secure a better future for all.

IsDB's Marathon Approach to Development of the Health Sector in Suriname



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The Academic Hospital Paramaribo (AZP) is a government-owned medical facility in Suriname that has been operational since 18 September 1965. Situated in the heart of Suriname's capital, Paramaribo, on a campus spanning nearly 7.4 acres, AZP is legally obligated to treat all patients, regardless of insurance status, a significant proportion (approximately 70%) falls under the social welfare segment. Throughout the years, the necessity for the expansion of the Academic Hospital Paramaribo became evident due to the continuous population growth and the increasing demand for more space. The existing bed facility proved insufficient, and various departmental spaces did not meet international standards and requirements. The additional number of beds needed is 301. Suriname faces a significant disease burden due to chronic noncommunicable diseases. Thus, AZP needs to have the technical and infrastructure capacity to respond to noncommunicable diseases.

IsDB noticed the need and supplied the necessary financing for the Feasibility Study and Detail Design for the Health System Strengthening Project, which was completed successfully on July 7, 2024, at a cost of US$1.9 million. The objective of the Project was to provide Suriname's Ministry of Health and AZP with a feasibility study and complete architectural and engineering consultancy services for the design of a new hospital, inclusive of medical equipment and furniture, automated hospital information systems for patient records, laboratory and other departments, training facility, main storage facility, skills lab, an energy and waste treatment plant. The Project paved the way for the IsDB and the Government of Suriname to design Combating Noncommunicable Diseases Through Improving Quality of Health Project, to be delivered by 2029.

Noncommunicable diseases (NCDs) represent a significant burden in Suriname. It is among the top 3 countries in the Caribbean affected by NCDs. NCDs such as heart and chronic kidney disease, stroke, diabetes, and cancer were the top causes of death (75.7% of the total), loss in disability-adjusted life years (66.9% of the total), and accounted for 50% of premature deaths. Nineteen percent of the total population aged 15-64 has been diagnosed with an NCD. NCDs are driven by population ageing and social determinants (urbanization, globalization, poverty, and lack of education), which contribute to unhealthy living environments and behavioral risk factors for NCDs. The prevalence of NCDs, such as hypertension and diabetes mellitus, is also increasing. The adjusted rate of potentially avoidable premature mortality in Suriname was 392.4 deaths per 100,000 population, and the rate for treatable causes was 185.9 per 100,000 population, above the regional average of 89.6.

At this conjuncture, the Project will contribute to the realization of SDG 3, aiming to ensure healthy lives and promote well-being for all ages, and the SDG target No 3.4, aiming to reduce by one-third premature mortality from NCDs, including cancer through prevention and treatment. The Project is in line with the national priorities of Suriname stated in "Multi-Annual Development Plan (MDP) 2022–2026" and aligned with the IsDB's CEF for Suriname (2024-2026). The primary outcome of the Project is improved access to Health Services. The expected results include: (i) People benefited from General Treatments (Target 420,000 per year, 40% increase); (ii) People benefited from ER Treatments (Target 60,000 per year, 20% increase) (iii) Improved access to specialized health care for over 70-80% of the population; (iv) Proportion of medical evacuations to abroad reduced by 12%, (v) People benefited from Surgeries (Target 14,000 per year, 40% increase); (vi) 977 Health staff trained on NCDs prevention, diagnostic and treatment.

To conclude, the development path of Suriname in the health sector needs to be run as a marathon side by side with the IsDB, as their loyal development partner. This marathon approach towards development was the rationale why the Bank designed and delivered the Feasibility Study and Detail Design for the Health System Strengthening Project to pave the way for the IsDB to also attract Combating Noncommunicable Diseases Through Improving Quality of Health Project with a ticket size of USD154.8 million.

Protecting and Enriching Lives: **Building a Resilient Future for Istanbul.**

Konstantin Limitovskiy
Chief Investment Officer, Public Sector (Region 2) & Project and Corporate Finance (Global) Clients, Asian Infrastructure Investment Bank (AIIB)

In Istanbul, Türkiye, the Asian Infrastructure Investment Bank (AIIB) is supporting the Istanbul Seismic Mitigation and Emergency Preparedness Project (ISMEP) to future-proof the city's buildings and residents. The project also contributes to the achievement of the United Nations Sustainable Development Goals (SDGs).

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Located on the Anatolian plate, Türkiye is highly vulnerable to earthquakes. Since the devastating 1939 Erzincan 7.9 magnitude earthquake, the country has faced thousands of quakes, 15 of which measured above 7 in magnitude. In addition to the human toll, these disasters have caused immense economic losses, disrupted education and strained public services, highlighting the urgent need for a holistic approach to urban resilience.

As one of the world's oldest cities, Istanbul, is particularly at risk. Home to 16 million residents, its centuries-old buildings and infrastructure have had to endure multiple tremors throughout the years. In 1999, the city was hit by a major earthquake that claimed over 17,000 lives and caused USD5-13 billion in damaged infrastructure. In response, the Government of Türkiye, with financing from the World Bank, the Islamic Development Bank and other development partners, created ISMEP. This project, Türkiye's first disaster risk reduction initiative, aimed to address potential crises arising from the city's most common disasters, particularly earthquakes. Türkiye adopted a new building code and recognized that Istanbul's buildings and public infrastructure required retrofitting and reconstruction. The initiative went beyond strengthening structures—it aimed to safeguard livelihoods, maintain essential public services and foster a sustainable urban environment.

AIIB approved the first ISMEP project in 2019, providing financing of up to USD300 million. This funding helped Türkiye attract additional investment from international finance institutions, resulting in a total package of EUR2.62 billion. This initial project covered the retrofitting and reconstruction of public schools, hospitals and administrative buildings.

In February 2023, central and southern Türkiye experienced three earthquakes, two of which measured magnitudes 7.8 and 7.5. These quakes caused the collapse of over 37,000 buildings and extensive damage to 200,000 more. The city needed additional financing to cover the reconstruction and retrofitting of 141 more educational buildings. AIIB approved EUR150 million in 2023 and EUR300 million in 2024 for the ISMEP Additional Financing and ISMEP-2 Projects. The ISMEP projects not only address the reconstruction and retrofitting of public school buildings, but also contribute to Türkiye's resilience, climate mitigation and adaptation goals. They align with AIIB's commitment to helping our Members reach their Paris Agreement goals. The projects also aim to strengthen Istanbul's resilience against disasters and natural hazards, which are likely to be exacerbated by the impacts of climate change. Beyond ensuring physical safety, the projects promote Istanbul's long-term urban

The project's implementing agency, Istanbul Project Coordination Unit (IPCU), estimates that over 76,000 students and around 5,000 teachers will benefit from the reconstruction and retrofitting of school buildings. The buildings include not just classrooms but other facilities such as sports halls, conference rooms and canteens, enhancing the overall learning experience and ensuring that future generations have access to safe and high-quality education facilities.

We're already seeing some results several years from the first ISMEP project. In 2024, IPCU representatives reported improvement in students' learning experience. Students expressed happiness in their "new" school as there was more space for additional activities, evident in the declining absentee rates among beneficiary schools.

Istanbul's journey toward resilience through the ISMEP projects demonstrates AIIB's commitment to financing strategic investments in infrastructure that can simultaneously protect lives, enhance education quality, and build sustainable urban environments. As climate change threatens to increase disasters triggered by natural hazards globally, the ISMEP model offers valuable lessons for cities worldwide: prioritize preventative measures, design with multiple SDGs in mind, and invest in infrastructure that serves both immediate safety needs and long-term development goals. Through these integrated approaches, we truly protect and enrich lives while building resilient futures for generations to come.

sustainability, enabling communities to thrive even in the face of natural hazards.

The ISMEP projects contribute to the achievement of several SDGs. The project approved in 2023 is our first sustainable and resilient cities initiative in Türkiye and aligns with SDG 11 for Sustainable Cities and Communities. It also diversifies our investments in the country from the transport and energy sectors and is a great opportunity for AIIB to develop and implement a sustainable and resilient cities project that we could replicate in other Members.

The projects promote resource efficiency, reduce energy consumption and lower emissions, in line with SDG 8 on Decent Work and Economic Growth and AIIB's Green Infrastructure thematic priority. The reconstruction of 105 of the 141 buildings will incorporate renewable energy and energy efficiency features such as solar power (when appropriate) and energy-efficient lighting and appliances, supporting SDG 7 on Affordable and Clean Energy. The design of the reconstructed buildings will adhere to the International Finance Corporation's EDGE green building standards, contributing to the achievement of SDG 13 on Climate Action. Rainwater harvesting, drainage and wastewater treatment facilities will be installed in line with SDG 6 on Clean Water and Sanitation. The remaining 36 buildings will undergo retrofitting to meet the seismic performance standards of the 2018 Türkiye Building Earthquake Regulation, ensuring the safety of lives and livelihoods.

Another important aspect of the ISMEP program is the inclusive and accessible design of all retrofitted and reconstructed buildings. This addresses SDG 5 on Gender Equality and SDG 4 on Quality Education, specifically Target 4.a of building and upgrading education facilities that are child, disability, and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all. One of the reconstructed schools was a school for people with disabilities.

"

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The Arab Coordination Group: **Five Decades of Arab Dedication to Development**

Azzeddine Bouchelaghem
Economist Expert, Secretary of the Arab Coordination Group Institutions (ACG)

The Arab Coordination Group (ACG), a network of ten development assistance providers established in 1975, is a strategic alliance of like-minded partners that provide coordinated development finance solutions to partner countries. The ACG provides a wide range of targeted solutions and seeks to optimize the impact of its collective assistance to partner countries. Furthermore, the ACG's combined financial power and flexibility enable its members to pool resources and risks to finance major investments that exceed the capacity of any single institution. The ACG members collaborate on knowledge-sharing and capacity development with the aim to achieve sustainable impact.

The ACG's cumulative commitments reached US$ 286 bn by the end of 2023, some two-thirds of which targeted the infrastructure sector across the globe, especially in Africa, Asia and Arab countries. The ACG provides development assistance across a wide range of sectors ranging from infrastructure to healthcare to education to financial services to agriculture to extractive industries. For example, the ACG has played an important role in transport connectivity across Africa (e.g., trans-Sahelian & trans-Saharan transport corridors) and Central Asia and supported major multipurpose hydro-infrastructure investments (e.g., hydropower, irrigation, navigation, regulation) along major African transboundary river systems such as the Senegal, Niger and Nile basins.

Development work is becoming increasingly more complex and more challenging. The ACG alliance has been a pioneering partnership model in an evolving and fast-changing world. Developing countries have witnessed in the past few years overlapping crises, starting with the outbreak of Covid-19 pandemic in early 2020 and its far-reaching socioeconomic impact. Recent global geopolitical dislocations, trade tensions and the ongoing climate crisis have generated significant headwinds for the global economy, especially developing countries. Food and energy market volatility, global supply chain re-configurations, rising financing costs and growing debt vulnerability have further compounded the overlapping development challenges
faced by developing nations. Global development is currently under severe stress and requires a re-tooled and better calibrated global response to mitigate the impact of these external shocks and build more resilient economies.

In June 2022, the ACG announced a Food Security Response (FSR) package worth a minimum of US$ 10 billion. The package aims to deliver immediate assistance as well as medium- and long-term assistance to recipient countries to provide a comprehensive response to the food crisis and help build resilience over the longer term. The FSR covers both sovereign and non-sovereign operations and consists of new and repurposed operations.

In November 2022, the ACG earmarked US$ 24 billion for climate finance through 2030, as announced at the UNFCCC COP27 in Sharm El-Sheikh, Egypt. This landmark ACG commitment will support the acceleration of the energy transition, the increased resilience of food, transport, water and urban systems, and the promotion of energy security in partner countries. The financial commitment comes as part of a joint ACG Call for Climate Action for Equitable Development. The ACG climate finance commitment aims to contribute to global partnerships, including South-South & Triangular Cooperation, to provide adaptation and mitigation solutions. In addition to their own resources, ACG partners aim to leverage additional financing to de-risk and catalyze private investment through blended finance and guarantees.

More recently, at the KSA-Arab-African Summits' Economic Conference held in November 2023 in Riyadh, the ACG announced that it aims to allocate up to US$ 50 billion, to help build resilient infrastructure and inclusive societies in the African continent.

The ACG will be celebrating its 50th Anniversary in 2025 (mid-October). This important milestone provides an opportunity to pause and reflect on the ACG's long journey since the 1970s, including its track-record and achievements. The ACG's 50th Anniversary is also a unique opportunity for the ACG to collectively distill its commendable experience with humility, in order to chart for itself a new and more ambitious course, with a view to further enhancing its effectiveness and global visibility.

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Scaling Up Private Capital Mobilization for Development Finance in LAC

Matías Bendersky
Manager of the IDB's Global Partnerships Office, Inter-American Development Bank (IaDB)

For too long, Latin America and the Caribbean (LAC) has been viewed primarily through the lens of its challenges. Today, however, the region is emerging as a key global player, offering solutions to some of the world's most pressing issues.

LAC's abundant solar, wind, and hydropower resources position it as a leader in renewable energy. As a major agricultural powerhouse, the region plays a crucial role in ensuring global food security. Meanwhile, the Amazon basin —one of the world's most vital biodiversity hubs— reinforces LAC's leadership in driving sustainable development solutions.

As LAC strengthens its global position, the private sector remains central to its economic growth. Recognizing this, the Inter-American Development Bank (IDB) is leveraging its convening power to unlock private sector investments at scale. In this vein, we are expanding collaboration with financial institutions, scaling up de-risking mechanisms, and developing innovative financial instruments to provide private capital markets with viable investment opportunities.

EcoInvest Brasil: Overcoming Foreign Exchange Barriers

A first example is EcoInvest, an initiative designed to attract foreign investment for Brazil's Ecological Transformation Plan (ETP) by addressing barriers such as limited green investment, foreign exchange volatility, and the lack of long-term hedging instruments.

Through the Brazilian Climate Fund, EcoInvest provides four complementary credit lines, each designed to tackle different market gaps: blended finance to lower capital costs, a foreign exchange liquidity facility to mitigate short-term currency risk, foreign exchange derivatives to improve access conditions to long-term FX hedging, and project structuring for large-scale sustainable initiatives.

The IDB, with technical cooperation from the UK's Foreign, Commonwealth and Development Office, are supporting Brazil's National Treasury in implementing this model, which has the potential to be replicated across the region.

IDB CLIMA: Results-Based Green Finance

Another example is the Biodiversity and Climate Linked Incentive Mechanism for Ambition (IDB CLIMA), a results-based green financing mechanism that rewards countries investing in the capacities and reporting systems needed to meet climate and biodiversity commitments by leveraging green and thematic debt issuances. The mechanism aims to prepare countries to access sustainable debt markets, enabling them to attract private capital.

Borrowers receive financial incentives upon achieving Key Performance Indicator (KPI) targets in environmental policy, project pipeline expansion, and transparency in reporting. Once compliance is verified, borrowers receive a grant equivalent to 5% of the loan's principal.

Amazonia for All & Amazonia Bonds: Financing Sustainable Development in the Amazon Basin

Through the Amazonia Forever Program, the IDB is driving investment in the Amazon with the Amazonia for All Exchange-Traded Fund (ETF) and Amazonia Bonds.

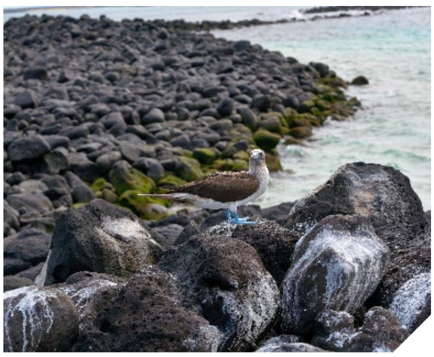
The Amazonia for All ETF, set to be listed on Brazil's B3 stock exchange, will pool funds from Amazonia Bonds issued by financial institutions like BNDES, Banco do Brasil, and CAIXA to support sustainable projects. Meanwhile, the Amazonia Bonds Investment Guidelines are being developed in collaboration with the World Bank to enable the issuance of Amazonia Bonds as a standardized and credible sub-label to finance activities that positively impact local communities, biodiversity, and zero-deforestation efforts in the Amazon region.

The IDB's Groundbreaking Work on Debt Conversions

Finally, debt conversions have become a powerful tool in the IDB's strategy to redirect financial resources toward climate resilience and conservation. The Bank has facilitated five debt conversions across three countries, generating more than $2 billion in savings, with over half directed toward biodiversity and climate initiatives.

For example, Ecuador completed the largest debt conversion in history, refinancing $1.53 billion in bonds, unlocking $460 million for Amazon conservation, and total savings of $800 million by 2035. Similarly, Barbados executed a conversion focused on climate resilience, securing $125 million for water infrastructure improvements. The Bahamas followed with its first debt conversion for ocean conservation, reallocating funds $124 million to marine protection with private insurers and impact investors participating.

In conclusion, mobilizing private capital is essential for scaling impact and achieving sustainable development. That is why the IDB is attracting private investment through financial structures that incentivize sustainable development, while also positioning LAC as a global hub for solutions.



Empowering Africa's Sustainable Growth by Leveraging Private Sector Development and Innovation

Valerie Dabady
Manager, Resource Mobilization and Partnerships Department, African Development Bank (AfDB)

In the evolving global development landscape, multilateral development banks play a crucial role in driving progress towards achieving the United Nations Sustainable Development Goals (SDGs). As outlined by the President of the Bank, Dr. Akinwumi Adesina, in its inaugural speech, the African Development Bank has set up its High 5 operational priorities as part of its Ten-Year Strategy to "Light Up and Power Africa, Feed Africa, Integrate Africa, Industrialize Africa, and Improve Quality of Life for the People of Africa". These focus areas are essential in transforming the lives of the African people and therefore consistent with the United Nations agenda on Sustainable Development Goals.

In this context, the role of the private sector has become increasingly critical as Africa faces the challenge of creating enough jobs for its growing youth population. Every year, 8 to 11 million young people enter the workforce in Sub-Saharan Africa, yet only 3.1 million jobs are created, leaving millions of young people unemployed. This discrepancy contributes to severe socioeconomic issues, including migration, conflict, and widespread poverty. Africa's unemployment rate of 7.9% is above the global average of 5.6%, with Northern Africa's rate at a staggering 11.7%. This stark reality highlights the urgent need for a vibrant private sector that can create a substantial number of jobs that are productive, well-compensated, and offer decent working conditions, opportunities for capacity building, and social security, to support economic growth and social development.

To address these challenges, in relation to SDG 9, to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, the African Development Fund (ADF) – the concessional arm of the African Development Bank – has taken proactive steps to mobilize private capital for critical development sectors. A key strategy is derisking infrastructure and energy projects through public-private partnerships and blended finance mechanisms. These tools are essential for making projects more commercially viable and attractive to investors by mitigating the risks associated with long-term infrastructure investments. For instance, ADF-16 has allocated 28.5% of its private sector-related funding to energy US$ 586.72 million), transport (US$ 378.11 million), and infrastructure (US $234.69 million).

Other innovative tools that have been instrumental in reducing investor risk and unlocking private capital include Partial Risk Guarantees (PRGs) and Partial Credit Guarantees (PCGs). PRGs provide assurance against political and regulatory risks, while PCGs enhance creditworthiness, making projects more attractive to lenders. These instruments play a critical role in reducing the perceived risks that deter investors from financing infrastructure projects – such as independent power producer initiatives in countries like Chad and Madagascar. PCGs have demonstrated success, notably in Rwanda, while other risk-mitigation instruments are already in use including PRGs, portfolio guarantees, local currency financing solutions, and risk participation agreements with external institutions. As an example, the Bank's innovative financing was used in Togo, where ADF provided a €200 million PCG to mobilize funding for sustainable development projects aligned with Togo's Sustainable Finance Framework. This PCG not only allowed Togo to leverage its resources efficiently but also demonstrated a strong leverage ratio of 4:1. For every euro committed by the African Development Bank, four euros were mobilized in private sector financing. This leverage underscores the catalytic potential of risk-sharing instruments in unlocking capital for critical development initiatives.

Adding to this, one of the Bank's most impactful initiatives is the Youth Entrepreneurship Investment Banks (YEIBs) program, which provides sustained support and investment to youth-led enterprises across Africa. YEIB offers tailored assistance to young entrepreneurs, mitigating investment risks and facilitating collaboration among a broad spectrum of stakeholders. Although privately driven and supported by government efforts, the initiative is underpinned by the Bank's sovereign loans and is co-financed by a diverse range of partners, including development finance institutions, donors, and private sector entities.

As the African Development Bank continues to derisk high-impact projects and attract private sector investment, it is paving the way for a more prosperous and sustainable future for Africa, aligned with the global Sustainable Development Goals. To maximize this potential, it is imperative to continue scaling the application of risk-mitigation tools, which will not only reduce borrowing costs but also foster greater confidence among investors in high-risk markets. The future of Africa's development relies on harnessing the power of both the public and private sectors to achieve transformative, lasting change.

Path Towards a Sustainable and Inclusive Future: **Role of Development Banks in the Triple Transformation Era**

Meral Murathan
President of Industrial Development Bank of Türkiye, TSKB

In an era of dynamic changes and ecological threats, addressing the global environmental crisis requires a collective response. With less than five years to meet the targets outlined in the 2030 Agenda, the urgency of achieving the Sustainable Development Goals (SDGs) has never been greater. Despite progress, many regions, particularly developing and climate-vulnerable areas still face significant challenges. A coordinated global effort is essential to ensure no one is left behind.

Celebrating its 75th anniversary this year, our institution prioritizes green and inclusive solutions over traditional macroeconomic indicators, recognizing that genuine progress extends beyond financial growth. Economic prosperity remains vital for development banks aligning with the SDGs, it is evident that growth must be guided by sustainability imperatives.

Holistic Approach Through Triple Transformation, given the interconnected nature of the SDGs, a holistic approach is necessary. A truly sustainable future demands a development model that is not only economically viable but also environmentally resilient and socially inclusive. To that end, as TSKB, we advocate "the Triple Transformation", a comprehensive approach toward green, technological and social transformations. Our sustainability-focused business model has led us to work closely with numerous international development finance institutions. These partnerships enabled us to integrate sustainability practices into our operations well ahead of many other banks, aligning with the principles of responsible banking. Our SDG Mapping Model allows us to assess our portfolio's alignment with the SDGs, revealing that 92% of our loans are SDG-linked, with 58% focused specifically on climate and environmental objectives. The outputs of the model enable us to set long-term sustainable finance targets. In 2021, we set an SDG-linked financing target of 8 billion USD by 2030, more than 40% of which had been achieved by 2023. In 2024, we revised our target to 10 billion USD and also set a new climate finance target of 4 billion USD by 2030. These targets are among the main components of the engagement strategy with our stakeholders.

Strategic Partnerships for Development

Our partnership with the Islamic Development Bank on the PEER Project demonstrates how development banks can collaborate effectively. In response to devastating February 2023 earthquakes, we secured a financing agreement amounting to USD 100 million to support post-earthquake recovery efforts in affected regions, while promoting equitable, low-carbon development. This strengthened our long-standing partnership with IsDB in boosting economic recovery across sectors and advancing several SDGs. Our collaboration most importantly led to the creation of a "participation banking window", expanding access to sustainable and development-focused financing. This initiative enables us to support a greater number of clients with Sharia-compliant financial solutions tailored to their needs. By leveraging the expertise and resources of both IsDB and TSKB, this partnership fosters impact-driven financing, ensuring businesses receive ethical, sustainability-focused support to rebuild and grow. This model of collaboration could be adapted to support development initiatives in other IsDB member countries, addressing their specific regional challenges while maintaining the core principles of sustainable and inclusive financing.

Advancing Sustainable Transformation

Additionally, in 2024, we established the Türkiye Green Fund (TGF), the first private equity investment fund capitalized by long-term loan, both in Türkiye and in the world, with the support of the IBRD, further reinforcing our commitment to sustainable development by reducing emissions and fostering inclusive transformation. Our objective is to play an effective role in the green transformation journeys of businesses in our country, enhance the diversity, scale, and multiplier impact of funds for climate finance via capital markets and private capital mobilization. This approach directly connects to important SDG targets, particularly those related sustainable infrastructure and environmentally sound technologies. By channeling capital toward sustainable business models, we're helping drive the transformation needed ot achieve the 2030 Agenda while ensuring that development remains inclusive and resilient in the face of environmental challenges.

> "Our objective is to play an effective role in the green transformation journeys of businesses in our country, enhance the diversity, scale, and multiplier impact of funds for climate finance via capital markets and private capital mobilization.

As we approach 2030, progress remains insufficient, highlighting the urgent need for stronger and more coordinated actions. This challenge underscores the necessity of robust governance frameworks, appropriate financial instruments, and alignment with shared standards and best practices. Development banks must not only deepen their partnerships but also reaffirm their commitment to inclusivity by championing a holistic approach that integrates green, digital and social transformations. Moving forward, international cooperation, collective determination, and transformative action will be essential. Only through these efforts can we foster economic diversification, ensure widespread prosperity and realize the vision of a just, inclusive and resilient future.

From Ideas to Industries:
Innovation Ecosystems & the SDGs

Rita Ngenzi
Executive Director, The Innovation Village Hub, Uganda

By 2050, the African continent is projected to account for one-quarter of the global population, rendering it a critical growth market (United Nations, 2019). As the world's youngest continent, Africa's most significant asset is its substantial human capital. Attaining the Sustainable Development Goals (SDGs) necessitates transformative, systemic change, especially in emerging economies where entrepreneurial endeavors drive economic growth. However, across Africa, young innovators' potential to address key challenges is hindered by fragmented ecosystems, limited access to capital, and inadequate infrastructure.

Building Inclusive Innovation Ecosystems

At Innovation Village, we are committed to converting Africa's most promising ideas into impactful, tech-driven solutions that realize economic potential. Our culture is founded on three key pillars: empower, build, and finance. We address challenges by establishing sustainable ventures and platforms that cultivate innovation across the ecosystem.

MoTIV, East Africa's largest creative hub and makerspace, is one of our key ventures designed to advance our mission of unlocking economic potential. By blending innovation with entrepreneurship, MoTIV empowers creatives across sectors—fashion, media, culinary arts, visual arts, woodwork, and more. Through its Creative Business Academy (CBA) and production facilities, creative talent is converted into viable enterprises.

Innovation Village Hub is our impact arm that accelerates innovation and entrepreneurship through strategic partnerships, providing communities with access to resources, tools, and expertise, thus driving local impact and empowerment. Future Lab delivers lifecycle support for industry leaders navigating growth opportunities. Additionally, 97 Capital, our dedicated fund, partners with investors to accelerate the growth of high-potential entrepreneurs and creative enterprises emerging from our ecosystem.

These initiatives have supported over 200,000 young innovators, generated 100,000+ jobs, and fueled the growth of the digital economy and creative industries—demonstrating the potential of well-structured ecosystems in driving sustainable development.

Sharon Oringa- Case Study

From Passion to Impact – Sharon's Journey

At just 26, Sharon Aber Oringa transformed her idea into FIXBYORINGA, an African print fashion brand blending tradition with modern style. Her journey with MoTIV began in 2023 when she sought space to display her designs. Recognizing her potential, MoTIV provided her with a free workspace—an invaluable resource for an emerging designer.

Beyond workspace, Sharon accessed state-of-the-art machinery, training through the Creative Business Academy, and marketplace connections. What began as a one-person operation now employs three tailors, all refugees, and two assistants. Her clientele spans 15 countries, including Kenya, Tanzania, the U.S., UK, Germany, and UAE.

Her journey was not without challenges. Skepticism from her family tested her resolve. Yet, her passion and determination kept her focused. Today, Sharon's brand celebrates African heritage while making global waves. Her work earned her the MoTIV Omwoleso Community Impact Award, a recognition given to individuals who have demonstrated outstanding commitment to driving positive change through creativity and innovation within their communities.

Collaboration as the Catalyst for Scaling Innovation

Scaling our models and achieving the SDGs requires collaboration. Innovation ecosystems reach their full potential when governments, investors, development agencies, and private sector players actively participate. Government support is crucial for policies that encourage entrepreneurship.

Aligning these efforts accelerates job creation and industrial growth, embedding innovation and entrepreneurship into national development strategies. A key enabler of this approach is South-South cooperation. By sharing knowledge, transferring technology, and expanding markets, emerging economies can fast-track industrialization.

Institutions like the Islamic Development Bank (IsDB) support sustainable economic growth by financing infrastructure projects, fostering entrepreneurship, and providing technical assistance to strengthen innovation ecosystems across member countries. More collaboration of this nature can significantly enhance Africa's ability to drive large-scale innovation and industry growth.

An Africa Free to Architect its own Future

Africa's innovation ecosystem is set to drive global solutions. By aligning efforts with the SDGs, we are not just fostering businesses like Sharon's—we are co-creating a future where sustainable development fuels economic transformation. The future of African entrepreneurship depends on a coordinated effort to provide infrastructure, support networks, and access to capital. Governments must prioritize policies that create an enabling business environment. Investors should back high-potential ventures with patient capital, and development partners must continue funding initiatives that build local capacity. With the right infrastructure, support networks, and collaborative partnerships, African entrepreneurs will lead the next wave of innovation, paving the way for a more sustainable, equitable, and prosperous future for all.

Building Resilience Through Enterprise: **Unlocking Opportunities for Migrants and Host Communities in Iraq**

Othman Belbeisi
Regional Director for Middle East and North Africa, International Organization for Migration (IOM)

Small and Medium Enterprises (SMEs) are more than just economic engines; they are lifelines for communities recovering from conflict and displacement, playing a critical role in both post-crisis recovery and long-term sustainable development. In fragile settings where decades of instability have shaped migration patterns, SMEs provide a vital pathway to reintegration, resilience, and social cohesion. The Enterprise Development Fund (EDF) serves as a tool for recovery and stabilization while advancing broader Sustainable Development Goals (SDGs), making it a key driver of inclusive and long-term economic growth.

In a region that is characterized by complex migration dynamics, including large-scale displacement due to conflict, economic migration, and mixed migration flows, the International Organization for Migration (IOM) has been active in the Middle East and North Africa (MENA) for decades, supporting governments and communities in managing migration challenges and opportunities. The region faces complex migration dynamics, including large-scale displacement due to conflict, economic migration, and mixed migration flows. IOM provides life-saving aid to displaced populations, supports socioeconomic integration, and strengthens national and regional migration policies. Through partnerships with governments, civil society, and international organizations, IOM promotes safe, orderly, and regular migration in line with international frameworks, including the Global Compact for Migration and the 2030 Agenda for Sustainable development.

Recognizing the critical role of SMEs in economic recovery and sustainable development, IOM, through the EDF, equips entrepreneurs, returnees, internally displaced persons (IDPs), and host communities with grants to rebuild their livelihoods and foster economic stability.

Entrepreneurs such as Randa Saad, who runs Sadiaa Hamza Bakery in Baghdad, Noor Ahmed, the founder of Whispers Salon, and Maythem Saad, who launched Berhyah, a date-selling enterprise, exemplify how targeted financial and technical support can transform lives.

These success stories unfold against a backdrop of immense challenges. Iraq's economic landscape has been deeply affected by conflict, demographic shifts, and forced displacement. As of 2023, approximately 1.1 million Iraqis remained internally displaced due to conflict, while another 236,000 people were displaced due to climate change impacts. Finding stable employment remains a challenge, particularly for returnees and IDPs. SMEs have the potential to drive local economies and serve as a crucial bridge for integration. However, significant barriers remain: limited access to finance, weak market linkages, infrastructure deficits, and restrictive regulatory frameworks. Women and youth, who make up a significant portion of the displaced population, face additional hurdles in accessing entrepreneurial opportunities. Through our strong partnership with the Government of Iraq and the relevant local communities, IOM has been addressing these challenges by incorporating innovative, data-driven, and inclusive solutions that respond to the needs of the most vulnerable.

Aligned with SDG 1 (End Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 10 (Reduced Inequalities), the EDF is transforming Iraq's entrepreneurial landscape. Rather than simply providing cash assistance, it delivers targeted financial grants to established businesses, enabling them to overcome financial barriers, expand operations, and generate employment for displaced individuals and host communities.

The EDF directly supports SMEs in high-demand sectors, strengthening local value chains and fostering industrial growth. By providing financial grants, business development services, and technical training, EDF reduces aid dependency and cultivates long-term economic resilience. Since its launch, EDF has achieved remarkable milestones:

- 7,000 businesses supported, contributing to sustainable economic growth.
- 13,891 new jobs created, improving livelihoods and reducing poverty.
- 16,555 existing jobs improved, ensuring decent work opportunities.
- $47.56 million in grants disbursed, enhancing financial accessibility.
- $23.65 million in matching contributions from SME owners secured, fostering economic independence.

In an era where migration continues to reshape global economies, IOM is at the forefront of sustainable solutions. EDF is not just about business development, it is about building resilient communities that thrive beyond displacement. We believe that supporting communities is the cornerstone of economic recovery, resilience, and sustainable development. SMEs are not just economic drivers, they provide individuals with the opportunity to generate income, develop skills, and employ others within their communities, creating a ripple effect of opportunity and stability.

By partnering with financial institutions, IOM can enhance financial inclusion and expand capital access for SMEs by integrating new modalities such as Sukuk financing – an ethical Islamic finance mechanism. Through strategic partnerships and sustained investment in these enterprises, we are not just rebuilding economies – we are strengthening the social fabric and laying the foundation for a future where no one is left behind.

UNSDG System-Wide Evaluation Office (SWEO): **Strengthening Accountability and Learning for Sustainable Development**

Andrea E. Cook
Executive Director UNSDG System-Wide Evaluation Office, United Nations

Established in October 2023, the UNSDG System-Wide Evaluation Office (SWEO) is now a central force for accountability and learning within the UN's development work. Under my leadership, SWEO provides independent evaluation evidence to drive transparency and accountability, promote collective learning, and assess the contribution of the United Nations to progress towards the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). To maintain impartiality, the SWEO operates as an independent entity within the United Nations Secretariat, reporting directly to the Secretary General.

System-wide evaluation is the systematic and impartial assessment of the collective development results and performance of the UN development system, specifically the combined contributions of United Nations entities to achieve goals and targets set out in the 2030 Agenda. It is a whole-of-UN approach with a focus on collective performance, results, and learning across the development system. The overarching purpose is to provide independent evaluation evidence to strengthen oversight, transparency, and accountability, and to incentivize joint work and collective learning among United Nations development system entities.

System-wide evaluation is a unique function which addresses a critical evidence gap by performing the systematic and impartial assessment of collective development results and performance that cannot be adequately addressed through existing accountability mechanisms.

At the SDG Summit, global leaders highlighted the urgent need for better access to trusted evidence to strengthen collective efforts to accelerate the achievement of the 2030 Agenda and the Sustainable Development Goals. The SWEO presents an opportunity to address this challenge by improving the availability of evaluation evidence across the UN system through a collaborative and partnership-based approach.

Our work so far

Evaluations completed by SWEO include the Evaluation of the Joint SDG Fund: 2019-2022 which highlighted the need for improved clarity in value proposition and synergy with other pooled funds . Reporting against the Fund's management response notes that all recommendations on governance, management and project design are now implemented including restructuring of the Steering Committee, a new multi-year strategy, and new funding tracks. The Evaluation of the United Nations Development System Socio-economic Response to COVID-19 captured lessons from the socio-economic response to the pandemic to enhance responses to future shocks and made recommendations to strengthen aspects of the Development system reform.

2024 has seen the completion of the evaluation of the Spotlight Initiative to eliminate violence against women and girls. The evaluation confirmed the effectiveness of this comprehensive, inter-agency model to end violence against women and girls It made recommendations to improve delivery of interventions and to harmonize business practices to deliver coherent, integrated support and maximize collective results to end violence against women and girls at the country and regional levels.

Beyond conducting system-wide evaluations, the SWEO plays an important role in facilitating the use of evaluation evidence produced across the UN system. It bridges the gap between the production of evaluation evidence at the entity level and its strategic use by the United Nations leadership and intergovernmental bodies. While around 1,000 evaluation reports are published annually across the UN system, their accessibility and usability for system-level decision making is limited.

In 2024, the SWEO launched a pilot system-wide initiative (with contributions from IFAD, UNDP, UNFPA, UNHCR, UNICEF, and WFP) to harness and utilize this extensive knowledge and evidence base leading to the first interactive digital mapping of UN system evaluation evidence. These mapping resources draw on 919 evaluations conducted by UN system entities between 2021 and 2024. Using a human-AI collaborative approach with a large language model, the pilot classified evaluations by evaluation type and by SDG and created abstracts to feed into the evaluation evidence maps, exploring the potential of AI for future UN evaluations. The initiative also produced evaluation evidence summaries providing insights on five priority topics to support intergovernmental processes: The resident coordinator system; UN development reform at the regional level; Food systems; Whole-system responses to complex challenges; Funding quality.

New System-Wide Evaluation Policy

A top priority for 2024 has been finalizing a the new UNSDG System-Wide Evaluation Policy which clarifies SWEO's role alongside other UNSDG evaluation offices. The policy was formally adopted in November 2024. It sets out the rationale, purpose, scope and definitions for system-wide evaluation and outlines guiding principles, evaluation procedures, mechanisms for maximizing use of evaluation evidence, and roles and responsibilities in system-wide evaluation at global, regional, and country levels.

What's on the horizon?

2024 has seen the launch of two new evaluations of the UN Disability Inclusion Strategy and of progress towards a new generation of UN Country Teams to assess country programme derivation from and alignment with Cooperation Frameworks to learn from the implementation of the first generation of Cooperation Frameworks. Future system-wide evaluations will be focused on how the UN development system supports achievements and results for the SDGs.

Towards Sustainable Healthcare in Uzbekistan: **Strengthening Cancer Care Through Collaboration**

3 GOOD HEALTH AND WELL-BEING | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES

Tim Lardner
UNOPS Regional Director for Europe and Central Asia

The IsDB and the United Nations Office for Project Services (UNOPS) share a common vision: to support countries in achieving sustainable development and improving people's lives. This shared commitment is evident in our collaborative efforts in Uzbekistan, where we have partnered with the Government to deliver **a major cancer care equipment initiative.**

Cancer remains a pressing public health challenge globally, and Uzbekistan is no exception. With approximately 25,000 new cancer cases diagnosed annually, the country faces a significant burden, disproportionately impacting women, who account for 58% of those affected. More than 100,000 cancer patients are currently registered in the country, with over half of those diagnosed at later stages. This highlights the critical need for enhanced oncology services.

In 2021, the Government of Uzbekistan and the IsDB signed a $80 million financing agreement to support the development of oncology services, with UNOPS serving as the primary project implementer. This marked UNOPS' first partnership with IsDB in Central Asia.

The project, spanning from 2022 to 2026, aims to enhance oncology services across 13 regions in Uzbekistan by procuring and installing advanced diagnostic, treatment, laboratory, radiological, and ICT equipment. However, this initiative is not just about providing new equipment — it is about building the foundation for a healthcare system that is more responsive, equitable, and sustainable. It will not only increase the capacity for oncology outpatient services by 40% and inpatient services by 20%, benefiting at least 150,000 cancer patients, but also enhance medical staff capacity and indirectly support families and communities.

The project also offered an opportunity to blend global expertise with local knowledge. UNOPS worked closely with local experts to develop equipment specifications that align with emerging treatment methods and modern healthcare standards tailored to local needs. This ensured the equitable healthcare infrastructure across the country, reducing regional disparities in medical services. This work aligns with the health reforms outlined in the "Uzbekistan-2030" Strategy, particularly its goals to reduce early cancer mortality, enhance early detection, and provide comprehensive treatment for at least 120,000 cancer patients nationwide.

While managing the procurement process, UNOPS engaged 39 suppliers from 19 countries, including eight local firms - two of which are women-owned. Notably, 29 of the 31 international suppliers appointed local representatives, further integrating the global supply chain with the local market. Suppliers reported that working with UNOPS enhanced their reputation, created new job opportunities, and improved logistical and operational capabilities for local workers.

This collaboration, involving various stakeholders, has brought the expected results. By 2024, 14 hospitals across Uzbekistan were equipped with 1,500 units of advanced medical equipment worth over $62 million, introducing cutting-edge technology previously unavailable in the country and rare in Central Asia. To maximise the effectiveness of the investment, UNOPS also prioritised knowledge transfer, training over 1,300 healthcare professionals to equip them with the skills necessary to operate and manage advanced medical technologies. This fosters continuous learning within Uzbekistan's healthcare system, ensuring long-term benefits from the modern equipment.

This initiative is also about breaking down barriers, particularly when it comes to gender. Recognizing the prevalence of breast, cervical, and colorectal cancers among Uzbek women, the project procured high-tech mammography screening equipment, advanced HPV testing tools and machines, and other medical devices, allowing 1.8 million women to be enrolled in breast and cervical cancer screening programmes. This will support improvement of early detection, precision in treatment, and address gender disparities in healthcare access.

The impact of this project extends far beyond healthcare facilities. It makes a real difference in the lives of people, contributing to national development goals and advancing the SDGs, specifically SDG 3 - Good health and well-being, SDG 9 - Industry, Innovation and Infrastructure, SDG 10 - Reduced Inequalities. It not only addresses immediate health needs but also supports long-term sustainable progress. By combining expertise and resources of the IsDB, UNOPS, and the Government of Uzbekistan, this initiative exemplifies the power of collaboration in achieving sustainable development. UNOPS is proud to stand alongside the IsDB as a long-term and committed partner in this mission to ensure that no one is left behind on the path to a better and more sustainable future.

Empowering the Next Generation: **Bridging the Gap for Youth in a Changing World**

Dr. Tamam Mango
CEO of the Crown Prince Foundation (CPF)

As we approach the 2025 IsDB Annual Meeting in Algeria, it is imperative for multilateral institutions to prioritize youth empowerment as a catalyst for sustainable development. With 1.8 billion young people worldwide, youth are central to achieving the Sustainable Development Goals (SDGs). However, millions of young people, particularly in low- and middle-income countries, continue to face barriers to education, employment, and entrepreneurship.

Youth as the Driving Force of Sustainable Development

The global youth unemployment rate stands at 13%, with significantly higher rates in OIC countries, reaching 28% in the Arab States, according to the International Labour Organization (ILO). Additionally, the SESRIC's OIC Labour Market Report 2023 highlights that 28.8% of youth in OIC member countries are neither in employment, education, nor training (NEET), compared to 23.2% in non-OIC developing countries and just 9.7% in developed nations. These figures underscore deep structural inequalities and the urgent need for targeted interventions that equip youth with skills, access to jobs, and entrepreneurship opportunities.

Recognizing this, IsDB has been at the forefront of driving youth-focused initiatives that enhance economic resilience and social inclusion. One such initiative is the Youth Leadership Project (YLP) in Jordan, a pilot initiative developed in partnership with the Crown Prince Foundation and the Ministry of Education. YLP serves as a model for empowering youth and fostering leadership, community engagement, and advocacy skills, which can be adapted and scaled across other IsDB member countries.

Youth Leadership Project (YLP): A Model for Sustainable Youth Empowerment

The YLP is designed to equip students (aged 16-18) with critical leadership, debate, and negotiation skills—competencies that strengthen their agency as active citizens, critical thinkers, and effective communicators. The program aligns with **SDGs 1 (No Poverty), 4 (Quality Education), 5 (Gender Equality), and 17 (Partnerships for the Goals)** and demonstrates how structured interventions can create tangible impact.

Building Social Support Systems through Volunteering (SDG 1)

Volunteering is a core pillar of YLP, providing youth with hands-on experience in community service while fostering social responsibility and teamwork. Participants engage in projects addressing poverty, education gaps, and gender inequality, working with NGOs, schools, and government agencies. These experiences enhance youth awareness and equip them with the skills to drive change within their communities, **bridging gaps in access to essential social services**.

Promoting Lifelong Learning and Gender Equality (SDGs 4 & 5)

YLP integrates debate and negotiation training into Jordan's School Leadership Program, enabling students to develop critical thinking, articulate ideas clearly, and engage in constructive discussions. Debate competitions and public speaking workshops strengthen their ability to analyze and address societal challenges.

The program also advances **gender equality (SDG 5)** by ensuring equal opportunities for young women and men to develop leadership skills. Many female participants have gained the confidence to advocate for change in their communities, breaking barriers to inclusion and strengthening women's participation in decision-making.

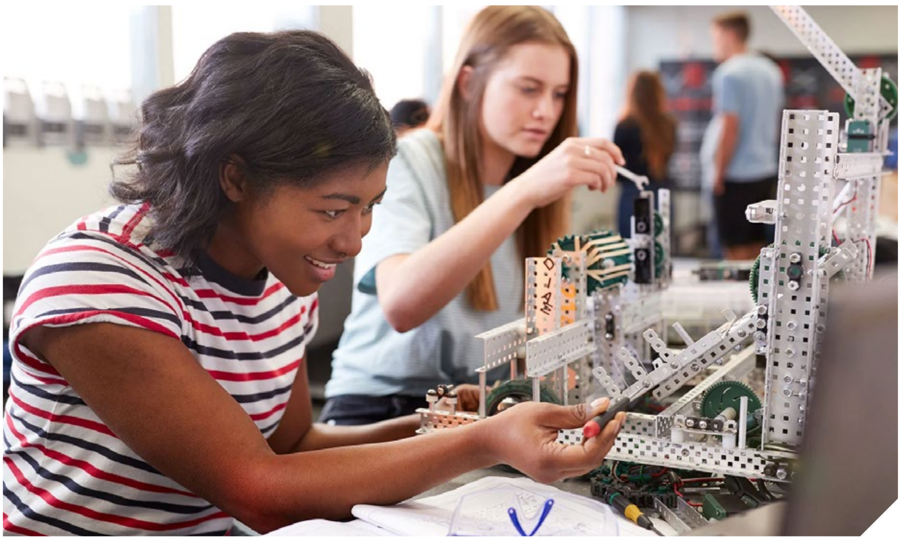
Strengthening Partnerships for Greater Impact (SDG 17)

The success of YLP is a result of the strategic collaboration between **IsDB, the Crown Prince Foundation, and the Ministry of Education in Jordan**. This partnership fosters a culture of collaboration, sustainability, and **scalable youth programs** that can be replicated in other member countries.

Scaling the YLP Model for Broader Impact

The YLP pilot demonstrates the power of structured youth leadership programs in addressing critical gaps in education, employment, and civic engagement. Moving forward, IsDB aims to expand similar initiatives across its member countries, ensuring that young people everywhere have access to the skills, networks, and opportunities they need to drive sustainable development and contribute meaningfully to their societies.

By integrating youth empowerment into broader economic and social policies, we can unlock the full potential of the next generation and build more resilient, inclusive, and sustainable economies across the IsDB network.



Mavalane Epidemic Center:
Mavalane Epidemic Center: How IsDB, UNDP, and Mozambique Joined Forces to Strengthen National Epidemic Response

Sergio Barros
Civil Engineer - Health Portfolio, UNDP

The COVID-19 pandemic has underscored the imperative to bolster preparedness and fortify responses against epidemic outbreaks worldwide. Over the past five years, threats from outbreaks—such as Ebola and monkeypox—have exacerbated the multifaceted vulnerabilities of emerging economies, such as Mozambique. The urgent need for reliable health infrastructure has exposed significant deficiencies within the national healthcare system. Recognizing these challenges, the Islamic Development Bank (IsDB), the United Nations Development Programme (UNDP), and the Government of Mozambique (GoM) joined forces to establish the Mavalane Epidemic Center, a state-of-the-art facility designed to bolster national epidemic response capabilities. The General Hospital of Mavalane in Maputo was selected as the site for this critical healthcare hub, strategically positioned to enhance access to quality medical services nationwide. The project focused on building a climate-resilient and energy-efficient facility, integrating advanced medical technologies and sustainable infrastructure. The Mavalane Epidemic Center was not only designed to address immediate public health crises, such as COVID-19, but also to enhance Mozambique's ability to respond effectively to future infectious disease outbreaks.

A Model for Climate-Resilient Healthcare Infrastructure in Mozambique

A defining feature of the center is sustainability. The facility is equipped with hybrid solar energy systems, backed by an uninterruptible power supply (UPS) system and a backup generator, ensuring continuous operations during emergencies. By reducing reliance on the national grid, these measures enhance energy efficiency while promoting environmental sustainability. Additionally, the construction incorporates climate-resilient materials, enabling the facility to withstand extreme weather conditions based on Eurocode 1.

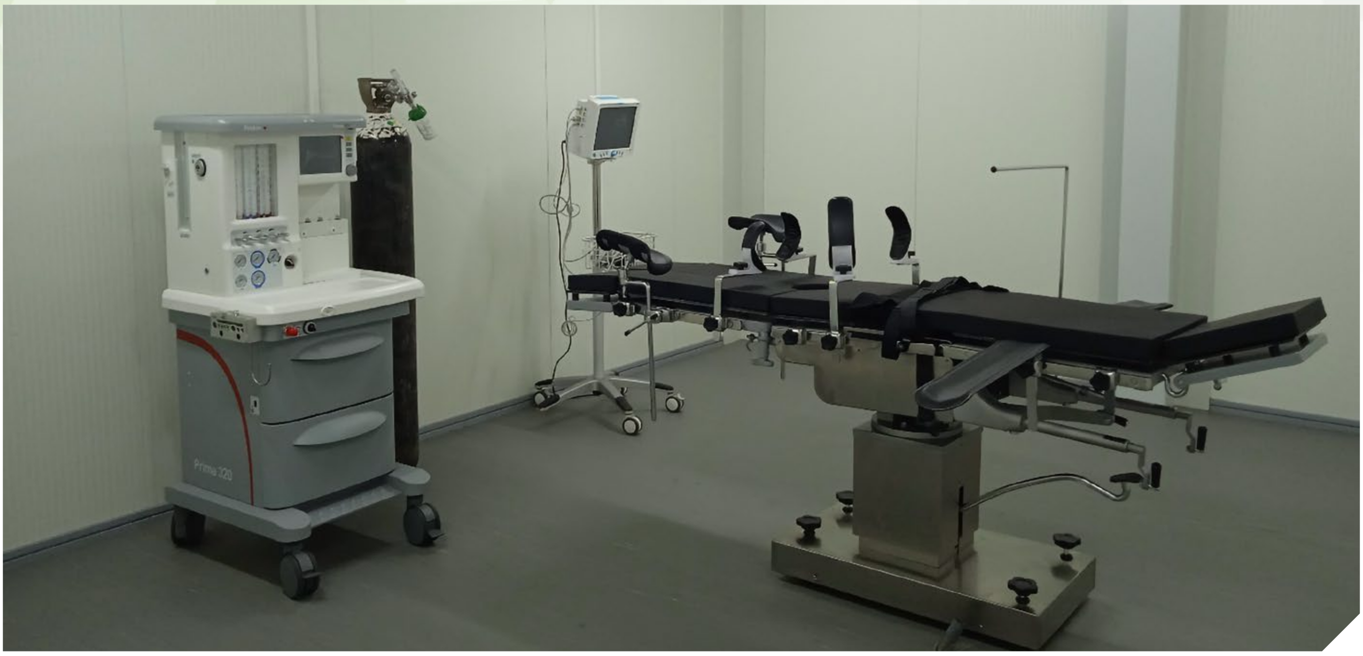
The center includes an advanced epidemic response ward with 87 beds, equipped with a digitalized nurse call system, the first of its kind in Mozambique, to facilitate real-time communication between patients and healthcare staff, enhancing safety.

"A defining feature of the center is sustainability. The facility is equipped with hybrid solar energy systems, backed by an uninterruptible power supply (UPS) system and a backup generator, ensuring continuous operations during emergencies. By reducing reliance on the national grid, these measures enhance energy efficiency while promoting environmental sustainability.

A key enhancement to the facility is the installation of a reticulated medical gases system, providing centralized access to Oxygen and other medical gases. This system ensures reliable respiratory support for patients, particularly those with severe respiratory conditions.

To maintain high sanitation standards, the facility has an in-house wastewater treatment and water recycling plant, along with antiseptic sanitary ware. These measures not only help prevent the spread of infections but also reduce operational costs by lowering water consumption by up to 28%. Furthermore, a waste management system ensures safe and environmentally friendly disposal of medical waste.

In addition to its epidemic response capacity, the Mavalane Epidemic Center incorporates a surgical block and medical support buildings to optimize healthcare service delivery. A morgue is also included,



ensuring dignified and secure handling of deceased patients during epidemic outbreaks. Security and accessibility have been considered, with the inclusion of a guardhouse, internal roadways, and a well-planned landscape featuring green spaces to create a healing environment for patients and staff alike.

Healthcare workers, including doctors and nurses, have been equipped with knowledge on managing infectious diseases, handling medical equipment, and operating the facility's energy-efficient systems. This focus on staff training ensures that the center remains fully operational and prepared to address future health crises.

Since its official handover to the Government of Mozambique in 2023, the Mavalane Epidemic Center has improved the country's ability to respond to epidemics and pandemics. By integrating sustainable energy solutions, climate-resilient infrastructure, and advanced medical technologies, the center stands as a model for healthcare development in Mozambique and beyond.

As stated by Dr. Maria Helena, from Mavalane Hospital and Epidemic Center, "As part of our commitment to providing humanized care for hospitalized patients, the new ward, with its modern infrastructure, has significantly improved the quality of care and comfort for patients. This ward offers a greater capacity in terms of beds and space, as well as an increased number of sanitary facilities, reducing patients' waiting times. Additionally, it is equipped with a centralized medical gas system, which enhances the treatment of patients with respiratory conditions—something that was not available in the previous ward. Furthermore, the inclusion of a nurse call system ensures timely and efficient patient care. This facility represents a major advancement for both the hospital and its patients."

Plans for the facility include the expansion of intensive care unit (ICU) services, the integration of smart healthcare technologies, and the additional medical training programs. A wellness center for long-term healthcare personnel and enhanced remote security access control are also under consideration. These improvements align with the broader One District, One Hospital initiative, which seeks to decentralize healthcare services and ensure comprehensive medical coverage across Mozambique.

Through the collaboration of IsDB, UNDP, and the GoM, this initiative underscores the power of strategic partnerships in driving meaningful and lasting progress in global health security.

SME Development and Entrepreneurship Ecosystem Building

Jussi Ojala
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SME-ecosystem development as key opportunity at the Fourth International Conference on Financing for Development

What can be achieved at the Fourth International Conference on Financing for Development (FfD4) in Sevilla, Spain, at the end of June 2025? The FfD4 has been described as the "last chance" to ensure that the SDGs will be met by 2030. Indeed, the expectations towards Sevilla are colossal: besides the renewed call for the developed countries to meet their ODA obligations, on the agenda is the future of the whole development finance architecture with a fairer share of power between developed and developing countries at the Bretton Woods institutions; International Tax Cooperation and pressure to address the high cost of debt for the developing countries. FfD4 should also be a milestone for solutions related to enhanced local revenue generation.

FfD4 takes place at a moment when global needs are reaching record highs. Not only has the price tag for achieving the SDGs soared to $4 trillion annually, and climate financing needs are rising rapidly, but the demand for humanitarian aid is also growing. According to VOICE, the largest humanitarian NGO network in Europe, the gap between humanitarian needs and available funding has more than tripled from $8.4 billion in 2016 to $26 billion in 2024. Compounding the challenge is the worrying global tendency to consider aid as an instrument to advance donor countries' national interests as opposed to aiming to address the root causes of poverty.

During the past two years, Finn Church Aid has stressed that at FfD4, addressing the "missing middle" SME's in the Least Developed Countries (LDCs) is among the greatest global opportunities for sustainable development. Together with partners such as the African Union Commission, UN Department of Economic and Social Affairs (DESA) and Ugandan Federation of SME's we have convened financiers, policymakers, SME's and the academic community to provide solutions to the missing middle. Suggested solutions include creating specific development finance mechanisms for SMEs, strengthening public sector procurement for SMEs, channeling dedicated support to women entrepreneurs in the SME-sector, leveraging big-small company linkages for SME-growth and enhancing technological and digital innovation for SMEs. In order for these solutions to be structural, we need to nurture SME-ecosystems that provide competitive edge to formal, transparent, responsible and export-oriented SME's, especially in the productive sector. Additionally, comprehensive support for SMEs must extend beyond financing to include technical assistance, market access, regulatory reforms, and business development services. SMEs and entrepreneurs require patient, long term support tailored to individual company needs while remaining scalable across the sector. The 'Leaving no one behind' principle demands we ensure the most vulnerable contexts aren't neglected as private sector actors embrace digital innovations and AI applications. With its dual mandate of supporting both LDCs and SMEs across member countries, the IsDB Group is well positioned to provide leadership in this critical domain -a role that many stakeholders eagerly anticipate the Bank will continue to strengthen.

The Sevilla deliberations should prioritize discussions around Islamic Finance as a key opportunity for SME development. Our experience with IsDB illustrates this potential. In 2018, FCA established FCA Investments (FCAI), with Finnish Government's support, to invest in sustainable SMEs. When expanding to Somalia, FCAI benefited significantly from the Islamic Development Bank Institute's expertise in Shariah-compliant finance. Such partnerships enhance both the quality and scale of development efforts across IsDB member countries, directly advancing SDG achievement through improved SME financing. Ultimately, FfD4's success hinges on embracing a win-win mentality -a political choice with practical implications for SDG achievement, particularly through effective public-private partnerships. We must accelerate development cooperation that builds sustainable local economies rather than perpetuates aid dependency. The IsDB Group, despite its core competence in this area, has significant untapped potential, especially in fragile states. Sevilla must resist becoming a zero-sum, "country-first" competition, and instead catalyze a renewed commitment to global solidarity.

Green and Sustainable Transport:
The Road to Economic Diversification, Inclusive Growth, and a Greener Future

Idrissa Dia
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Lead Global Transport Specialist/ Economist, Economic & Social Infrastructure Department, IsDB

Transport drives economic growth, enabling trade and connecting people. However, it is also a significant source of carbon emissions, accounting for nearly 25% of global CO_2 output. With growing urban populations and increasing demand for mobility, emissions are expected to rise by 50% by 2050, making sustainability an urgent necessity.

Around the world, cities are stepping up to the challenge—electrifying transit systems, rethinking urban mobility, and integrating smart technologies to cut emissions. From Sweden's electric highways to Singapore's AI-driven traffic control, the shift to green transport combines environmental responsibility with economic efficiency, innovation, and resilience.

Transport systems are fundamental to economic development, facilitating trade, connecting communities, and providing access to essential services. However, traditional transport models have often led to environmental degradation, urban congestion, and social inequities. The transition to sustainable and green mobility is essential to address these challenges and achieve key United Nations Sustainable Development Goals (SDGs), particularly:

SDG 9 (Industry, Innovation, and Infrastructure): Investing in modern, sustainable transport networks to support economic growth.

SDG 11 (Sustainable Cities and Communities): Promoting public transport, reducing urban congestion, and improving air quality.

SDG 13 (Climate Action): Reducing carbon emissions through energy-efficient and climate-resilient transport systems.

By integrating low-carbon transport infrastructure, climate adaptation strategies, and digital innovation, the Islamic Development Bank (IsDB) is shaping a sustainable and inclusive mobility ecosystem. Sustainable transport drives economic diversification and resilience, enhancing connectivity, trade competitiveness, and urban efficiency while reducing environmental costs and fossil fuel dependency.

IsDB has been prioritizing investments in sustainable transport to enhance access, efficiency, and safety. Approximately 30% of IsDB's operations portfolio is dedicated to the transport sector, supporting regional integration through cross-border and regional transportation projects.

Green Transport: A Catalyst for Economic Growth and Trade

Take Turkey's high-speed rail transformation supported by IsDB, for example. Since 2009, Turkey has expanded its railway infrastructure to over 2,000 km, with plans to double this by 2035. The Ankara-Istanbul corridor will slash travel time to 80 minutes, boosting trade and cutting CO_2 emissions.

Similarly, in Africa, IsDB-backed projects like Senegal's Dakar Regional Express Train and Egypt's Cairo Metro Expansion are improving urban mobility. These projects have reduced congestion and promoted low-carbon transit.

In rural areas, climate-resilient transport infrastructure is helping millions overcome mobility barriers. IsDB-supported projects have ensured year-round connectivity, trade, and sustainability.

The Future of Transport: Smart, Digital, and Clean

The future of transport is being shaped by digitalization, artificial intelligence (AI), and clean energy solutions. Innovations such as AI-driven traffic control, electric mobility, and next-generation transport technologies are transforming global mobility trends.

While hyperloop technology remains in early experimental stages, it represents a bold vision that could one day revolutionize travel.

Some Key advancements include:

- **AI-powered transport optimization**, reducing congestion by up to 20% in cities like Dubai, London, and Kuala Lumpur.
- **Vehicle-to-grid (V2G) technology**, enabling electric vehicles to store and return electricity to the grid, helping stabilize energy systems.
- **Hydrogen-powered and maglev trains**, redefining high-speed, low-emission intercity travel.

For IsDB Member Countries, adopting smart mobility solutions can help leapfrog traditional infrastructure gaps and support low-carbon, high-efficiency urban transit systems.

Key Challenges to Sustainable Transport

Despite its promise, sustainable transport faces several hurdles:

- **Infrastructure Gaps:** Many developing economies lack even basic transport infrastructure, making high-tech mobility a longer-term ambition.
- **Financing Constraints:** An Independent High-Level Expert Group on Climate Finance estimates that developing countries (excluding China) will require $575 billion annually by 2030 to meet their sustainable transport needs.
- **Policy & Regulatory Barriers:** Outdated regulations often limit private sector involvement and delay innovation in mobility systems.

Bridging the Gap: Financing Sustainable Transport

To address these barriers, IsDB is promoting innovative financing solutions, including:

- Public-Private Partnerships (PPPs): Attracting private capital for infrastructure investments.
- Carbon Credit Financing: Enabling governments to monetize emissions reductions and reinvest in transport systems.
- Islamic Finance Instruments: Sukuk bonds offer significant potential for financing green transport, though dedicated Sukuk for this sector remain a future opportunity.

Strengthening Partnerships for Impact

Collaborative action is essential. Strategic partnerships between multilateral development banks (MDBs), governments, and the private sector strengthen financing, promote knowledge exchange, and enhance the implementation of sustainable transport solutions.

A Call to Action

The shift to green and sustainable transport is no longer a distant goal—it is a present-day imperative. The choices we make today will shape the competitiveness of economies, the well-being of citizens, and the health of our planet. We must scale up investments, embrace innovation, and ensure that mobility is inclusive, efficient, and environmentally responsible.

The road ahead is green, innovative, and transformative. Together, we can drive sustainable progress for generations to come. The future of sustainable transport is here—let's drive it forward.

Who Owns Tomorrow? The Global South's Battle for Technological Sovereignty and Economic Transformation

Dr. Nabil Ghalleb
Director Regional Hub Dakar, IsDB

In a world increasingly governed by digital infrastructure, technological sovereignty has emerged as one of the defining issues of our time. For countries across the Global South, particularly those within the Islamic Development Bank (IsDB) membership, the question is no longer just about accessing technology—it is about owning the systems that shape economies, govern societies, and influence daily life. At stake is not only progress, but sovereignty, autonomy, and the ability to chart a development path rooted in local realities.

The imbalance is clear. Africa, home to over 1.4 billion people, hosts less than 1% of global data center capacity. Meanwhile, more than 70% of the world's cloud infrastructure is controlled by a handful of firms—all headquartered in the Global North. Amazon, Microsoft, and Google alone manage over two-thirds of this market. As these platforms consolidate control over the global digital backbone, most countries in the Global South find themselves dependent on external systems for storing data, running services, and conducting commerce.

But the gap is not only infrastructural—it is epistemic. Algorithms trained on data from vastly different contexts are now being used to decide who gets healthcare in Guinea, how students are assessed in The Gambia, and how farmers grow crops in Mali—highlighting a growing disconnect between technology and local realities. These tools, embedded with cultural and contextual assumptions from elsewhere, are shaping decisions in places they barely understand. Artificial intelligence (AI) is rapidly becoming integral to how development outcomes are delivered—from healthcare and education to agriculture and financial inclusion. Yet in 2023, over 70% of global private AI investment—amounting to $91.9 billion—was concentrated in just five countries

The result is a growing asymmetry of power: a world where data flows from South to North, where decisions are automated without local oversight, and where digital dependency threatens to replace the very sovereignty that development seeks to secure. Yet, the Global South is far from passive. In 2024, African startups raised $2.2 billion in venture funding. Nigeria, Kenya, Egypt, and South Africa accounted for over 80% of it. In Southeast Asia, Indonesia and Malaysia are building thriving Islamic fintech ecosystems, part of a broader digital economy projected to reach $306 billion by 2028.

However, innovation without infrastructure is inertia. Much of this entrepreneurial energy still relies on platforms that are owned, governed, and monetized elsewhere. True transformation means shifting from mere access to authorship, from digital dependency to digital agency, from consuming imported technologies to building sovereign, context-driven solutions.

This requires rethinking not only how the Global South engages with technology, but how it collaborates. The 54 African nations or the 57 IsDB member countries—home to over 1.8 billion people—represent an immense, untapped coalition. Yet intra-South trade accounts for just 25% of developing country trade, compared to over 60% within the European Union. This disparity reflects structural barriers, not a lack of capacity. The good news is: it can be reversed.

There are already signs of what's possible. India's Aadhaar program, with over 1.3 billion registered digital identities, has transformed service delivery across sectors. The Pan-African Payment and Settlement System (PAPSS) enables real-time cross-border payments in local currencies, reducing reliance on foreign intermediaries and cutting costs by up to 30%. These aren't just digital tools—they are instruments of sovereignty.

What if the Global South went further? What if Africa became the global hub for decentralized finance, leapfrogging legacy banking systems? What if Middle East and North Africa (MENA) led the next wave of climate-resilient digital agriculture? What if Southeast Asia exported fintech models rooted in ethics and inclusion? These are not speculative ideas—they are blueprints for a shared digital future.

To get there, values matter. Islamic principles such as Amana (trust), Mas'uliyyah (accountability), and 'Adl (justice) offer a meaningful framework for reimagining digital governance. In an era of algorithmic bias and surveillance capitalism, integrating these principles and values into how technologies are designed and deployed is not a luxury—it is a necessity.

This is not a call for isolation. It is a call for principled interdependence: a future where infrastructure is shared, standards are co-created, and digital systems reflect the voices and values of those they serve. Because to govern data is to govern the future. And that future must be built—not borrowed. It must carry the South's voice, assert its leadership, and honor its rights—grounded in its realities, and driven by its own aspirations.

The Role of Port Development in Enhancing Economic Diversification and Livelihoods: **Algeria's Path to SDGs**

Dr. Moataz Zawam
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Ports are pivotal in advancing economic diversification, trade, and sustainable development, particularly in the context of Algeria's Vision 2030 and the Sustainable Development Goals (SDGs). As Algeria seeks to reduce its dependency on hydrocarbons, strategic port development offers a pathway for industrial expansion, investment attraction, and employment generation. Drawing insights from successful international models, such as Oman's Duqm and Sohar Ports, this article explores the role of ports as catalysts for economic transformation. Key recommendations include investment in green port infrastructure, enhanced regional connectivity, and mobilization of Public-Private Partnerships (PPP) to support sustainable economic growth. By leveraging these strategies, Algeria can strengthen its position within the Mediterranean-Africa economic corridor, boost regional trade integration, and foster long-term economic resilience.

Ports as Catalyst for Economic Diversification

Ports drive economic diversification by enhancing trade, attracting investments, and supporting SDGs. Algeria, with its strategic Mediterranean location, can harness port development to transition from hydrocarbon dependency to a diversified economy.

Algeria's strategic Mediterranean coastline offers significant potential for regional trade facilitation, positioning the country as a critical node within the Mediterranean-Africa economic corridor. This article proposes targeted measures, including investment risk mitigation, regional connectivity enhancement, and green port infrastructure development, to advance economic diversification and improve livelihoods. These strategies align with the Islamic Development Bank Group (IsDBG)'s objectives, which focus on innovation, fostering regional economic integration, and promoting sustainable development. By doing so, they provide valuable, actionable insights for policymakers and development stakeholders.

Ports and Sustainable Development Goals

Modern ports contribute to SDGs by:

- Trade Growth: The development of export-oriented industrial zones (EOIZs) enhances Algeria's capacity to diversify its export portfolio, reducing reliance on raw material exports such as hydrocarbons.
- Investments Facilitation: Port expansions and improvements help Algeria to attract more Foreign Direct Investment (FDI) by enhancing Algeria's competitiveness in global trade.
- Job Creation: Ports create significant employment opportunities both directly and indirectly through increased economic activity.
- Environmental Sustainability: The integration of renewable energy technologies such as solar power, into port operations, combined with investments in liquefied natural gas (LNG) terminals, reduces the carbon footprint of maritime activities. This contributes to advancing green growth objectives.

ICIEC's Experience in Oman Ports:

The ICIEC has facilitated the development of port infrastructure in Oman, notably in Duqm and Sohar.

Sohar Port as a Model for Diversification

Sohar Port in Oman stands as a global benchmark for port-led economic diversification and sustainable development. Its success is rooted in a multi-faceted approach that integrates industrial growth, renewable energy, and strategic partnerships. Recent reports indicated that Sohar Port and Freezone have attracted over USD 30 billion in investments as of 2024, contributing more than 2.1% to Oman's GDP and generating nearly 36,000 direct and indirect jobs. Key achievements include:

- Establishment of a free zone, attracting more than USD 25 billion in industrial investments.
- Development of LNG terminals and adoption of solar energy, contributing to a 15% reduction in carbon emissions.
- Implementation of strategic PPPs, ensuring continuous port modernization and operational efficiency.

This model underscores the potential for Algeria to replicate similar strategies in its port sector to drive economic transformation.

Algeria's Port Sector: Unlocking Economic Potential

Algeria possesses the necessary resources to position its ports as regional economic hubs. To achieve this, the following measures are recommended:

Expansion of Free Zones: Enhancing port-based free zones to attract manufacturing and logistics sector investments.

Strengthening Regional Connectivity: Improving port linkages to the Mediterranean-Africa economic corridor and cross-border trade networks.

Adoption of Green Port Strategies: Investing in renewable energy infrastructure, LNG storage facilities, and carbon-neutral port operations.

Mobilization of Public-Private Partnerships (PPPs): Leveraging IsDB and ICIEC risk management instruments to de-risk infrastructure projects and promote private sector participation.

Conclusion

Algeria is heavily reliant on oil and gas exports, like many countries in the MENA region. Promoting export-oriented industrial zones is a key strategy for diversifying the Algerian economy, creating jobs, and achieving sustainable development goals.

Algeria can transform its ports into sustainable growth engines and catalyze economic diversification, SDGs achievement, and regional integration.

Strategic Actions for Sustainable Port Development

To ensure that Algeria's port development strategy effectively supports economic diversification and aligns with the Islamic Development Bank's (IsDB) Sustainable Development Goals (SDG) agenda, a comprehensive approach is required. This involves enhancing infrastructure efficiency, fostering investment opportunities, and integrating sustainability initiatives. The following policy measures should be prioritized to maximize economic benefits and reinforce Algeria's position as a regional trade hub:

- Enhancing PPP Frameworks: Establishing clear regulatory guidelines to facilitate private sector engagement in port infrastructure development.
- Expanding Investment Risk Mitigation: Increasing ICIEC's investment insurance collaboration to de-risk long-term infrastructure financing.
- Integrating Ports with Regional Economic Corridors: Strengthening multimodal connectivity through alignment with cross-border transport infrastructure projects (e.g., the Trans-Saharan Highway).
- Developing Innovation Hubs within Ports: Creating technology-driven economic clusters to foster port-sector competitiveness and digital transformation.
- Allocating 20% of Port Development Budgets to Renewable Energy Infrastructure: Committing to sustainability-focused investment strategies, ensuring that green energy solutions are integrated into future port expansion projects.
- By implementing these policy measures, Algeria can transform its port infrastructure into a key driver of economic diversification, strengthen its position in regional trade, and achieve long-term sustainable development goals.

Regional Integration and Cross-Border Connectivity for SDGs

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Regional integration and cross-border connectivity are key in accelerating progress toward the Sustainable Development Goals (SDGs) by fostering economic cooperation through trade and investment agreements, infrastructure projects, knowledge sharing, and policy coordination. Regional cooperation for better connectivity enables countries to collectively address regional and global challenges by strengthening cross border links to improve access to markets and resources thus improving sustainable and inclusive growth.

Cross-border connectivity, in terms of physical infrastructure and regulatory harmonization, is gaining traction in the policy practice of promoting regional integration in the developing world. Particularly, transport, information and communications technology (ICT), and energy sectors play a great role in connecting countries to enable the smooth flow of goods, services, data, and energy resources. If these sectors complement each other as part of a well-functioning connectivity environment, regions can transform into sustainable ecosystems by leveraging their economic complementarities.

The implementation of the SDGs requires more than the sum of national actions, as collective efforts and greater policy coordination and collaboration are needed at the regional level to complement the national level SDG implementation efforts. Therefore, partnership-making at all levels is of great significance for the SDGs implementation, along with sharing best practices and experience exchange.

Regional integration and cross-border connectivity strongly contribute to the achievement of all SDGs through a wide range of targets including elimination of poverty and hunger, improved access to health, education, and universal social protection, trade, connectivity, energy, technology, development financing, and environmental sustainability.

In terms of outcomes, cross-border infrastructure projects and regional trade agreements improve access to employment, while well-functioning regional markets contribute to reducing poverty. Regional food security initiatives and cross-border agricultural trade increase farmer incomes and food availability. Regional response contributes to healthcare access, and harmonized health policies help improve public health standards. Furthermore, cross-border digital learning platforms increase education access and regional labor market integration improves women's access to international markets. Cross-border water resource management ensures efficient and sustainable water access and regional water infrastructure projects improve sanitation and drinking water quality. Regional power grids improve energy efficiency while regional marine conservation agreements and fisheries management programs protect biodiversity. Furthermore, cross-border climate resilience programs can support disaster preparedness and regional carbon reduction initiatives can promote low-carbon economies.

To address its Member Countries' needs in promoting regional integration, the IsDB is operationalizing its Regional Cooperation and Integration (RCI) Strategy through offering a full package of support focusing on trade integration, investment promotion, and cross-border connectivity in a holistic way. Since its inception, the IsDB has supported various regional integration operations in the MENA, Sub-Saharan Africa, and Asia regions. As a successful initiative connecting North Africa and Sub-Saharan Africa, the IsDB has financed several road segments across the Trans-Saharan Road (TSR) corridor, which links Algeria, Chad, Mali, Niger, Nigeria, and Tunisia (three port countries and three landlocked ones). Furthermore, the Bank has also supported a recent project to promote the commercialization of the TSR corridor and its transformation towards an economic corridor by establishing a coordination mechanism.

At the global level, multilateral development banks (MDBs) are well-positioned to support developing countries to address their cross-border connectivity challenges, including those related to financing and regulatory arrangements, through policy advice, technical assistance and lending operations. For example, in the IsDB's "In Riyadh at Fifty Declaration", it is aimed to position the IsDB Group strategically within the South-South cooperation arena by consolidating its role in promoting regional integration, intra-regional investments, inter-trade, and exchange of developmental expertise and experience; developing regulatory and institutional environments; building capacities; and mobilizing the necessary partnerships. This means cross-border connectivity is considered a priority area of cooperation in the international development agenda, and realizing its full potential requires a comprehensive approach encompassing physical infrastructure, regulatory harmonization, and innovative financing.

School Feeding Programs (SFPs) in Sub-Saharan Africa: Evidence, Efficiency, and Policy Options



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In sub-Saharan Africa (SSA), where 23% of children face chronic hunger and 32 million primary-school-aged children remain out of school, School Feeding Programs (SFPs) have emerged as vital interventions to tackle education, nutrition gaps, and short-term child hunger. SFPs are crucial for addressing malnutrition and improving educational outcomes among children and are increasingly being prioritized by governments and international actors. Supported by randomized controlled trials (RCTs), SFPs have proven their effectiveness in school retention, and long-term socioeconomic outcomes, although their cost-effectiveness and implementation vary.[1]

To deliver impactful interventions at scale in education, the IsDB has traditionally provided school infrastructure, training and capacity building to strengthen education systems in their efforts to equip learners acquire skills and competencies for gainful productivity and to realize their full potential. The missing link for the achievement of the desired learning outcomes, however, has been the absence of direct investments in the learner's wellbeing. The condition of children is a significant determinant of learning outcomes. Healthy and well-nourished children learn better and have a greater opportunity to thrive and harness their potential. These investment in children wellbeing lays the foundation for acquiring improved physical capacity and higher cognitive skills later in life and directly contributes to boosting productivity, reducing poverty and contributing to overall human capital.[2]

Educational Impact: Enrollment, Attendance, and Gender Equity

SFPs play pivotal role in improving access to education. A study in Kenya revealed an 8% increase in attendance and a 30% in enrollment, with larger benefits for girls and food-insecure households. Systematic evidence reviews also link SFPs to consistent enrollment improvements among marginalized groups.

SFPs also contribute to gender equity. In Burkina Faso, girls receiving school meals were 10% more likely to complete primary education, partially, due to reduced reliance on child labor. However, evidence of academic performance is mixed. While some studies, such as an RCT in Ghana, report modest gains in math and literacy, others emphasized on complementing SFPs with other interventions.[3]

SFPs play pivotal role in improving access to education. A study in Kenya revealed an 8% increase in attendance and a 30% in enrollment, with larger benefits for girls and food-insecure households.

1. Vermeersch, C., & Kremer, M. (2005). School Meals, Educational Achievement, and School Competition: Evidence from a Randomized Evaluation. World Bank Policy Research Working Paper 3523. McEwan, P. J. (2013). The impact of school feeding programs on educational outcomes: Evidence from developing countries. Journal of Development Effectiveness, 5(3), 277–291. https://doi.org/10.1080/19439342.2013.807703
2. World Bank Group, World Development Report – The Changing Nature of Work, 2019.
3. Kazianga, H., de Walque, D., & Alderman, H. (2012). Educational and Health Impacts of Two School Feeding Schemes: Evidence from a Randomized Trial in Rural Burkina Faso. World Bank Policy Research Working Paper 4976.
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The IsDB and WFP signed a Framework Agreement establishing a financing mechanism for a human capital development initiative (HDCI), the "Nutritious Start" to address malnutrition in children through the first eight thousand days of their lives.

A cluster RCT in Senegal demonstrated that daily meals reduced anemia and stunting by 10% and 15% respectively. Impacts are amplified when paired with deworming and micronutrient fortification, aligning with WHO recommendations. Long-term studies highlight that SFPs participants earn 5–15% higher incomes as adults, emphasizing their role in fostering human capital development.[4]

Cost-Effectiveness and Implementation Models

The cost-effectiveness of SFPs depends on their design and context. In-school meals provide immediate nutritional benefits and foster social cohesion but are logistically complex. Food4Education[5] in Kenya has created a blueprint for an efficient, nutritious and affordable SFP that can operate at scale. The model has four layers – sourcing, storing, cooking, delivering – with a technology enabled wristbands that link to digital wallets to collect parental contribution, verify food delivery to children and store the data directly to an operations dashboard.

Take-Home Rations (THRs), tested in Malawi and Uganda, achieved similar attendance improvements at half the cost. Ghana's "Home-Grown" program reduced costs by 15–20% through local procurement, benefiting students and smallholder farmers. These approaches are endorsed by the G20 Global Alliance Against Hunger and Poverty for their dual focus on nutrition and economic resilience.

However, not all SFPs are cost-effective. According to a World Bank analysis, SFPs may cost $100–$150 per additional year of schooling in regions with low baseline enrollment—higher than alternatives like cash transfers.

IsDB-WFP Collaboration to Support SFPs in SSA

The IsDB and WFP signed a Framework Agreement establishing a financing mechanism for a human capital development initiative (HDCI), the "Nutritious Start" to address malnutrition in children through the first eight thousand days of their lives. The objective is to support the achievement of SDG 2 and contribute towards SDGs 1, 3 and 4.

By addressing malnutrition and expanding school meal programs, HCDI positions nutrition and education as critical driver for sustainable development thereby enabling holistic development to improve the quality of education.

Evidence shows that every $1 invested in early childhood nutrition yields up to $23 in economic returns, while SFPs generate between $7 and $35 per dollar. HCDI's strategic approach to funding enhances investments in education and nutrition, maximizing impact.

To sustain the initial catalytic support to governments, the initiative's strategies include the utilization of locally sourced foods and community engagement in SFPs to ensure well balanced meals with culturally acceptable menus. The initiative also encourages investments in school gardens and renewable energy sources for cooking to reduce environmental impact and enhance food security. Additionally, it supports institutional strengthening and capacity building for the formulation of effective policy frameworks that include leadership, public awareness, inter-sectoral collaboration and robust data collection, monitoring and evaluation.

The IsDB-WFP partnership around the HDCI initiative aligns with the G20 Global Alliance Against Hunger and Poverty which advocates for integrated, "nutrition-sensitive" strategies, emphasizing partnerships and data-driven approaches.

Policy Recommendations

Scouring the evidence on the effectiveness of SFPs programs, it is recommended that SFPs should: i) target deprived communities with high prevalence of undernourishment amongst children using geospatial data; ii) privilege optimal delivery models combining in-school meals with THR for cost efficiency; iii) leverage local systems and empower local actors through local procurement, which will enhance local production and empower small scale famers; iv) engage with the community to forge local cultural values integration; v) use adaptive results-based management systems based on real time data collection and agile delivery. Finally, it is important to develop context-specific strategies for the sustainability of SFPs in SSA, and by addressing operational, funding, and community involvement challenges, SFPs can be designed to provide long-term benefits and improve the health, nutrition, and education of school children in the region.

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4. Gelli, A., et al. (2016). School Feeding and Learning Achievement: Evidence from an RCT in Senegal. Food Policy, 61, 57-69.
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5. https://food4education.org/

Sustainability Strategies for Development Projects in IsDB Member Countries: A Pathway to Achieving SDGs

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Introduction

The Sustainable Development Goals (SDGs) represent a global commitment to sustainable development across economic, social, and environmental dimensions.

The Islamic Development Bank (IsDB) plays a crucial role in supporting its Member Countries (MCs) to overcome unique challenges to achieve these goals. Integrating sustainable practices into development projects is essential for driving economic growth, protecting the environment, and promoting social equity. Achieving the SDGs requires a strategic focus on project sustainability, including resource availability, institutional capacity, **organizational linkages, long-term strategies, and community engagement**. This article delves into the key elements that ensure the long-term success of sustainable development initiatives in IsDB MCs, highlighting success stories, lessons learned, and practical strategies that demonstrate the transformative potential of sustainable development.

What is project sustainability?

Project sustainability ensures development initiatives deliver lasting benefits without compromising future generations' needs. According to the Association for Project Management (APM, 2024) it balances environmental, social, and economic aspects to meet current stakeholder needs. Morfaw (2014) highlights that sustainability maintains benefits and impact over the long term. The World Bank (WB) and the United Nations Development Program (UNDP) define it as the capacity to sustain benefits and achieve objectives even after initial support ends. Key components include Economic Viability, **Environmental Soundness, Social and Cultural Acceptance, Institutional Stability, and Technical Feasibility**.

How can sustainability support achieving SDG in MCs?

Sustainability is key to achieving the SDGs in developing countries. Sustainable projects ensure long-term benefits, addressing immediate needs while securing future socioeconomic conditions (Sachs, 2015). **Environmentally sustainable initiatives** protect natural resources and reduce degradation, supporting SDG 13 (Climate Action), SDG 14 (Life Below Water) SDG 15 (Life on Land) (Morfaw, 2014). **Economically sustainable projects** foster stable opportunities and innovation, aligning with SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). Social **sustainability** promotes inclusivity and equity, aiding marginalized communities and contributing to SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-being), and SDG 4 (Quality Education) (APM, 2024).

Institutional sustainability strengthens local institutions and builds capacity, supporting SDG 16 (Peace, Justice, and Strong Institutions) and SDG 17 (Partnerships for the Goals). **Renewable energy projects** enhance energy accessibility and mitigate climate change, aligning with SDG 7 (Affordable and Clean Energy) (Razmjoo et al, 2020). **Involving local populations** in planning and execution promotes ownership and sustains initiatives, contributing to SDG 4 (Quality Education) (Leal Filho, et al., 2019). Integrating sustainability principles into development initiatives ensures lasting impacts, fostering a more equitable and sustainable future for IsDB MCs.

Core Project Sustainability Factors to Achieving SDGs in IsDB MCs

Sustainability in development projects is crucial for achieving environmental, social, and economic viability. According to Mensah (2019) sustainable development requires a multifaceted approach that considers historical contexts and equitable growth. Key factors influencing sustainability include resource availability, institutional capacity, community engagement, organizational linkages, and effective sustainability strategies.

Resource Availability: Sustained resources through profitable business models, government funding, and community contributions (USAID, 2016), and innovative financial mechanisms like crowdfunding and country-level Waqf funds, (IsDB, Lessons Learned from IEvD Evaluation, 2023) enhance the financial sustainability of development projects. These mechanisms complement traditional funding sources and provide tailored financing solutions for development goals (Stevens, 2017). For instance, agricultural projects can use profits from crop sales to sustain services (Smith, 2020).

Institutional Capacity: Building technical and managerial capacity ensures local institutions and beneficiaries can manage projects independently (Doe, 2021). For example, water committees need training to handle finances, and farmers require capacity building to negotiate contracts. Sustained capacity ensures that improved practices and behaviors introduced by the project continue to be applied (Adams, 2018).

Community Engagement: Early community involvement in project design facilitates smoother implementation (IsDB, Lessons Learned from IEvD Evaluation , 2023) This approach fosters a sense of ownership and long-term sustainability (Quinn, 2018) while enhancing motivation through both financial incentives and personal commitment (Taylor, 2017). In Mozambique, water management committees successfully maintained water points using voluntary contributions from end-beneficiaries (IsDB, 2023).

Organizational Linkages: Linkages, particularly vertical linkages between community-based organizations and existing institutions (governmental, non-governmental, or private sector) are vital for the sustainability of project benefits (USAID, 2016). These connections facilitate a continuous flow of resources, support, and training (Martin & Lee, 2016). In Indonesia, networks between communities, local government, and the private sector enhanced financial sustainability after external funding ceased (IsDB, 2016).

Sustainability Strategies (exit strategy): Practical sustainability plans and exit strategies from the onset empower community-based organizations for a transition to independent operations (IsDB, Lessons Learned from IEvD Evaluation, 2023). The Uzbekistan Rural Housing Project flourished after completion due to its exit strategy, transitioning government roles to facilitate private sector investment (IsDB, 2024).

Sustainability is a multifaceted challenge requiring a comprehensive approach that integrates resources, capacity building, community engagement, organizational linkages, and sustainable exit strategies. By addressing these critical elements, IsDB MCs can significantly enhance the sustainability of development projects, ensuring lasting benefits long after project completion. This commitment to sustainability is crucial for advancing the achievement of the SDGs in IsDB MCs.

Global Islamic Fund for Refugees: **Activating SDGs**

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Almost three years ago, in 2022, a first-of-its-kind initiative, the "Global Islamic Fund for Refugees" (GIFR) was launched through partnership between ISFD and UNHCR. The GIFR being an endowment-based financial solution serves as a sustainable resource that leverages Islamic social finance to address forced displacement crises. With an initial seed capital of $100 million from UNHCR and the Islamic Solidarity Fund for Development (ISFD), the fund aims to attract an additional $400 million from donors. Investment returns will support programmes for forcibly displaced people and host communities, funding education, livelihoods, healthcare, sanitation, shelter, and emergency response across the Islamic Development Bank member states. The rationale behind the creation of the GIFR was the overwhelmingly large number of forcibly displaced persons either hailing from, or residing in, member states of the Organization of Islamic Cooperation (OIC), amounting to almost half of all forcibly displaced persons on a global scale.

Since its launch in 2022, the GIFR has completed its documentation, held its first Founders Board meeting chaired by H.E. the Islamic Development Bank (IsDB) President and the High Commissioner of UNHCR, and became operational through holding its first steering committee meeting in January 2025 which approved its first funding to a project supporting Sudanese refugees residing in Chad, Egypt and Libya. With ISFD being the poverty alleviation arm of the Islamic Development Bank, ensuring that the GIFR's operations are in tandem with the Sustainable Development Goals (SDGs) is an integral consideration when designing and assessing projects proposed for GIFR funding. Of high relevance to the GIFR operations is the alignment with SDG 1 (No Poverty), SDG 3 (Good Health and Wellbeing), SDG 4 (Quality Education), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent work and Economic Growth), and SDG 17 (Partnerships for the Goals). These SDGs and more were among the driving factors defining the sectoral focus of the GIFR areas of operations.

The aforementioned pilot project approved for financing by the GIFR in effect focuses on a mélange of the sectors, aligning with several SGDs and leveraging multi-partner co-financing to achieve a high impact. Providing rapid-response healthcare services to meet the critical needs of Sudanese refugees in both urban and remote regions in Libya and Egypt, in addition to strengthening healthcare systems through training of health professionals and contributing to resilient healthcare systems and integration of mental health services support to persons with special needs. The education component in Egypt is to assist children to bridge and catch-up missed years through accelerated learning programs to help children integrate into the Egyptian school system while awaiting residency permits. In Chad, the project addresses the urgent needs of Sudanese refugees in eastern Chad through reinforcing the water systems through the digging of boreholes and setting up water distribution system in two refugee settlements.

The GIFR represents a successful operational example of the activation of Humanitarian-Development partnership in support of assisting the forcibly displaced while ensuring sustainability and alignment with the Sustainable Development Goals. Needless to say that the challenges of establishing a full-fledged partnership between two large institutions that have divergent operational mechanisms in the way they operate took patience, discourse and dedicated efforts from both sides. The effort was made gladly for the greater well-being of our brothers and sisters in all member countries. The GIFR is open for more partners to join its endeavor to improve the lives of the disadvantaged populations and those in need in OIC member countries.

Fostering Sustainable Economic Growth Through Integrated Crops and Livestock Development Initiative: **Lessons from the Kano State Agro-Pastoral Development Project**

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Introduction

Many economies, including Nigeria, struggle with overreliance on oil, making them vulnerable to external shocks. Agriculture offers a sustainable path to diversification, job creation, and food security, but unlocking its full potential requires smart investments and development initiatives.

The Islamic Development Bank (IsDB) champions sustainable agricultural development through innovative financing and partnerships. A standout example is the Kano State Agro-Pastoral Development Project (KSADP) in Nigeria, co-financed by the IsDB and the Lives and Livelihoods Fund (LLF).

Article Structure

This article explores the challenges of economic diversification, IsDB's role in sustainable agriculture, and the impact of the KSADP. It highlights key project achievements, lessons learned, and policy recommendations for scaling up similar initiatives.

Kano State Agro-Pastoral Development Project (KSADP): A Model for Sustainable Development

While IsDB's commitment to sustainable development spans multiple sectors, the agricultural transformation occurring in Kano State provides a particularly compelling example of how integrated approaches can drive economic diversification practices. Agriculture remains a dominant sector in Nigeria's economy, employing over 70% of the rural population (World Bank, 2022). However, the sector has historically been plagued by low productivity, poor infrastructure, and inadequate access to markets. KSADP seeks to address these challenges by integrating modern agricultural techniques with sustainable livestock management through providing access to inputs, value addition, and market access, extension services delivery, and capacity strengthening to improve productivity and economic returns for smallholder farmers and pastoralists.

Key Impact Areas of KSADP and SDGs Alignment:

The KSDAP's comprehensive approach has generated measurable impacts across several dimensions, each directly contributing to specific Sustainable Development Goals while collectively strengthening economic resilience.

Rural Road Constructed

1. **Infrastructure Development and Market Access (SDG 9 - Industry, Innovation, and Infrastructure):** The project has executed several civil works contracts, including the construction of rural roads, milk collection centers, slaughterhouses, storage facilities and aggregation centers which link farmers to major markets, reduce post-harvest losses and increase profitability. Improved infrastructure has directly contributed to economic diversification by enabling agribusinesses to scale operations, facilitating value chain development, and attracting private-sector investments in rural areas.
2. **Livestock Productivity and Food Security (SDG 2 - Zero Hunger, SDG 8 - Decent Work and Economic Growth):** By developing the 3,000-hectare Dan'soshiya grazing reserve and establishing veterinary clinics and livestock training centers, the project has enhanced animal production and health, leading to increased milk and meat production.

Slaughterhouse

Solar Irrigation pump used by a beneficiary

3. **Climate-Resilient Agricultural Practices (SDG 13 - Climate Action, SDG 12 - Responsible Consumption and Production):** The introduction of drought-resistant crops through the Sasakawa Africa Association and the Kano State Agricultural and Rural Development Agency, (KNARDA) and the development of the 1,000-hectare Watari Irrigation scheme has ensured adoption and use of sustainable and improved agronomic practices which has improved land use productivity while mitigating environmental degradation.
4. **Economic Inclusion and Gender Empowerment (SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth):** With the livestock fattening and reproduction schemes, 1,500 cattle were distributed to 750 livestock farmers, 11,370 goats were distributed to 2,573 livestock farmers and 6,250 rams to 12,000 beneficiaries. Additionally, more than 20,000 women and young entrepreneurs have received training and financial support to establish agribusiness ventures, thereby contributing to job creation and economic inclusion (KSADP Annual Report, 2023).

Lessons Learned and Best Practices

Beyond these impressive achievements, the KSADP experience offers valuable insights that can be adapted and applied across diverse contexts within IsDB member countries.

Some key lessons include:

- Integrated Approach to Development: Combining agriculture with livestock management proved to be more effective in achieving food security and economic resilience.
- Community Participation: Engaging local communities (farmer groups and pastoralists) in the planning and implementation of the project enhanced ownership and long-term sustainability.
- Infrastructure Development: Investing in infrastructure drives market access and sustains economic growth. The construction of roads, storage facilities, irrigation facilities and milk collection centers significantly reduced post-harvest losses and improved market linkages.

Action-Oriented Policy Framework

To replicate and scale up the success of KSADP in other IsDB member countries, the following policy actions are recommended:

1. Infrastructure Investment Strategy: Governments should prioritize investment in rural infrastructure, including roads, storage facilities, and irrigation systems, to enhance market access and reduce food waste.
2. Climate-smart Agriculture Policy Integration: National policies should promote sustainable land and water management practices to combat desertification and enhance resilience to climate change.
3. Islamic Microfinance for Inclusive Growth: Expanding access to Islamic microfinance and cooperative-based financing models can empower small-scale farmers and agri-entrepreneurs.
4. Technical Cooperation and Capacity Building: Encouraging exchanges between KSADP experts and policymakers from other IsDB member countries facing similar agricultural and economic challenges.

Conclusion: Pathway to Sustained Economic Diversification

By implementing these recommendations within a framework of regional cooperation, IsDB member countries can leverage agricultural transformation as a powerful driver of economic diversification and resilience.

Women receiving rice parboiling equipment

1 Kano State Agro-Pastoral Development Project (KSADP). (2023). Annual Project Report.

2 World Bank. (2022). Agricultural Sector Performance in Nigeria. World Bank Group.

IsDB Role in Advancing Sustainable Transport in Africa

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For nearly five decades, the IsDB has been transforming lives across Africa through better roads, railways and ports. Today, transport remains one of our most-in-demand investments and for good reasons. When people and goods move efficiently, economies flourish, and communities thrive. As African cities grow at unprecedented rates, the transport choices our Member Countries make today will shape life on the continent for generations. Reimagining transport in Africa: not just building roads, but creating systems that are cleaner, more accessible, and ready for tomorrow's challenges are critical.

The IsDB's Transport Sector Footprint

Since inception, the Bank has invested in over US$ 15 billion in the transport sector. The current active transport portfolio, representing nearly US$ 7.0 billion in sovereign approvals. The majority of these active and completed projects since inception are concentrated in three regions. East, West and Central Africa. Accounting for approximately 68% of the active transport portfolio and over 50% of total transport approvals. This concentration underscores the continued need and relevance of IsDB financing for Africa's transport sector past, present and future.

Challenges and Opportunities in Africa's Transport Sector

Africa's transport infrastructure remains underdeveloped relative to other regions, with many cities grappling with congestion, inadequate public transport, and deteriorating ports, roads, bridges, railroads and airport infrastructure. Heavy reliance on fossil fuels exacerbates air pollution and contributes significantly to climate change. With rapid urbanization and population growth, Africa stands at a pivotal moment in its development trajectory.

Figure 1: Public Ferry at Banjul Port, The Gambia (West Africa)

While these challenges are considerable, they also present unique opportunities to transition towards sustainable transport solutions. Investing in sustainable transport is no longer a choice — it is an urgent necessity. Failure to act now will result in severe economic, environmental, and social costs in the long run.

A Call for Sustainable Transport Investments

In rapidly growing cities like Abidjan, Dakar, Douala and Kampala, how we invest in transport systems today determines whether these cities become engines of opportunity or centers of inefficiency. When we invest in sustainable transport, we're not just meeting SDGs-we're building:

Figure 2: Informal Motorcycle Taxi Transport (Central Africa)

- **Healthier communities** with cleaner air More productive economies where business can flourish.
- **More inclusive cities** where opportunities are accessible to all
- **Climate-smart developmen**t that protects future generations

Currently, sustainable transport projects—including Bus Rapid Transit (BRT) systems, metro networks, light and heavy rail, maritime transport, and civil aviation—constitute only six (6) projects, accounting for about 14% of total sovereign transport financing. Of these, just three projects are in Africa. Meanwhile, road and highway projects make up the majority of the Bank's approved transport projects, suggesting a need to rebalance the portfolio towards more sustainable transport modes.

The Case for Increased Sustainable Transport Financing

- **Economic Benefits:** Sustainable transport investments serve as catalysts for economic growth by reducing travel time, lowering transportation costs, and improving access to markets and employment opportunities. For every dollar invested in public transport communities see approximately four dollars in economic returns. [2].
- **Environmental Benefits:** Prioritizing sustainable transport can significantly cut greenhouse gas emissions and reduce air pollution. A shift toward public transportation, walking, cycling, and electric vehicles (EVs) powered by renewable energy will further amplify these benefits [3].

Figure 3: Regional Express Train, Dakar Senegal (West Africa)

Figure 4: Informal Minibus Transport, Kampala, Uganda (East Africa)

- **Social Benefits:** Accessible and affordable transport systems improve mobility for all segments of society, including the elderly, people with disabilities, and low-income communities. Additionally, sustainable transport promotes healthier lifestyles by encouraging active mobility options such as walking and cycling.[2].

Investment Scenarios

- To understand the impact of different investment strategies, we can look at the following four scenarios.[2]:

- Business-as-Usual (BAU): Continued investment in car-centric infrastructure results in worsening congestion, increased emissions, and higher economic costs.
- Electrification: Transitioning to electric vehicles without shifting away from private car dependency yields moderate environmental benefits but does not address the need for sustainable urban mobility solutions
- High Shift: Prioritizing investments in public transport, walking, and cycling infrastructure leads to significant reductions in emissions, improved accessibility, and cost savings on infrastructure development
- High Shift + Electrification: Combining high-shift strategies with electrification provides the most comprehensive benefits, including rapid reductions in greenhouse gas emissions and enhanced urban mobility.

The Cost of Inaction

Delaying investments in sustainable transport will lead to exponentially rising costs in the future. Persistent congestion, declining air quality, and increasing emissions will escalate public health issues and economic losses. The longer sustainable solutions are postponed, the more expensive and complex the transition will become.

Recommendation: A Call to Action

The path to sustainable transport in Africa isn't complicated, but it does require decisive action:

- Shift our investment priorities: For every 10 transport projects IsDB funds, at least 3 should focus on sustainable options by 2030.
- Unlocking Public-Private Partnership (PPP) opportunities: The IsDB has been unable to unlock the private sector to advance Public Transport and Transit-Oriented Development (TOD) particularly in Africa. With the proper risk mitigation measures we can build systems that are both profitable and sustainable that benefit all stakeholders.
- Establishing a dedicated working group: Within the Bank to integrate expertise from Global Practices, Country Programs, Resource Mobilization, and Innovative Financing to accelerate sustainable transport opportunities.

While road and highway infrastructure will remain an essential component of the Bank's transport sector investments, the urgency for more sustainable and diversified transport /mobility solutions cannot be overstated. The time to act is now. Our Member Countries in Africa are already experiencing the challenges of unmanaged urbanization, declining air quality, and climate change. By reimagining our investments, we can reshape the future of transport. IsDB can help pave the way for a more sustainable and prosperous transport future.

The Potential Role of IsDBG to Promote Economic and Social Inclusion in Syria

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Before the civil war, Syria had a mixed economy with state-owned and private enterprises. While there were efforts to promote economic inclusion, the benefits were not evenly distributed, and many Syrians faced financial challenges. The social support systems, mainly in the rural areas, were phased out, leading to more economic disparities, and unemployment and poverty remained significant issues, especially among the youth and rural people. These challenges have been even more complicated due to the outbreak of the civil war in 2011, which has had profound and far-reaching impacts on the country. The war has not only devastated the country but also had significant geopolitical implications, affecting regional stability and international relations. Therefore, the end of the civil war in Syria has indeed highlighted the urgent need for economic and social inclusion to rebuild the country and support its people. Although the road to recovery will be long, Syria can rebuild and thrive again with the support and proper strategies of multilateral institutions like the IsDB.

Syria's Need for Economic Inclusion

Economic inclusivity is critical for fostering sustainable growth and development. It ensures that all members of society have access to economic opportunities, resources, and benefits. The IsDBG, in cooperation with other partners in the field, can play a vital role in promoting financial inclusion in Syria.[1] Since local enterprises play a crucial role in the economy, supporting Small and Medium Enterprises (SMEs) can help create jobs and stimulate economic growth. In addition, the country needs more help to ensure that all Syrians have access to banking, credit, and other financial services, which is also essential for economic recovery. Finally, lifting the sanctions and encouraging foreign investment can bring much-needed capital and expertise to help rebuild the economy.

Syria's Need for Social Inclusion

Social inclusion is crucial to building a more equitable and cohesive society. It refers to the efforts to ensure that all individuals, regardless of their background, identity, or circumstances, have equal opportunities to participate in and contribute to all areas of life. This includes education, training, social services, employment, and healthcare access. Providing access to education and vocational training can help individuals gain the skills needed for employment and economic participation. Moreover, rebuilding the healthcare system and ensuring access to medical services are crucial for the population's well-being.[2]. In addition, strengthening social services, including support for displaced populations and vulnerable groups, is essential for Syrian social cohesion. Therefore, social inclusion aims to break down barriers that prevent people from fully engaging in society, such as discrimination, economic disparity, and social stigmas.

Economic and Social Inclusion in Syria

The Islamic Development Bank Group (IsDBG) significantly promotes economic and social inclusion through various initiatives and programs. Economic Empowerment is one of the essential components of IsDBG programs that can be extended to Syria.[3] Such programs focus on expanding the assets and capabilities of disadvantaged populations to participate in the economic cycle. This includes providing access to well-designed project opportunities, affordable infrastructure, and appropriate funding. The youth development program is another critical IsDBG initiative that helps youth participation in inclusive development. Through these programs, such as the Vocational Literacy Programme (VOLIP), Microfinance Support Programme (MFSP), and Youth Employment Support (YES), IsDB aims to create jobs, address skill mismatches, and facilitate access to finance and entrepreneurship, which are highly recommended for Syria.[4]. The long civil war has brought about the issue of gender inequality; hence, there is a need to address the issue of women's empowerment. IsDBG also empowers women by providing them with education, employment, and entrepreneurship opportunities. This helps to break down gender barriers and promote gender equality in society. The IsDB needs to adopt a partnership and collaboration strategy to meet Syria's economic and social inclusion. In this regard, IsDBG could work with partners and multilateral development institutions to establish cooperation and knowledge-sharing platforms. This collaborative approach helps to address common challenges and promote inclusive development in Syria.

Conclusion

The Syrian war has devastated the country and has significant geopolitical implications, affecting regional stability and international relations. This severe impact has highlighted the urgent need for multilateral intervention to rebuild the country's inclusive economic and social inclusion. Focusing on financial empowerment, youth development, women's empowerment, partnerships, and collaboration, IsDBG can promote economic and social inclusion and create a more inclusive and equitable society where everyone can thrive. Lastly, these interventions could help Syria to achieve four main SDGs: poverty alleviation (Goal 1), Gender Equality (Goal 5), sustainable, inclusive and economic growth (Goal 8), and empowerment and promotion of social inclusion (Goal 10).

1. https://data.unhcr.org/en/documents/details/100990
2. https://www.msn.com/en-in/lifestyle/whats-hot/protection-for-women-and-children-in-syria-a-path-to-inclusive-recovery/ar-AA1xHrHi
3. Economic Empowerment an IsDB Innovative Approach for Poverty Alleviation and Sustainable Development, PDF (www.isdb.org)
4. https://www.isdb.org/youth-development

Insights from Country Engagement: IsDB Group's Role in Egypt's Economic Growth and Sustainable Development

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Egypt has placed a strong emphasis on sustainable development, as outlined in its Vision 2030. The country has made significant progress toward achieving this objective. This article highlights key findings from the Country Engagement Evaluation (CEE) of the IsDB Group in the Arab Republic of Egypt, conducted by the Independent Evaluation Department (IEvD) of the Islamic Development Bank (IsDB), covering the 2013-2022 period.

From 2013 to 2019, the Bank Group's interventions primarily proceeded without a written and validated Member Country Partnership Strategy (MCPS). The first MCPS introduced was toward the end of this CEE period (2019-2021). The next IsDB Group MCPS for Egypt is due soon, making this evaluation relevant and timely. During the years 2013 to 2022, the IsDB Group approved approximately USD 22.3 billion in total financing for projects in Egypt. For instance, the International Islamic Trade Finance Corporation (ITFC) approved projects worth USD 12.78 billion. ITFC's funding for Egypt was critical for importing essential commodities during the COVID-19 pandemic and the Ukraine-Russia crisis. It also fully supported the needs of the Egyptian General Petroleum Corporation (EGPC) for oil imports. Similarly, The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) facilitated insurance coverage for trade and investment transactions with a total value of USD 6.66 billion for critical sectors such as oil and gas, electricity, and petrochemicals.

IsDB Group entities, including the Islamic Corporation for the Development of the Private Sector (ICD), the Islamic Solidarity Fund for Development (ISFD), and the Islamic Development Bank Institute (IsDBI), are actively driving development through diverse means and financial instruments, including direct financing, equity investments, grants, and specialized training, focusing on pivotal sectors such as renewable energy, agri-food, healthcare, and infrastructure. These efforts aim to foster sustainable economic growth and address critical development needs within IsDB Group's member countries.

IsDB's USD 2.7 billion investment in Egypt has driven substantial progress in agriculture, health, energy, and education, improving livelihoods and infrastructure. In agriculture, IsDB financing facilitated an innovative subsurface drainage project that reduced soil salinity and benefited 94,000 farming families across 80,560 feddans (about 33,835 hectares). This improved agricultural productivity and strengthened food security. In the health sector, IsDB's support for Avian Influenza vaccine production aims to manufacture 1.4 billion vaccine doses annually, meeting 90% of Egypt's poultry farm vaccine requirements and positioning the country as a regional hub for Avian Influenza vaccine production. IsDB's projects have also resulted in increased energy generation and access to vocational training, while creating jobs and directly benefiting 300,000 individual beneficiaries who have benefited from the Group's financial interventions through its collaboration with the Micro, Small and Medium Enterprise Development Agency (MSMEDA), leading to the creation of more than 20,000 jobs.

The IsDB Group has made a significant contribution to Egypt's development and demonstrated resilience through project adjustments in the face of economic challenges, but future success hinges on enhanced partnerships and expanded concessional financing. While notable progress has been made, the Group must prioritize collaborative efforts and innovative financing strategies to further amplify its development impact in Egypt. The IsDB Group's financing has significantly contributed to Egypt's alignment with the Sustainable Development Goals (SDGs) and strengthened the country's position in this regard. Egypt continues to be committed to the SDGs and has aligned its national vision, programs, plans and interventions with them. With three Voluntary National Reviews (VNRs), Egypt actively contributes to the collective global development action. Both the Country's Vision 2030 and climate change strategy 2050, as well as other related national development frameworks are fully aligned with the global goals.

A renewed IsDB Group partnership strategy for Egypt, in the form of a Country Engagement Framework/MCPS, should emphasize regional projects and strong partnerships to maximize effective future cooperation, which will require robust implementation support and capacity building. To support Egypt's Vision 2030, the IsDB Group must prioritize investments in infrastructure, financial inclusion, and human capital to effectively promote economic diversification and sustainable development.

Leapfrogging Industrial Policy for Economic Diversification

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Many IsDB member countries exhibit economic dependence on a limited number of sectors, with non-oil exporters relying on agriculture or services, while oil exporters depend heavily on oil revenues for economic activities. Achieving economic diversification is essential for sustainable development, as it fosters resilience against economic volatility and reduces over-reliance on a single sector. Economic diversification, which involves the expansion and balanced development of multiple economic sectors, serves as a fundamental pillar of long-term economic sustainability.

To this end, member countries should prioritize well-structured, long-term oriented, and strategically implemented industrial policies, as they are critical to driving economic diversification and ensuring sustainable growth. One effective strategy within industrial policy **is leapfrogging industrial policy**, which enables countries to bypass traditional stages of industrial development by adopting advanced technologies, innovative business models, and high-value-added sectors. By leveraging leapfrogging strategies, member countries can accelerate economic diversification, enhance productivity, build resilience and position themselves competitively in the global economy.

Leapfrogging Industrial Policy

Industrial policy refers to government actions designed to improve the business environment and guide economic activity toward key industries, technologies, or sectors that can boost growth and societal well-being. It involves various tools such as subsidies, tax breaks, low-interest loans, and public investments, and can be carried out by national or local governments, development banks, or investment agencies. The goal is to strengthen existing industries or develop new ones to create jobs, increase exports, and drive long-term economic growth (Bulfone, 2023).[1] Effective industrial policy should emphasize technology adoption, competition, and transparency while avoiding trade restrictions, applying a flexible, evidence-based approach alongside investments in markets, human capital, and infrastructure (Ohnsorge, Raiser, and Xie, 2024).[2]

In the conduct of industrial policy, the traditional approach of governments selecting industries and providing subsidies from the top down is being replaced by a more flexible strategy that encourages ongoing collaboration between the public and private sectors. Rather than rigid plans, policies now evolve based on real-world outcomes (Aiginger and Rodrik, 2020)[3]. Another major shift is the need to guide technological change, ensuring that innovation supports sustainable, inclusive, and environmentally friendly development rather than just prioritizing efficiency and cost-cutting.

Due to shifting economic dynamics, a leapfrogging industrial strategy—where emerging market and developing economies (EMDEs) bypass traditional industrial stages by adopting advanced technologies and innovative business models—is crucial for economic diversification, global competitiveness, and resilient sector development. This approach, exemplified by countries like Japan, South Korea, and China, can accelerate progress toward Sustainable Development Goal (SDG) 9 (industry, innovation, and infrastructure), which in turn facilitates the achievement of other SDGs.

It should also be noted that EMDEs cannot rely solely on new technologies to bypass essential infrastructure, social institutions, and human capital investments needed for sustainable growth. While technological innovations offer benefits, they cannot replace core infrastructure such as electricity, roads, education, and public health systems. Similarly, technology should address existing development gaps rather than being applied without considering local needs and constraints (Yayboke, Crumpler, and Carter, 2020).[4]

Policy Recommendations on Industrial Strategies and Policies for IsDB Member Countries

- Design tailored industrial policies that are context-specific based on each country's unique economic structure, technological capabilities, and institutional environment.
- Invest in infrastructure and human capital development to build a productive and resilient labor force.
- Facilitate access to long-term and affordable financing to support industrial innovation and business expansion.
- Foster technological upgrading, leapfrogging, and promote technology transfer to strengthen domestic firm capabilities.
- Strengthen institutional, governance frameworks and foster public-private collaboration.
- Leverage Multilateral Development Banks (MDBs) to engage in capacity-building initiatives, policy advisory, private sector development and technology transfer programs, and sustainable, resilient infrastructure investment.

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Indonesia's Human Capital Transformation and IsDB's Strategic Support

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Human capital is the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social, and economic well-being.[1] Countries that invest in human capital experience higher economic growth, reduced poverty, and greater social cohesion and resilience. In spite of varying estimates regarding the impact of human capital investment on economic growth based on country, methodology, and specific type of investment (e.g., education, health), on average, a 1% increase in human capital investment can be assumed to boost GDP growth by 0.37% annually.[2] For developing countries, such as Indonesia, where the level of human capital stock is lower, the returns to investment are likely even higher due to diminishing marginal returns, meaning that each additional unit of investment yields greater relative gains compared to countries with already high human capital accumulation.

In Indonesia, human capital development is critical to unlocking the potential of its young and growing population. With over 270 million people and a median age of 29.7 years, Indonesia has a demographic dividend that, if harnessed effectively, can drive sustainable development. However, this requires significant investments in education, healthcare, and skills development to ensure that the population is healthy, educated, and productive.

Despite progress, Indonesia's human development indicators reveal areas for further improvement. According to the 2023 Human Development Index (HDI) by UNDP, Indonesia ranks 114th out of 191 countries, with an HDI score of 0.705 (medium human development category). While this reflects improvements in life expectancy, education, and income, it also highlights persistent challenges:

- Education: Indonesia's mean years of schooling stand at 8.2 years, below the global average of 8.8 years and the OECD average of 12 years. Additionally, learning outcomes remain uneven, with rural areas lagging behind urban.
- Healthcare: Life expectancy in Indonesia is 71.7 years, lower than the global average of 73.4 years and the OECD average of 80 years. Access to quality healthcare remains a challenge, particularly in remote regions.
- Skills Mismatch: The labor market faces a mismatch between the skills of graduates and industry needs, hindering productivity and economic growth.

IsDB's Contribution to human capital development: Building Foundations for the Future

The Islamic Development Bank (IsDB) has been a key partner in Indonesia's human capital transformation, driven by its mission to promote comprehensive human development. Through a USD 1 billion investment over 50 years, IsDB has supported the construction and development of 30 universities across Indonesia. These institutions have played a transformative role in expanding access to higher education and fostering innovation with some key achievements such as:

- Enabling more than five hundred thousand students, particularly from underserved regions, access to higher education.
- Enhancing Quality through modern facilities, research centers, and partnerships with international institutions, to better -prepare the students for the job market.
- Promoting Research and Innovation in critical areas such as renewable energy, digital technology, and sustainable agriculture, aligning with Indonesia's development priorities.

Whilst education remains a priority, the COVID-19 pandemic exposed critical gaps in Indonesia's health system. The pandemic strained healthcare infrastructure, highlighted inequities in access, and underscored the need for resilient health systems as a matter of not only health but also sustainable economies.

In response, IsDB has shifted its focus to strengthening Indonesia's healthcare sector through improving access to and quality of health infrastructure with emphasis on reducing health inequities.

This has resulted in development of three high ticket health projects valued at USD 1.35 billion, focusing on strengthening the national referral hospitals, provision of essential medical equipment, prioritizing rural and eastern Indonesia. These initiatives not only increase access to healthcare but also improve health equity as well.

The most recent of these 3 projects, SIHREN, is part of the USD 4 Billion Health System Strengthening (HSS) Program jointly developed by four leading MDBs: IsDB, World Bank (WB), Asian Development Bank (ADB), and Asian Infrastructure Investment Bank (AIIB). With IsDB's financing contribution of USD 850 million, SIHREN represents a pivotal step in Indonesia's quest to achieve its health transformation agenda, marking the largest joint initiative to-date.

These investments have laid a strong foundation for Indonesia's human capital development, empowering a new generation of healthy, well trained, skilled professionals and innovators. IsDB will continue to serve as a dedicated development partner in Indonesia's Golden Indonesia 2045 Vision[3] to unlock the full potential of its demographic dividend and achieve its vision of a prosperous, equitable, and sustainable future.

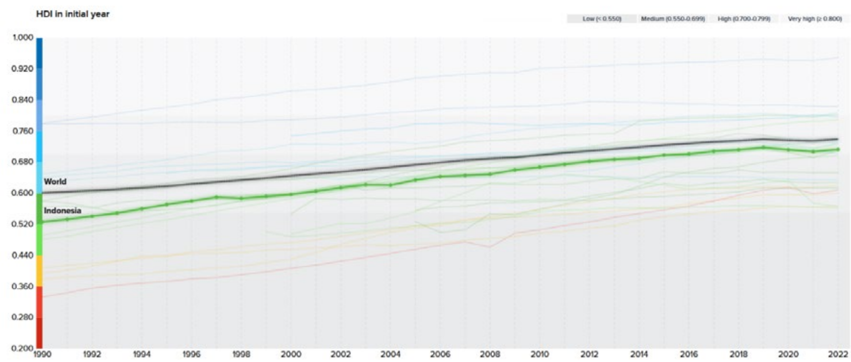

Figure : Human Development Index (HDI) 1990 to 2022(*) (**)

(*) Retrieved from UNDP HDI web site and database, url : https://hdr.undp.org/data-center/human-development-index#/indicies/HDI, access date: Feb 7,2025

(**) The shaded and lightly colored lines represent the Southeast Asian countries, the highest being the Singapore.

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2. World Bank Human Capital Project , https://www.worldbank.org/en/publication/human-capital.
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Opening New Windows for Bangladesh Housing Finance for a Sustainable Future

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Adequate housing is not just a roof over one's head; it is a fundamental human right that is essential for the dignity, health and well-being of individuals and communities. Ensuring access to safe, affordable, and sustainable housing is a critical component of achieving the Sustainable Development Goals (SDGs).

Housing plays an integral role in the global development framework, and this is evident by the inextricable link between the 17 SDGs and the provision of adequate housing. A close examination of the SDGs shows that adequate housing is either integrated into most of the goals or directly or indirectly contributes towards achieving many of them. Therefore, developing the housing sector has a catalytic development effect, enabling Governments to deliver at scale across various development outcomes and leading to transformative impact on broad economic and social development dimensions like eradicating poverty and hunger, improved health, education and general social well-being and building resilient communities where people can thrive.

Adequate housing is recognized as part of the rights to an adequate standard of living in the 1948 Universal Declaration of Human Rights and the 1966 International Covenants on Economic, Social and Cultural Rights. In spite of this global and national attention, the United Nations Sustainable Development Report 2024 highlights a deepening global slum crisis that requires urgent action on housing, transportation and services.

Insights from Bangladesh Housing Sector:

Bangladesh is experiencing population growth and rapid urbanization, and an expanding middle class. The country aspires to become an upper-middle-income country by 2031 and a high-income country by 2041. There is a growing demand among young professionals and migrant workers who are eager to own a house in Bangladesh. However, this demand for housing is affected by the availability and affordability of mortgages. From the supply side, the housing deficit is caused due to the scarcity of suitable land as a result of high population density and severe vulnerability to climate change, as most of the country is located in low-lying flood plains. In addition, the limited housing stock can be attributed to the small and highly segmented housing finance sector, which is characterized by relatively high markup rates and insufficient lending terms, limited funds from public budgets and financial institutions, thus inaccessible for most low- and middle-income earners.

Bangladesh - Rural and Peri-Urban Housing Finance Project Phase 1 and 2:

IsDB has opened new windows for Housing Finance in Bangladesh to facilitate a sustainable future for Bangladeshis. In July 2017, the Bank's Board of Executive Directors approved Eur. 94.44 million for the Rural and Peri-Urban Housing Finance Project, which was successfully completed in February 2023, and followed by the approval of Eur. 270.57 million in May 2023 for the second phase of the Project, bringing IsDB total approved support to Bangladesh housing sector to Eur. 365 million. Building on the success of the first phase that provided financing for construction of 1,161 multistorey houses and provided adequate shelter for 64,290 Bangladeshis, the second phase aims to finance construction of 1,989 sustainable multistorey houses in rural and peri-urban areas of the country, providing improved basic facilities such as water supply, sanitation and electricity to 70,632 Bangladeshis from the underserved low- and middle-income segment of the population. To address climate vulnerabilities in Bangladesh, the project has incorporated both adaptation and mitigation measures through the provision of climate resilient houses in disaster-prone areas and eco-friendly houses with low GHG emissions in urban areas that characteristically have a higher carbon footprint. The construction of 3,150 buildings will aggregate scattered dwellers under common multistorey buildings, hence preserving approximately 225 hectares of land.

The IsDB programmatic intervention into Bangladesh's housing finance aligns with the Government of Bangladesh efforts towards achieving Sustainable Development Goal 11.1 (Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums) and further delivers on other SDGs as shown below:

By focusing on the low- and middle-income groups, IsDB financing is transforming the lives of an underserved segments in Bangladesh, making homeownership a reality for many who previously thought it unattainable.

In conclusion, the transformative impact of the program underscores the importance of continued investment in Bangladesh housing sector to pave the way for a brighter, more inclusive future for all Bangladeshis.

Egypt's Green Economy Transformation: Unlocking Sustainable Growth Through Islamic Finance and IsDB Engagement

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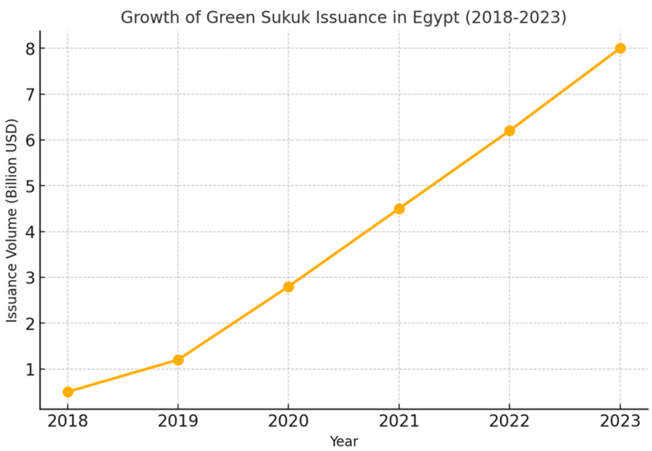
Egypt is embracing a green economy transformation as part of its Vision 2030, integrating Islamic finance to support sustainable development. With growing climate concerns and the need for economic diversification, the country has positioned itself as a leader in utilizing green Sukuk, Sharia-compliant investments, and IsDB financing to drive climate resilience, sustainable infrastructure, and energy transition. Egypt has already issued $750 million in green Sukuk, becoming the first in the MENA region to do so, signaling a strong commitment to sustainable finance. According to the World Bank, Egypt's total green financing needs are estimated to reach $250 billion by 2050, underscoring the necessity of robust investment in sustainable projects. These strategies not only align with Egypt's national agenda but also offer best practices that can be replicated in other IsDB Member Countries (MCs), including Algeria. This article examines how Islamic finance can act as a key enabler of sustainable growth, the opportunities for further engagement from IsDB, and the steps required to enhance green financial instruments to support Egypt's and the region's economic future.



As Egypt pursues economic diversification, the integration of Islamic finance into green investments plays a critical role. The issuance of green Sukuk has emerged as an essential mechanism for financing renewable energy, sustainable transport, and other climate-friendly infrastructure projects. Egypt aims to generate 42% of its electricity from renewable sources by 2035, with current projects such as the Benban Solar Park, which has already contributed over 1.8 GW of solar power. Studies by the International Renewable Energy Agency (IRENA) indicate that Egypt could create over 100,000 jobs in the renewable energy sector by 2030 through expanded green investments. These instruments have proven effective in mobilizing capital while adhering to Sharia principles, providing an attractive financing option for both domestic and international investors. Moreover, other Islamic financial tools such as Murabaha, Ijara, and Takaful are increasingly supporting eco-friendly SMEs and mitigating risks associated with climate-related initiatives. Reports indicate that over 60% of SME financing needs remain unmet, highlighting a vast opportunity for Islamic microfinance to bridge the gap.

The alignment between Egypt's green finance efforts and broader global and regional strategies is evident. The country's Vision 2030 is closely linked with Algeria's Vision 2030, as both nations seek to enhance sustainable economic models while addressing climate change. Algeria, for instance, has a goal to derive 27% of its electricity from renewable sources by 2030. The Algerian government has also announced a $10 billion investment plan for renewables, signaling opportunities to integrate Islamic

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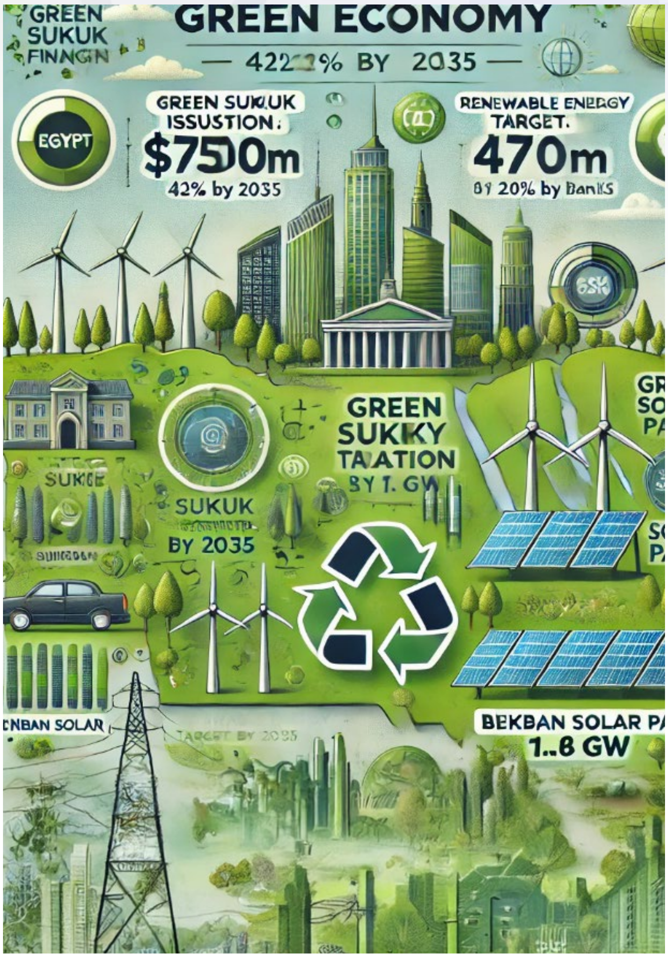

> Egypt's success in green Islamic finance offers valuable insights for Algeria and other IsDB MCs. The country's strategic approach, including government incentives, policy reforms, and partnerships with international institutions, has strengthened its position as a leader in sustainable finance. The issuance of green Sukuk for renewable energy projects has not only attracted investments but also demonstrated the potential for integrating Sharia-compliant instruments into national climate finance strategies.

finance into these initiatives. Furthermore, these efforts align with the United Nations Sustainable Development Goals (SDGs), particularly SDG 7 on Clean Energy and SDG 13 on Climate Action. IsDB, as a major multilateral development bank, has prioritized climate finance and continues to support MCs in developing policies and financial instruments that promote sustainability.

Egypt's success in green Islamic finance offers valuable insights for Algeria and other IsDB MCs. The country's strategic approach, including government incentives, policy reforms, and partnerships with international institutions, has strengthened its position as a leader in sustainable finance. The issuance of green Sukuk for renewable energy projects has not only attracted investments but also demonstrated the potential for integrating Sharia-compliant instruments into national climate finance strategies.

The role of IsDB in accelerating green finance within Egypt and beyond cannot be overstated. Expanding green Sukuk frameworks to support infrastructure and industrial decarbonization will be crucial in meeting long-term sustainability targets. Additionally, IsDB can play a significant role in developing Sharia-compliant carbon finance initiatives, funding solar, wind, and hydroelectric projects, and providing Islamic microfinance for eco-friendly SMEs. Supporting digital transformation in Islamic finance through blockchain applications and FinTech innovations will further enhance transparency and efficiency in sustainable investments. By leveraging these tools, Egypt can strengthen its position as a hub for green Islamic finance in the MENA region.

To ensure the long-term success of green finance in Egypt and its scalability to other MCs, several policy recommendations should be considered. Enhancing regulatory frameworks to facilitate green Islamic finance will create a more attractive investment environment. IsDB-supported cross-border green investments should be encouraged to strengthen regional cooperation in sustainable development. Additionally, scaling Egypt's green finance model to Algeria and other MCs will foster broader economic diversification and resilience. A potential strategy for Algeria could involve issuing its first green Sukuk, supported by IsDB, to finance large-scale solar projects in the Sahara region, leveraging Egypt's experience in structuring and attracting investors.

Egypt's approach to green economic transformation through Islamic finance provides a replicable model for other IsDB MCs. By strengthening green Sukuk markets, climate-friendly Islamic finance policies, and sustainable infrastructure investments, Egypt can lead regional economic diversification efforts. IsDB's continued engagement will be essential in scaling these efforts across MCs, particularly in Algeria and the broader MENA region. As climate challenges intensify, the role of innovative financing mechanisms in achieving sustainable development goals will become even more critical, reinforcing the importance of integrating Islamic finance into national and regional economic strategies.

Harnessing the Blue Economy for Sustainable Development in Guinea-Bissau

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Guinea-Bissau, a small and fragile tropical nation in the West African region, is heavily reliant on cashew exports, which constitute a staggering 90% of its export revenue. This dependence makes the country vulnerable to external shocks, such as fluctuations in international cashew prices, leading to GDP growth volatility and exacerbating issues like climate change and widespread poverty. To mitigate these risks, create jobs, and align with the Sustainable Development Goals (SDGs), Guinea-Bissau has initiated efforts to diversify its economy by leveraging its Blue Economy resources.

In 2024, the Government launched the National Blue Economy Strategy to harness the country's marine biodiversity, cultural heritage, and coastal ecosystems. Guinea-Bissau boasts the world's highest concentration of mangroves and the Bissagos Archipelago, a UNESCO Biosphere Reserve with pristine beaches and diverse ecosystems. This environment presents significant investment opportunities in blue tourism, sustainable fisheries, marine transport, renewable energy, and climate resilience.

Blue Tourism: A New Frontier

Tourism already contributes significantly to Guinea-Bissau's economy, with 52,400 international visitors in 2019 generating $18.92 million, or 1.4% of GDP. With increased investment in infrastructure, marketing, and sustainable tourism policies, the Bissagos Islands could attract up to 300,000 visitors annually by 2030, boosting revenues to $200 million and creating 10,000 new jobs. Sustainable tourism can also promote environmental conservation and cultural preservation, contributing to SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production).

Sustainable Fisheries: A Game Changer

Fisheries are another major asset for Guinea-Bissau. The country's Exclusive Economic Zone covers 123,725 km², with the potential to sustainably catch 250,000 tons of fish annually. However, Illegal, Unreported, and Unregulated (IUU) fishing costs the country 60,000 tons of fish per year. Also, the lack of domestic processing facilities results in value lost to foreign fleets. Investing in artisanal fishing, processing facilities, and monitoring systems could double the sector's 6% GDP contribution by 2030, creating over 15,000 new jobs and increasing export revenue by $100 million. Combating IUU fishing by strengthening marine surveillance and developing cold storage facilities to enhance local value chains is crucial. Expanding aquaculture would reduce reliance on wild fish stocks, contributing to SDG 14 (Life Below Water) and SDG 2 (Zero Hunger).

Blue Carbon: Need A Smart Growth Narrative

Guinea-Bissau's mangrove forests are among the world's most significant blue carbon sinks, crucial for climate mitigation, fisheries, and coastal protection. Integrating conservation efforts with sustainable tourism and fisheries can generate long-term benefits. Carbon credit markets may generate $50 million annually in sustainable financing until 2030, supporting climate resilience and rural livelihoods. This aligns with SDG 13 (Climate Action) and SDG 15 (Life on Land).

Maritime Trade and Transport: Awaiting Transformation

Guinea-Bissau's geography provides strategic advantages for maritime trade and transport, despite current infrastructure limitations. Expanding port infrastructure and coastal navigation networks will significantly enhance trade efficiency and reduce costs. Upgrading port facilities, improving coastal and riverine transport, and enhancing maritime security are essential steps. This will contribute to SDG 9 (Industry, Innovation, and Infrastructure) and SDG 11 (Sustainable Cities and Communities).

Blue Energy: Turning Opportunities into Actions

The Blue Economy also offers a pathway to sustainable energy in areas such as wave, tidal, and offshore wind power. Currently, Guinea-Bissau relies heavily on imported fossil fuels, involving higher costs and environmental risks. Investing in blue energy will enhance energy security, lower costs, and reduce carbon emissions. Attracting private-sector investment in offshore wind and wave and tidal energy projects, and promoting solar energy solutions for fishing communities, will be facilitated by a strong regulatory framework for public-private partnerships. This supports SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

Way Forward

To fully realize the potential of the Blue Economy, strategic investments in infrastructure and capacity-building are essential. Eco-friendly tourism lodges, transport networks, and cold storage facilities will drive growth and value creation. Strengthening policy and governance frameworks, establishing a Blue Economy Council, and utilizing innovative financing mechanisms like blue bonds, debt-for-nature swaps, and PPPs will secure additional funding for necessary investments. With a commitment to sustainability, the Blue Economy will diversify Guinea-Bissau's economy, creating jobs and enhancing climate resilience. The IsDB and the UNDP, in collaboration with the Government of Guinea-Bissau and other partners, are exploring future interventions and projects to unlock the untapped potential of the Blue Economy.

Addressing Climate Security in IsDB's Fragile and Conflict-Affected Countries: **Insights and Pathways**

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The Islamic Development Bank (IsDB) has been at the forefront of addressing the multifaceted challenges faced by its fragile and conflict-affected member countries. One of the most pressing challenges in these contexts is climate security, which has had a profound impact on the achievement of Sustainable Development Goals (SDGs). Climate change is intricately linked to the complex security situations in IsDB's fragile and conflict-affected member countries, which often face compounded risks such as environmental degradation, economic instability, and social tensions.

The 2025 IsDB Resilience Report notes that member countries like Mali, Iraq, Nigeria, Niger, Yemen, and Somalia face extreme weather events, environmental degradation, and conflicts, complicating the quest for safety and stability for already displaced people. In most fragile contexts, including the ones mentioned above, the impact of climate change is already being felt, causing the scarcity of essential resources such as water and grazing lands. This scarcity has heightened existing social tensions and exacerbated localized conflicts, further destabilizing regions that already grapple with conflicts and other socio-economic challenges.

Despite these increasing threats, these countries face significant hurdles in obtaining essential climate finance. The availability of climate finance is sparse and unevenly distributed, entangled in complex bureaucratic procedures. This reality leaves fragile countries under-equipped to confront climate challenges. These challenges are further worsened by stretches in the global development landscape affected by new regimes in major donor countries, the Russia-Ukraine conflict, and the recent USAID aid cut, which has significant implications for climate change adaptation, resilience building, addressing climate security. This aid cut means that communities in fragile countries will have fewer resources to address these challenges, leading to a rise in humanitarian needs and increased instability.

However, the global push for addressing climate-related insecurity and resilience building continues to grow. Since COP27 in Sharm El Sheikh, the importance of climate security has been increasingly acknowledged and integrated into the global climate agenda. This topic now dominates various policy discussions worldwide, recognizing the significant impact of climate security. At the recent Brussels Climate Security Dialogue organized by the European Commission Service for Foreign Policy Instruments (FPI) on February 19-20, 2025, climate change was recognized as a global security threat. These discussions are highly relevant to our work on fragility and resilience, particularly in IsDB member countries like Lebanon, Somalia, Yemen, and Mali.

Thematic Insights from the Brussels Climate Security Dialogue

The thematic insights from the dialogue emphasized climate change as a risk multiplier in fragile contexts, with a focus on a far-reaching impact and the challenges of addressing these issues. The central premise, that climate change amplifies existing vulnerabilities, was evident throughout the discussions. Extreme weather events, resource scarcity, and environmental degradation were identified as present-day contributors to local conflicts, displacements, and social unrest. The synergy between factors and illicit networks was explored, highlighting how armed groups exploit resource scarcity and vulnerabilities in fragile contexts.

For IsDB, these insights underscore the critical need to integrate climate security considerations more deeply into fragile and resilience assessments, financial frameworks, and development interventions. The discussions also addressed climate induced migration, recognizing its significant impact on reshaping borders, economies, and stability in fragile states. Additionally, the challenges of scaling effective climate action and increasing climate finance in fragile contexts were examined, with participants exploring opportunities for enhancing access to climate finance and developing innovative solutions. The event emphasized the importance of strengthening partnerships across global, regional, and local levels to pool resources, share knowledge, and develop comprehensive strategies to tackle the complex challenges posed by climate change in fragile environments.

Pathways for Actions

Addressing climate security in fragile and conflict-affected countries demands an integrated approach that aligns climate resilience with sustainable development. As a South-South MDB, the Bank has positioned itself as a critical actor in advancing Sustainable Development Goals (SDGs) through its Climate Change Policy and Climate Action Plan 2020-2025. The latter commits 35% of IsDB's annual financing to climate adaptation and mitigation by 2025, thus reflecting an urgency of addressing climate vulnerability in its member countries. The Action Plan is built on four pillars, most importantly mainstreaming climate considerations into all operations and building climate resilience in the IsDB member countries. The Bank has also committed at COP28 in Dubai to approve at least USD 1 billion in adaptation finance for fragile countries between 2024 and 2026.

While these efforts are commendable, targeted efforts are necessary to address climate security in the Bank's fragile member countries, including integrating climate security analysis in its diagnostic analysis, such as the country-focused Fragility, Resilience Assessments, and embedding findings into operational frameworks. Additionally, the Bank should leverage its strong partnership with other Multilateral Development Banks and resource mobilization capacities to develop coordinated financing instruments to further increase climate finance allocation for resilience building to fragile contexts. Finally, IsDB and other MDBs can leverage its status as South-South MDB to enhance capacities in addressing climate security in fragile contexts, including through technical exchange networks, financing, and institutional twinning programs.

Commercial Banks' Capital Requirements and Underdeveloped Populations: **Regulation vs Emotional Sentiment**

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This article seeks to correct misconceptions about commercial bank operations and central bank regulations.

Banking is a business like any other. Banks collect funds from those with a surplus and allocate them to those in need, with the primary goal of generating positive returns. Consequently, banking operations must adhere to the law of demand and supply, which fundamentally determines prices. Human beings are rational by nature; thus, they tend to avoid situations that could lead to dissatisfaction and instead pursue those that offer satisfaction.

Essentially, individuals are the owners of commercial banks. They invest their personal wealth in banks with the goal of making profits while minimizing risks. However, due to the high-risk nature of banking operations—dealing with money, complex operational frameworks, and the critical roles these institutions play in economic development—governments, through central banks and other regulatory agencies, implement certain regulations to ensure smooth operations and safeguard investors' money. These regulations include minimum liquidity requirements, minimum capital requirements, non-performing loan thresholds, maximum expense-to-revenue (efficiency ratio) requirements, and concentration ratios, among others.

To ensure fairness within a given jurisdiction, these regulations must be applied uniformly across banks within the same category (i.e., international banks, national banks, microfinance banks, etc.), taking various factors into consideration. For example, regulators set minimum capital requirements for international banks differently from those for national or microfinance banks to ensure uniform fairness within the country. No particular region, segment, or group should receive preferential treatment over another.

Providing preferential regulatory treatment to underdeveloped regions could ultimately disadvantage them, as investors may be reluctant to risk their capital in areas with less stringent regulations that fail to adequately safeguard their money. Rational investors, who provide capital to banks, prioritize regulatory environments that protect their interests and ensure positive returns. If regulations in a particular region are relaxed to encourage economic activity, investors may instead withdraw their funds in favor of regions with stricter regulations, thereby exacerbating financial exclusion.

No rational investor will willingly stay in a high-risk region unless assured of significant returns to offset the increased risk. In such scenarios, banks may charge higher interest rates to compensate for the perceived risk, leading to economic hardship, increased crime rates, terrorism, and further deterioration of the region's conditions.

Globally, economically prosperous regions tend to attract a larger number of investors due to lower loan default risks, even if the returns are relatively modest due to competition. For instance, in Nigeria, commercial banks charge interest rates of 20%-25% on loans, whereas in the U.S. or the U.K., the rates are below 5% per annum. This disparity arises because Nigeria is perceived as a high-risk country plagued by corruption, insecurity, and terrorism, which discourages investors unless they are compensated with higher returns.

The most effective way for less economically developed regions to compete with more prosperous regions is to invest in education. Research has shown a positive correlation between education, lower corruption, reduced terrorism, and improved economic conditions. With quality education, businesses can thrive, incomes can improve, and both local and external investors will be encouraged to invest in such regions, fostering economic growth and reducing default risks.

Regulatory enforcement that mandates investment in high-risk regions with the aim of stimulating development is counterproductive. Forcing investors to deploy their wealth in regions with high default risks will likely result in financial losses and deter future investment. Instead of promoting prosperity, such policies may lead to further economic decline.

To address these challenges, governments should focus on long-term strategies such as education, infrastructure development, and economic reforms rather than short-term regulatory interventions that may deter investment and exacerbate economic challenges. Encouraging business-friendly policies, improving security, and fostering transparency will attract investors who are willing to commit resources to regions with growth potential.

In conclusion, while efforts should be made to develop underprivileged regions, it is crucial to focus on sustainable development measures. Education, infrastructure improvement, and economic policy reforms are key to unlocking the potential of such regions, attracting investment, and ensuring long-term prosperity. A regulatory approach that balances investor confidence with regional development needs will ultimately create an environment conducive to sustainable economic growth.

Saudi Arabia's Vision 2030: Accelerating the Transition to Renewable Energy in Support of the Sustainable Development Goals

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Energy consumption today contributes to nearly 60% of global greenhouse gas emissions, which negatively impacts climate stability. According to UN estimates, achieving net-zero emissions by 2050 requires investing no less than USD 4 trillion annually in renewable energy through 2030. In this context, this article highlights the efforts of the Kingdom of Saudi Arabia, one of the largest contributing member countries of the Islamic Development Bank (IsDB), in advancing SDG 7

Under its Vision 2030, in which sustainability is a central pillar, the Kingdom is moving with awareness, consistency, and growing momentum toward building a resilient economy, ensuring sustainable development for its people, and strengthening its global leadership in the renewable energy sector by accelerating the implementation of projects and initiatives aligned with the Vision's framework.

The Kingdom has developed a comprehensive plan to advance the energy sector as a key driver of sustainable development. This plan outlines five strategic objectives: diversifying the national energy mix used for electricity generation; achieving an optimal, efficient, and cost-effective energy mix; increasing the Kingdom's share of renewable energy production to its full potential; ensuring a balanced mix of energy sources and meeting the Kingdom's commitments to reducing carbon dioxide emissions.

It has also adopted a wide range of initiatives in the clean and renewable energy sector. The Kingdom launched the Custodian of the Two Holy Mosques Renewable Energy Initiative just one year after the announcement of Vision 2030, establishing a strategic framework for all renewable energy programs and efforts.

The initiative aims to support the Kingdom's goal of achieving an optimal, efficient, and cost-effective energy mix by shifting from liquid fuels to natural gas and integrating renewable sources that are expected to comprise nearly 50% of the electricity mix by 2030. It also seeks to boost the Kingdom's electricity generation capacity to meet national demand, support economic growth through investment, production, and export in this sector, and contribute to the localization of solar and wind energy components, technological development, and national capacity building.

As part of this strategic initiative, the Kingdom has launched several programs and projects, most notably the National Renewable Energy Program, which reflects its efforts to achieve the renewable energy targets outlined in Vision 2030.
The program aims to increase the Kingdom's share of renewable energy to its optimal level, ensure balance in the national energy mix, and meet its commitments to reducing emissions.

The Kingdom continues to strengthen its clean and sustainable energy infrastructure, building on foundational initiatives launched over the past decade. The Solar PV Cell & Module Manufacturing Plant established in 2010 played a key role in localizing solar cell technology and producing high-quality equipment capable of withstanding the Kingdom's challenging desert conditions.

Among the key initiatives supporting this direction is the establishment of the Saudi Energy Efficiency Center in 2010, which works to enhance energy efficiency across production and consumption sectors, while promoting a balance between economic and environmental dimensions.
The Circular Carbon Economy National Program, launched in 2021, aims to reduce emissions and enhance carbon utilization as part of the transition toward a more sustainable economy.

The Saudi Green Initiative is one of the Kingdom's most prominent strategic initiatives that reinforces its efforts to achieve sustainable development and advance the clean and renewable energy sector. Launched in 2021, the initiative aims to combat climate change, improve the quality of life, and protect the planet for future generations. The Saudi Green Initiative seeks to mobilize all stakeholders in society to achieve three key objectives: reducing carbon emissions by 278 million tons annually by 2030, afforestation and land rehabilitation by planting 10 billion trees, which is equivalent to rehabilitating 40 million hectares of land in the Kingdom and protecting 30% of the Kingdom's terrestrial and marine areas by 2030.

Since its launch, over 80 initiatives have been activated in areas of the green economy, such as afforestation, land rehabilitation, scaling up sustainable agriculture, biodiversity protection, addressing air and water pollution, water management, waste reduction, reducing emissions, expanding the use of renewable energy, establishing new nature reserves, promoting environmental innovation, and many more.

It is worth noting that the IsDB has cooperated with the relevant authorities in several activities under this initiative.

In addition to the Saudi Green Initiative, the Kingdom launched the Middle East Green Initiative, a regional initiative led by Saudi Arabia aimed at mitigating the impacts of climate change on the Middle East and promoting joint action to achieve global climate goals. It is also worth mentioning the cooperation between the IsDB and the Saudi Ministry of Environment, Water, and Agriculture within the framework of this important global initiative.

To further advance these efforts, the Public Investment Fund (PIF) announced in 2024 the signing of three strategic agreements to localize the renewable energy industry. The most notable of these is the establishment of a new photovoltaic cell and panel manufacturing plant with a production capacity of up to 10 gigawatts per year, under the Renewable Energy Localization Company, in partnership with Jinko Solar and Vision Industries.
This project is part of a broader strategy by the PIF to position the Kingdom as a global hub for renewable energy manufacturing, by building world class local production capabilities, reducing global solar production costs, and accelerating the shift to clean energy technologies.
These efforts also help strengthen local supply chains, create high-quality jobs opportunities, and transfer global expertise to the local market, advancing the Kingdom's economic and technological sustainability goals over the long term.

These initiatives, along with a wide range of related programs and projects, collectively support the realization of Saudi Arabia's Vision 2030, the advancement of renewable energy, and the acceleration of the transition toward a greener future. This transition promotes balanced environmental and economic growth and reinforces the Kingdom's position as a global model in renewable energy and sustainable development.

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Results-Based Financing: A Strategic Fit for IsDB and the SDGs

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Results-Based Financing (RBF) revolutionizes traditional development lending. Instead of reimbursing invoices for inputs, it disburses funds when an independent agent confirms that pre-agreed indicators have been achieved. By tying payments to outcomes, RBF enhances accountability, focuses governments on effective strategies, and provides financiers with an objective scorecard of impact. In a world racing to meet the Sustainable Development Goals (SDGs), this shift from paperwork to proof is more than a technical tweak; it represents a management philosophy whose time has come.

Global Uptake and Impact

The global uptake of RBF demonstrates that it is no longer experimental. The World Bank's Program-for-Results (PforR) portfolio has expanded steadily since its launch in 2012. As of October 2, 2024, it comprised 185 active operations and commitments totaling USD $58.8 billion, spanning health, energy, education, and climate resilience in more than seventy countries. Evaluations credit PforR with higher reliance on country systems, faster procurement cycles, and stronger ministerial ownership than conventional investment loans—evidence that paying for performance can improve both efficiency and sustainability. Similarly, the Asian Development Bank (ADB) has adopted the same modality under the name "Results-Based Lending (RBL)".

IsDB's Adoption and Future Plans

Building on these lessons, the Islamic Development Bank Group (IsDB) embedded RBF in its 2025 work program and intends to run a pilot project in anticipation of scaling up RBF among other new financing modalities, including Sector Development Financing (SDF). To advance with RBF, indicators must be SMART—Specific, Measurable, Achievable, Relevant, and Time-bound. Verification is outsourced to an independent agent; once results are certified, funds flow automatically, reducing bureaucratic friction and signaling to stakeholders that the Bank pays strictly for impact.

Strategic and Technical Advantages

For IsDB, the advantages are both strategic and technical. RBF aligns perfectly with the institution's mandate to promote accountability and stewardship of resources entrusted by member countries. A portfolio of operations whose disbursements map line-by-line to SDG indicators strengthens the Bank's value proposition to shareholders, rating agencies, and the growing universe of faith-aligned, impact-oriented investors. Internally, the model channels staff effort into rigorous upfront design and downstream verification, cutting the mid-cycle amendments that slow traditional projects. Externally, it strengthens partnerships: line ministries, statistics offices, civil-society watchdogs, and co-financiers all unite around the same results matrix, reducing duplication and fostering a culture of data-driven delivery.

Unveiling The IsDB Way

The Islamic Development Bank proudly unveils The IsDB Way, our new culture code, forged through extensive consultation with over 300 staff members across all levels of the organization. Rooted in our Islamic identity yet crafted to address modern development challenges, The IsDB Way translates timeless values into practical behaviors that guide our daily work. At its heart lies a core "service mindset" toward our beneficiaries, anchored by three foundational values: humility, fairness, and trust. These values come to life through five key behaviors that define how we work together and deliver impact.

Culture isn't just about how we feel at work, it's the foundation that enables us to effectively fulfill our mission of promoting sustainable development for our member countries and communities around the world.