

CHAPTER 2

RESPONDING TO CRISES

Like the rest of the world, IsDB was taken by surprise when COVID-19 spread so quickly and with such devastation. However, the Bank quickly brought in new financing agreements to boost the production and distribution of affordable vaccines for some of the world's lowest-income countries. It is using the same approach to address the growing food security crisis.





2.1 | STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM

With the Strategic Preparedness and Response Program (SPRP) coming to an end in December 2022, the Bank undertook a full review of the projects that were initially to be processed under the program. Based on the approval of the Food Security Response Program (FSRP) and the program timeline, several projects are now being processed under FSRP. This move is better suited to the program’s objectives and the readiness of the projects to meet the timelines. The Board of Executive Directors (BED) approved the SPRP on 4 April 2020, to support IsDB member countries in preventing, containing, mitigating and recovering from the impact of the COVID-19 pandemic. Subsequently, the BED approved the extension of the SPRP in April 2021. Through the extension of the program, the IsDBG increased its financing commitment to US\$4.43 billion from US\$2.27 billion in April 2020, out of which US\$770 million of business has been insured by ICIEC. The Bank has also created a refill facility to finance the parent projects that have previously repurposed their financing for the projects.

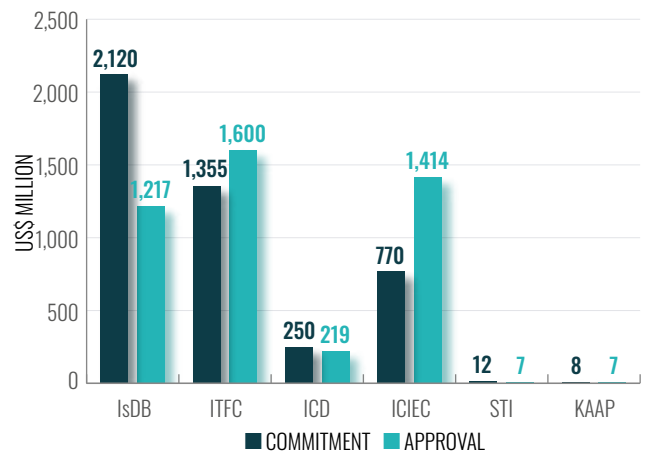
As of 31 December 2022, the total IsDB Group commitment to the COVID-19 response is US\$4.67 billion. The Group level disbursements increased to US\$2.054 billion, up from US\$1.967 billion, representing a 98.72% approval rate and a 67.54% disbursement rate (excluding ICIEC-approved operations) by the end of the approvals period.

The cumulative IsDBG disbursement of US\$2.054 billion is 67.54% of the cumulative US\$3.042 billion approval amount (excluding ICIEC volume of approved insurance).

Through its COVID-19 Vaccine Access Facility (IVAC) under SPRP 2.0, the Bank was able to ensure the procurement of COVID-19 vaccines in an efficient, safe and competitive manner. The IVAC program provides financing under four different pillars: (i) procurement, (ii) development, (iii) manufacturing, and (iv) delivery. The Bank has approved four projects under the IVAC program, in Guinea, Kyrgyz Republic, Pakistan and Senegal.

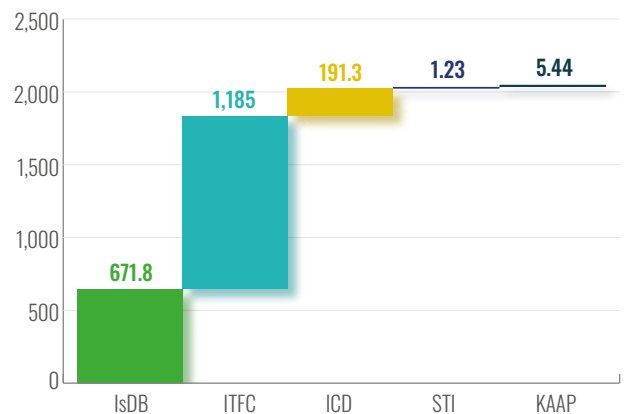
At the completion of the program, around 63 million people will have benefited from receiving a COVID-19 vaccine. Of these, 3.4 million will have been given the vaccination through 1,522 newly established vaccination centers, 48.7 million people will have been reached through our awareness and prevention campaign, 9.7 million households in acute food insecurity will have been supported with food rations to fulfil their nutritional needs, 351,000 jobs will have been created to help revive priority value-chains and economic sectors, 31,876 health workers will have been provided with capacity building support to manage their COVID-19 response, 15,000 micro-enterprises or households will have benefited

FIGURE 2.1 | COMMITMENTS VS APPROVALS (US\$ MILLION) UNDER SPRP FINANCING



THE GROUP LEVEL DISBURSEMENTS INCREASED TO US\$2.054 BILLION, UP FROM US\$1.967 BILLION, REPRESENTING A 98.72% APPROVAL RATE AND A 67.54% DISBURSEMENT RATE (EXCLUDING ICIEC-APPROVED OPERATIONS) BY THE END OF THE APPROVALS PERIOD.

FIGURE 2.2 | BREAKDOWN OF IsDBG SPRP DISBURSEMENTS (US\$ MILLION)



from micro-finance services, 87,891 students will have benefited from e-learning programs, and 39,569 small and medium enterprises (SMEs) will have been provided with financial assistance.

Some of the key challenges of the program have included: (i) limited availability of concessional IsDB financing; (ii) limited bargaining power of IsDB due to concessional and grant financing offerings from other MDBs and bilateral agencies; and (iii) design issues of the IsDB offerings. Furthermore, member countries were also expecting long-maturity financing which also limits the attractiveness of the offer from the group entities.

2.2 | FOOD SECURITY RESPONSE PROGRAM

On 28 July 2022, the IsDB Group endorsed a US\$10.54 billion comprehensive Food Security Response Program (FSRP) package.

The objective of the program is to support member countries by complementing their national efforts in averting the ongoing food crisis and strengthening their resilience to future food crises. The program will achieve this by amplifying and accelerating IsDB’s efforts in providing immediate food security support and by improving agriculture and food systems at national and regional levels.

Of the total finance, IsDB will contribute up to US\$5.7 billion to member countries, comprising approvals worth US\$4.0 billion and fast-tracking of existing disbursements worth US\$1.7 billion. The remaining balance will be provided by the other members of the Group (ICD, ICIEC and ITFC).

The Bank has adopted a fit-for-purpose and value-for-money procurement procedure for each

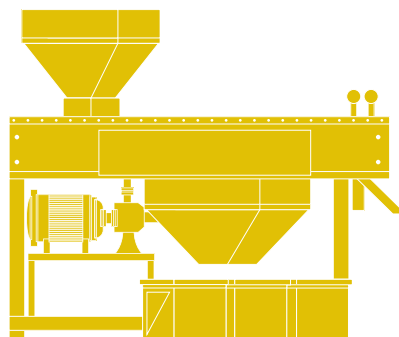
operation, prioritizing fast-tracking procurement and implementation. For specific interventions related to the private sector, entities will follow their procedures if acceptable to IsDB and established commercial practices may be applied, ensuring fast-tracking procurement.

The total amount of financing approved by IsDB Group by the end of 2022 stands at US\$1.41 billion. Of this amount, US\$578.56 million was approved by IsDB, US\$4.25 million was approved by ISFD, US\$630.2 million by ITFC and US\$40 million by ICD. Most of the projects approved at this stage belong to the short-term track category. In addition, US\$159 million worth of business was insured and approved by ICIEC.

In respect of disbursements, currently US\$152.03 million has been distributed as part of IsDB financing from 78 ongoing projects within the FSRP scope. ITFC has disbursed US\$366 million from its US\$630.2 million approval.

The Bank’s projects approved by the end of 2022 are expected to mitigate the impact of high grain prices and ensure a steady supply of essential foods, thereby alleviating the suffering of poorer households. At completion, these projects are expected to achieve:

A REDUCTION IN THE PROCESSING TIME TO PRODUCE GROUNDNUTS FROM NINE MONTHS TO FIVE MONTHS, RESULTING IN THE PRODUCTION OF **160,000 TONS** ANNUALLY.



FOOD PROCESSING PROJECTS THAT WILL BENEFIT NEARLY **30,000** SUBSISTENCE FARMERS.

PROCUREMENT AND SUPPLY OF **780,000 TONS** OF WHEAT AND BARLEY.

FOOD STORAGE CAPACITY OF **700,000 TONS** CAPABLE OF PRESERVING WHEAT AND BARLEY FOR 18 AND 12 MONTHS RESPECTIVELY.

FOOD SUPPLY AND STORAGE FACILITIES THAT WILL BENEFIT **11 MILLION PEOPLE** FOR THE NEXT SIX MONTHS.





BOX 7 | AFGHANISTAN HUMANITARIAN TRUST FUND (AHTF)

On 21 December 2021, the IsDB was entrusted by the OIC Foreign Ministers to establish, operationalize and manage the Afghanistan Humanitarian Trust Fund (AHTF), while OIC was mandated with resource mobilization. Accordingly, the IsDB BED, in its meeting held on 14 February 2022, approved the establishment and operationalization of the AHTF. The AHTF Charter was signed between OIC and IsDB on 22 March 2022.

The AHTF Coordination Team has undertaken extensive work and consultations both internally with all relevant IsDB Group business units and externally with OIC, member countries, non-member countries, UN agencies, MDBs, IFIs, international and regional organizations and other stakeholders.

As of 31 December 2022, the total pledges to the AHTF stand at US\$32.61 million. This breaks down as follows: Saudi Arabia (US\$30 million), Nigeria (US\$1 million), Türkiye (US\$1 million), Kuwait (US\$500,000), Malaysia (US\$100,000) and Algeria (US\$10,000). Two Donor Contribution Agreements (DCAs) were signed on 9 June 2022 with King Salman Humanitarian Aid and Relief Center (KS Relief) for US\$10 million, and with the Saudi Fund for Development for US\$20 million. Other DCAs are under review by the other donors.

The IsDB Field Office has been operational in Kabul since January 2022, and two physical missions have also been undertaken to Kabul by the IsDB's Regional Hub of Türkiye, in coordination with the OIC Office in Kabul. As a direct result of consultations with partners and communities, the following focus areas are being prioritized for funding under AHTF:

- Provision of basic needs, including nutrition, clean water, basic healthcare, as well as education facilities in remote rural communities.
- Preservation of rural livelihoods, including enhancing crop yield/productivity, to promote self-reliance and long-term food security.
- Women's empowerment and the creation of employment opportunities for youth.

The total pledges received by the Fund in 2022 alone amounted to US\$10.11 million. Seven pilot operations/projects to the value of US\$12.65 million, with AHTF contribution of US\$8.56 million, have been finalized, and these are anticipated to be implemented and fully disbursed within 2023. Additional projects covering priority sectors are being formulated pending receipt of more funds.



TOTAL PLEDGES TO THE AFGHANISTAN HUMANITARIAN TRUST FUND (AS OF 31 DECEMBER 2022)

AS OF 31 DECEMBER 2022, THE TOTAL PLEDGES TO THE AHTF STAND AT
US\$32.61 MILLION.

THE TOTAL PLEDGES RECEIVED BY THE FUND IN 2022 ALONE AMOUNTED TO
US\$10.11 MILLION.

