



CHAPTER 3

NURTURING INCLUSIVE AND RESILIENT GROWTH AND DEVELOPMENT

The IsDB is committed to helping its member countries reduce poverty and inequality, transforming lives through a more diversified, sustainable, resilient and inclusive development and growth, in line with the United Nations' Agenda 2030 framework.



3.1 | CONTRIBUTING TO INCLUSIVE DEVELOPMENT

3.1.1 | HUMAN DEVELOPMENT

In the wake of the pandemic, IsDB signed the first-ever Strategic Framework Agreement (SFA) with the World Health Organization to encourage and promote dialogue about education and health. The Bank also activated the existing Memorandum of Agreement with the Global Fund by engaging in a Strategic Financing Agreement. The Bank is also actively engaged in two of the five thematic action plans for transforming education: (i) inclusive, equitable and safe schools; and ii) the financing of education. The Bank has participated in the new repositioning strategy and the action plan of the Islamic Advisory Group, a consortium including Al-Azhar Al-Sharif in Egypt, the International Islamic Fiqh Academy in Saudi Arabia and the OIC. This was presented during the Executive Committee meeting held in Jeddah in December 2022. In addition, IsDB was a signatory to the joint statement of the Government of Tajikistan and the development partners to strengthen primary healthcare. In an effort to build resilience in the post-COVID-19 era, IsDB commissioned a study on the use of ICT in the education and health sectors, and the required investment in digital transformation to identify the needs of African member countries. This will provide actionable recommendations for investment in digital infrastructure and service development.

EDUCATION

In order to create partnerships that improve investment and resource mobilization in the education sector, IsDB has developed Operational Guidelines for the \$500 million Arab Coordination Group (ACG) SmartEd facility, due to be rolled out in 2023. Three countries (Cameroon, Kyrgyz Republic and Uzbekistan) are involved in the first phase, which will leverage a US\$70 million Global Partnership for Education (GPE) grant with a further US\$280 million loan from the ACG which includes US\$120 million from IsDB.

HEALTH

At the 2022 IsDB Annual Meeting, Human Development Division (HDD) brought together government officials, the private sector and global health partners, to discuss topics under the theme 'Regional Capacity Development in Vaccine Production for Vaccine Sovereignty in IsDB Member Countries'. This was further developed during the meeting of the National Medicines Regulatory Bodies of OIC member countries, 'Strategies & Future Prospects for Development, Manufacturing & Management of Vaccines' in September 2022. As a result, IsDB and AfDB have embarked on an aggressive business development plan to support investments in the pharmaceutical development sector.

BOX 8 | PROMOTING YOUTH PARTICIPATION AND SKILLS FOR A JUST TRANSITION

Climate change and environmental degradation are among the greatest challenges of our times and ultimately contribute to reduced productivity, job losses, and increased inequality. The effects of the climate crisis fall disproportionately and profoundly on the most vulnerable, including young people. By contrast, climate action and the shift to a green economy have the potential to create more and better-quality jobs.

During the Bank's 2022 Annual Meeting, the Islamic Development Bank (IsDB) in partnership with the International Labour Organization (ILO) launched the Youth Green Skills Accelerator Challenge Call, with the overarching goal of promoting youth participation and skills for green jobs for a Just Transition. To that end, IsDB and ILO invited youth-led organizations, networks or coalitions based in the IsDB–ILO common member countries to propose new and innovative ideas and solutions to support a just transition towards environmentally sustainable economies and societies for all. The objective of the call is to identify, incubate, test, and disseminate innovative and bankable ideas and solutions that equip youths with the competencies required for supporting a just transition in their communities.

The Bank received more than 120 applications from across member countries. Applicants underwent a rigorous and extensive evaluation and compliance clearance process, which resulted in the selection of three winners. The winners received financial support, global visibility at COP27, access to a wide network of experts in the area of skills development, and participation in the ILO Innovation Lab.

The 1st place winner was the **Bangladesh Youth Environmental Initiative**. This project aims to improve the economic condition of climate-vulnerable marginalized youth by establishing Green Skills Innovation Hubs within technical and vocational education and training (TVET) institutions. The 2nd place winner was the **Association 3535** (Côte d'Ivoire). Their project aims to strengthen green building construction skills and build a climate-efficient warehouse to extend the shelf life of perishable mango. Finally, the 3rd prize winner was **Musanadah Foundation for Development** (Yemen). This project seeks to enhance sustainable economic opportunities for vulnerable youth, by implementing a training program for solar energy technicians in installation, repair, and maintenance work.

PARTNERSHIPS TO FEND OFF CRISES

HDD also developed several new products and partnerships. These included 'Value for Money of the IsDB Global Financing Support to tackle the COVID-19 Pandemic', the 'Maternal Neonatal Health Asynchronous Course Platform', the scaling up of the partnership with the IAEA for the 'Rays of Hope' initiative for access to radiotherapy, and the food security partnership for access to promising resilient crops and livestock. Also, the US\$50,000 mobilized for the preparation of Togo's health project has received full support from the Global Fund to support the strengthening of the health system and primary health care. This includes an IsDB contribution of US\$42.8 million, US\$16.9 million co-funding from the Global Fund and US\$3.7 million from the Government of Togo.

THE LEADERS OF ISDB AND WHO SIGNED A LANDMARK STRATEGIC FRAMEWORK AGREEMENT (SFA) THAT LAYS OUT A ROADMAP TO JOINTLY SUPPORT HEALTH-RELATED SDGs, ESPECIALLY IN LOW-INCOME AND FRAGILE COUNTRIES.

BOX 9 | A NEW STRATEGIC FRAMEWORK AGREEMENT BETWEEN ISDB & WHO

At the 'Scoring for the Goals' event on the sidelines of the FIFA World Cup 2022, in Doha, Qatar, the leaders of IsDB and WHO signed a landmark Strategic Framework Agreement (SFA) that lays out a roadmap to jointly support health-related SDGs, especially in low-income and fragile countries.

Building on the first MoU between the IsDB and WHO signed in 1978, the SFA aims to improve IsDB's accountability and governance on health. This new partnership opens up opportunities for a sustainable funding model that supports long-term sustainable instruments to address national health priorities.

BOX 10 | LEVERAGING STI TO BRIDGE THE GENDER GAP THROUGH TELEMEDICINE

In Pakistan, many pregnant women and children in remote regions do not get the necessary medical care due to the lack of access to female medical practitioners. Additionally, only 20% of trained female medical professionals pursue medical careers due to various issues. With the support of IsDB under its Science Technology and Innovation (STI) programme, Educast – a telemedicine provider – is addressing this issue by helping out-of-practice female doctors pursue their careers while managing their family responsibilities.

The telemedicine platform connects e-Doctors with female health workers using video conferencing and other e-communication tools. The project has supported the training and certification of 450 e-Doctors, enabling medical consultations for more than 175,000 COVID-19 patients during the pandemic. In addition, the e-Doctors provide a 24/7 helpline to women in fragile areas.

One e-Doctor, Dr Saima Shamim Ahmed, said: "I always prayed to Allah that I pursue my profession in some way. In 2019, my prayers were answered. I came to know about the e-Doctors through a WhatsApp group. My husband and children are very supportive and happy for me. I am very proud to be part of the Educast project to serve my country."

Educast has partnered with Dow University of Health Sciences in Pakistan to provide orientation for the doctors and ensure their readiness to provide medical assistance immediately. Moreover, Educast has recently



THE PROJECT HAS SUPPORTED THE TRAINING AND CERTIFICATION OF 450 E-DOCTORS, ENABLING MEDICAL CONSULTATIONS FOR MORE THAN 175,000 COVID-19 PATIENTS DURING THE PANDEMIC.

partnered with the Pakistan Medical Commission, Stanford University and the UK-based Medical City to launch an online telemedicine certification programme. The Digital Health platform and e-Doctors network can be scaled up to expand its counselling and treatment services in Maternal, Child and Mental Health across several provinces in other member countries of the Bank including Palestine, Yemen, Syria, Oman and Afghanistan.



3.1.2 | INFRASTRUCTURE DEVELOPMENT

ENERGY

Energy is one of IsDB's main development sectors, and it's an area that the Bank continues to contribute to. IsDB's interventions in 2022 were based on the four main pillars of the Bank's Energy Sector Policy: to increase the rate of access to energy in member countries, to increase the renewables energy portion in the energy mix of member countries, to contribute to energy efficiency programs, and to contribute to knowledge sharing among member countries.

During 2022, the bank approved about US\$354 million which includes US\$90 million to improve the Energy Access Project in Guinea, US\$26 million for the expansion of the Conakry Electricity Distribution Network (Phase II), US\$100 million for the East African Crude Oil Project in Uganda, US\$9 million to support people's livelihoods in the fishery sector through sustainable energy, US\$104 million for the Sukhandarya Power Plant project in Uzbekistan, and US\$25 million for the 800 MW Mohmand Hydropower Project (MHPP) in Pakistan.

The projects are aligned with the individual countries' sector strategies, IsDB sector priorities and SDG targets.

TRANSPORT

In 2022, the approved financing for increasing universal, affordable access and regional connectivity, transport system efficiency, and promoting the development of green transport, stood at US\$1.30 billion. The approved interventions envisage the development of sustainable, reliable and cost-effective transportation infrastructure to help accelerate socioeconomic activities, growth, and poverty reduction in member countries.

The approvals include nine road projects in Cote d'Ivoire, Guinea, Guinea-Bissau, Senegal, Uganda, Kyrgyz Republic, Uzbekistan, and Guyana totaling US\$1.2 billion; five road projects in Africa totaling US\$40.29 million; three road projects in Central Asia totaling US\$156.7 million; a road project in South America at a cost of US\$200 million; and a fishing port project in Indonesia costing US\$100 million to improve access, safety, efficiency and reliability throughout the year.

Increased regional and sub-regional connectivity will facilitate access to social amenities, markets, farms, economic zones and trade centers. The projects will generate new business, employment, trade, tourism and collaboration, resulting in enhanced economic, social, and cultural interaction among communities and with neighboring countries. They will also: (a) serve millions of people; (b) increase the capacity and serviceability of transport infrastructure; (c) increase average daily traffic; (d) reduce travel time; (e) reduce road accidents and deaths; (f) save vehicle operating costs; (g) increase employment opportunities for women and young people

INCREASED REGIONAL AND SUB-REGIONAL CONNECTIVITY WILL FACILITATE ACCESS TO SOCIAL AMENITIES, MARKETS, FARMS, ECONOMIC ZONES AND TRADE CENTERS.

and (h) have a positive impact on the environment and climate.

The 'Upgrading of National Roads Project' in Uganda (US\$295 million) and 'Rehabilitation of Linden-Soesdyke Highway project' in Guyana (US\$200 million) will help member countries to meet current and future transportation demands; serve more than 2.5 million people; reduce travel time by up to 50%; save over US\$825 million in vehicle operating costs; and contribute towards a number of the SDGs, including SDG1 (no poverty), SDG2 (zero hunger), SDG8 (decent work and economic growth) and SDG9 (industry, innovation and infrastructure).

WATER, SANITATION, AND URBAN DEVELOPMENT

IsDB endeavors to contribute to inclusive and sustainable urbanization and the provision of safely managed water and sanitation services. In 2022, a total of US\$17 million was approved for an urban development project and US\$14.9 million for water and sanitation projects. In addition, a US\$7.8 million grant has been secured as part of resource mobilization.

IsDB approved financing of US\$15 million for the Slums Upgrading and Integrated Urban Development Project in Djaga Bouldhouq, Djibouti. This project aims to improve the living conditions of 8,000 people living in urban poverty by providing basic urban infrastructure and services. The project is aligned with the national zero-slum program and housing strategy to improve human development and economic empowerment through improved access to services.

A Technical Assistance grant of US\$2 million has been approved for the identification of Priority Urban Development Interventions to promote investment and smart applications in Dahab City, Egypt. The specific objective is to improve the capacities and tools of the key stakeholders, including local government, in identifying feasible and impactful development projects.

The Kiffa Water Supply project in Mauritania is a continuum of a long engagement spanning over 25 years in the water sector. During that period, the Bank has been involved in the water sector in various regions and particularly in the capital city Nouakchott. The project, which was approved in 2022, aims to increase access to improved water services in selected rural areas and small towns. The beneficiary population is expected to reach 550,000 people by 2035. In addition, the project will help create over 3,000 jobs and thereby contribute to enhancing living conditions in the project area. Similar to previous IsDB interventions in Mauritania, this landmark project, for which the total cost is estimated at

PARTNERSHIPS TO FEND OFF CRISES

US\$317 million, will be financed by IsDB and other partners of the Arab Coordination Group. The approved amount by the Bank is US\$40 million.

A total of US\$14.9 million was approved for a water supply and sanitation project in four prefectures of Togo. The project aims to enhance access to a safe and sustainable water supply, sanitation and hygiene services as well as to promote positive hygiene practices to at least 49,000 people living in the four urban and peri-urban areas by 2027. This project is aligned with the National Comprehensive Human Development & Poverty Reduction Strategy as well as IsDB’s Water Sector and Urban Sector policies and operational strategies.

The Women Entrepreneurs Finance Initiative (We-Fi) has awarded IsDB a grant of US\$6.1 million to implement the ‘Women in Sanitation Enterprises’ (WISE) project in Bangladesh. The project has been prepared by the Urban Development, and the Dhaka Regional Hub team in collaboration with the Department of Public Health Engineering (DPHE), Bangladesh. The project aims to support the development of women entrepreneurship in the sanitation value chain by complementing and adding value to three ongoing IsDB-financed projects.

The Bill and Melinda Gates Foundation (BMGF), through IsDB’s Lives and Livelihoods Fund, has approved a US\$1.7 million Water and Sanitation Hygiene (WASH) Grant to advance Citywide Inclusive Sanitation (CWIS) initiatives in IsDB member countries. The grant will be mobilized in urban inclusive sanitation and the development and implementation of high-quality bankable urban sanitation projects.

3.1.3 | REGIONAL INTEGRATION

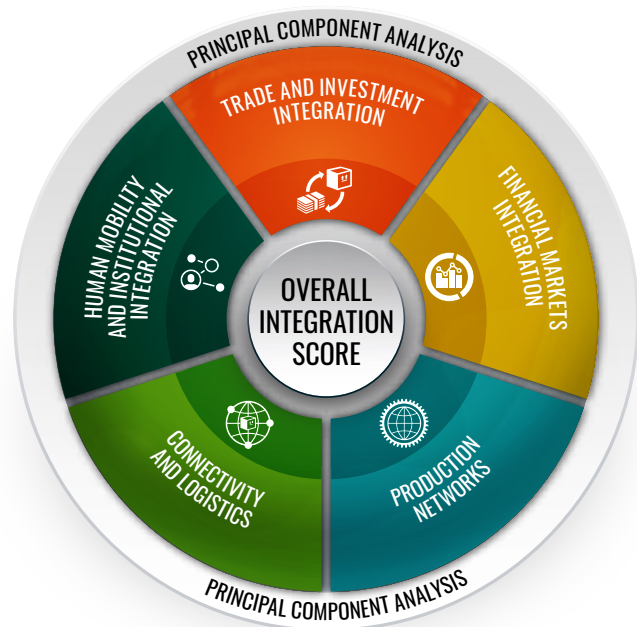
To address emerging challenges of IsDB member countries amid global uncertainties in 2022, the IsDB continued its efforts to promote regional integration as a tool for boosting trade and investments, promoting growth, and improving livelihoods based on the principles of solidarity and mutual benefits.

The Bank adopts a multilayer approach, including both project financing and knowledge generation, to increase the effectiveness of IsDB’s regional integration interventions within the framework of its Regional Cooperation and Integration (RCI) Policy and RCI Operational Strategy. The IsDB promoted regional connectivity, particularly through the development of regional economic corridors, global trade integration, regional and cross-border trade, and the promotion of cross-border investments among IsDB member countries.

The IsDB launched the International Transport Infrastructure Observatory (ITIO) in September 2022. Developed by the IsDB and the United Nation Economic Commission for Europe (UNECE), the observatory was

established in cooperation with the Economic Cooperation Organization (ECO), the United Nations Economic and Social Commission for West Asia (ESCWA), and the Centre for Transportation Studies for the Western Mediterranean (CETMO). ITIO utilizes advanced geographic information system (GIS) technology for the mapping of regional infrastructure networks. It is a handy tool to identify missing connectivity links for data-driven regional transportation planning. By using ITIO, organizations can better coordinate on cross-border projects, from roads and railways to waterways and airports. Government users can propose new projects, update existing transport networks and apply for financing. Financial institutions can use ITIO to evaluate project feasibility, using interactive GIS tools and reliable data.

At the 38th Session of the COMCEC on 28 November 2022 in Istanbul, IsDB launched the first IsDB Group Integration Report which analyzes the status and progress of economic integration among IsDB member countries. The report was based on results from the IsDB Integration Index which was developed fully in-house. The index is built on a set of 21 indicators that are clustered under five dimensions: (i) trade and investment, (ii) financial markets, (iii) production networks, (iv) connectivity and logistics, and (v) human mobility and institutional integration.



ISDB LAUNCHED THE FIRST ISDB GROUP INTEGRATION REPORT WHICH ANALYZES THE STATUS AND PROGRESS OF ECONOMIC INTEGRATION AMONG ISDB MEMBER COUNTRIES.





3.2 | ALLEVIATING FRAGILITY AND ENHANCING RESILIENCE

3.2.1 | FRAGILITY AND RESILIENCE

During 2022, the Bank continued to implement its Fragility and Resilience Policy, which focuses on investing in prevention, transitioning relief to development and supporting the recovery and resilience of member countries affected by man-made and natural disasters.

In April 2022, the Bank approved a Skills, Training and Education Program (STEP) to reduce poverty through increasing access to physical and smart education, skills, and entrepreneurship development for young refugees in 15 member countries that host over one million refugees and Internally Displaced Persons (IDPs). STEP benefits over 600,000 young refugees, IDPs and host communities. It also brings together strategic partners including ISFD, UN agencies, foundations and CSOs including Spark, Abdallah Al- Nouri Charity Society and the International Islamic Charity Organization of Kuwait. Together, they have mobilized a US\$100 million grant to support the most vulnerable communities. The first STEP projects for Jordan and Lebanon have officially been launched by the Bank, Spark, and the Abdelaziz Al-Ghurair Education Trusts.

The Bank has also finalized Fragility and Resilience Assessments (FRAs) for Bangladesh, Lebanon, Niger and Guinea, to highlight risks and guide development strategies and interventions to address the potential sources and drivers of fragility and identify opportunities to strengthen institutions and build resilience. The Bank continues to focus on MCPSPs including Niger, Turkmenistan, Bangladesh and Senegal, in addition to more than 17 projects in fragile and conflict-affected member countries.

In June 2022, the Bank also released its second edition of the Resilience Report, which assesses the interconnection between resilience and interdimensional preparedness for future shocks across various dimensions of health, economics and livelihoods, environment, human security and forced displacement. The report provides policy direction and recommendations for recovery, preparedness and recommends interventions to avoid future crises. The report uses nine specific case studies including Côte d'Ivoire, Togo, Mozambique, Tajikistan, Kazakhstan, Iraq, Pakistan, Mauritania and Yemen.

During 2022, the Bank also supported member countries in responding to the negative impact of natural disasters driven by climate shocks. The IsDB has approved various emergency response grant projects for Afghanistan, Pakistan, Chad and Sudan, all of which have been affected by recurrent floods and droughts. These interventions are expected to benefit around 1.2 million people.

AS OF 2022, THE FLAGSHIP ISDB-ISFD SERVE PROGRAM CONTINUED TO WEATHER THE IMPACTS OF THE COVID-19 PANDEMIC IN MEMBER COUNTRIES, WITH TOTAL APPROVED PROJECTS OF

US\$121.40 MILLION
WITHIN THREE YEARS.

3.2.2 | ECONOMIC EMPOWERMENT

As of 2022, the flagship IsDB-ISFD Strengthening the Economic Resilience of Vulnerable Enterprises (SERVE) program continued to weather the impacts of the COVID-19 pandemic in member countries, with total approved projects of US\$121.40 million within three years. The new approvals to adopt the Economic Empowerment Approach (EEA) in Chad and Uganda this year took the total up to seven approvals including those already in place for Djibouti, Jordan, Palestine and Uzbekistan, with four countries being in the LDMC category. Building on the other pillar of EEA (easy market access), the Market Access Readiness in Key Economic Trade Sectors (MARKETS) program for Yemen was approved this year. This is testament to the Bank's further involvement in mainstreaming the IsDB's EEA into the agribusiness sector in LDMCs.

Since 2020, a total of US\$566 million has been successfully mobilized from public and private partners alike (i.e. programs and funds). These impact-investing funds brought in further interest from the private sector. The additional resource for the guarantee facility will further enhance the attractiveness of the IsDB financing package for its member countries.

In-house knowledge products such as the Economic Empowerment Design Toolkit, Monitoring & Evaluation Toolkit and Islamic Financial Product Implementation Toolkit are the internal advocacy tools to promote the implementation of the EEA in member countries. The internal training held in the Regional Hubs of Cairo, Kampala and Rabat was a continuation of those held in Abuja and Dakar in 2021.

In 2022, the IsDB advocated EEA with the Global Partnership for Financial Inclusion (GPII) under the G20 Presidency of Indonesia. As an affiliate partner of the GPII, IsDB was instrumental in a peer review of partners' MSME reports and for the first time co-led the second deliverable of developing a database of digital and financial products and services. Four of the Bank's case studies were included in the database. IsDB also participated in the GPII's international seminar on Digital Transformation for Financial inclusion of Women, Youth & MSMEs, which included panel discussions during the G20's Annual Islamic Finance Conference.

3.3 | PARTNERING FOR SUSTAINABLE DEVELOPMENT

3.3.1 | MOBILIZING RESOURCES

The developmental objective of the Skills, Training & Education Program (STEP) is to reduce poverty in 15 member countries by supporting young refugees, Internally Displaced People (IDPs) and vulnerable hosting communities. STEP will continue to (i) increase access to education and focus on smart education; (ii) provide skills development and entrepreneurship incubators; and (iii) create green jobs for the beneficiaries. By the end of 2027, the program is expected to benefit 650,000 refugee children and young people, IDPs and host communities. The program will also contribute to the achievement of the targets of SDGs 1, 4, 5, 8, 16 and 17. STEP is derived from the approved holistic operational strategy and five-year action plan to reduce poverty, improve livelihoods, and provide better access to skills development and economic and social opportunities by supporting refugees, IDPs and host communities in member countries.

The total cost of the program is estimated to be US\$100 million, out of which the Bank and ISFD have contributed US\$6 million. The remaining amount is expected to be derived from the key development partners, foundations, philanthropists and the private sector. To date, the program has mobilized over US\$45 million from the Abdelaziz Al Ghurair Education Trusts through the Global

Muslim Philanthropist Fund for Children, Spark, Abdallah Al-Nouri Charity Society and the International Islamic Charity Organization (IICO) of Kuwait.

In addition, financing partners contributed a total amount of US\$2.29 billion to IsDB-financed projects worth over US\$3.6 billion in 19 member countries in Africa and Asia mainly in the infrastructure sector, where IsDB’s financing reached US\$1.14 billion.

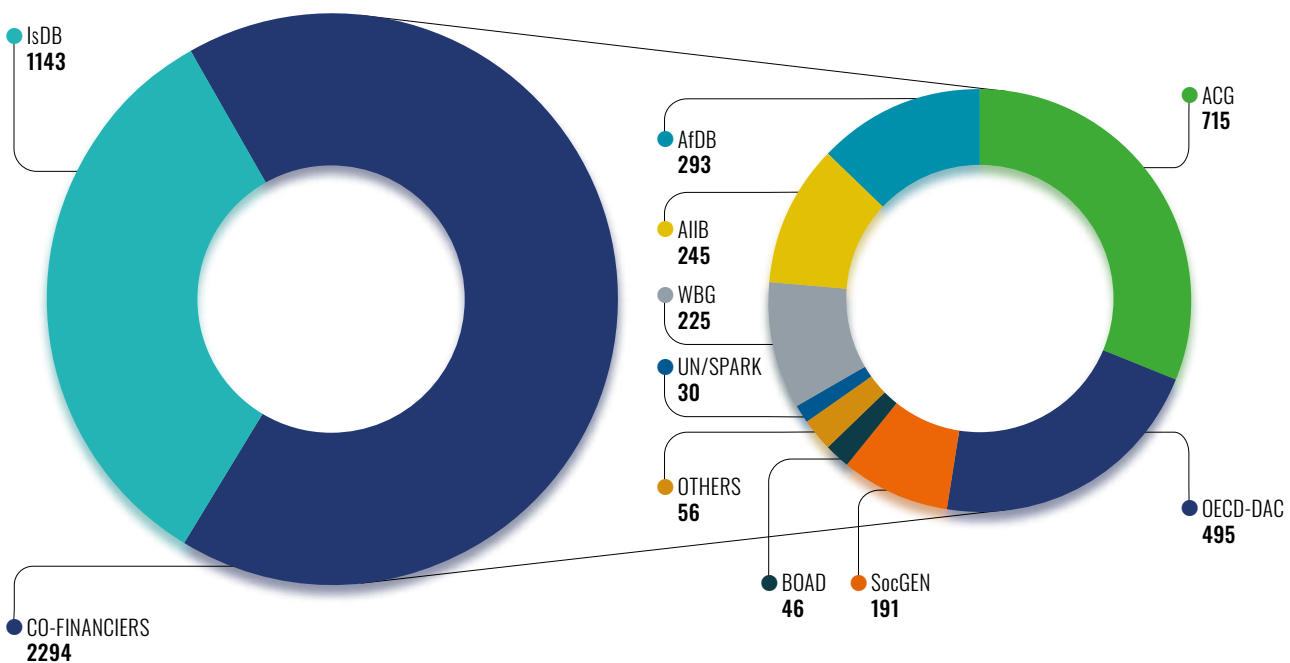
3.3.2 | SUSTAINABLE FINANCE FRAMEWORK

The Bank’s Sustainable Finance Framework (SFF) enables it to issue green and sustainable Sukuk to mobilize resources from the global capital markets for financing or refinancing projects that are green, social and based on sustainability and resilience.

The SFF was created in line with globally accepted standards as set out by the International Capital Market Association (ICMA). It was also reviewed by CICERO from Norway, which awarded it a Medium-Green Shading. This rating is in line with global MDB peers such as the IFC and AfDB. At the same time, IsDB also secured a strong (low) ESG risk rating from another external rating provider, which evaluated its Environment, Social and Governance (ESG) policies.

To date, under the umbrella of the SFF, the Bank has pioneered both green and sustainable Sukuk to mobilize more than US\$5 billion for climate-friendly and social development projects (particularly in the health sector).

FIGURE 3.1 | CO-FINANCING IN 2022 (US\$ MILLION)





BOX 11 | ISDB AND IMF SIGN AGREEMENT TO SCALE-UP PARTNERSHIP

IsDB and the IMF have committed to enhancing cooperation to collectively respond more effectively to the needs of their mutual membership in a Memorandum of Understanding (MoU) signed in October 2022 by the leadership of both institutions. The MoU, which is the first institutional cooperation MoU between the two institutions, aims, inter alia, to scale up joint work on fragility, climate & green transition, Islamic finance, fintech & digital money, and debt sustainability. Furthermore, IsDB and the IMF have agreed to intensify their joint work on macroeconomic and financial stability through analytical and capacity development work in mutual member countries to ultimately support economic development and promote broad-based and inclusive economic growth and job creation.

As the latest edition of the standards has been published recently by ICMA, the Bank is currently working to upgrade its SFF to ensure full alignment. The upgrade exercise will conclude in Q1 2023 and strengthen the Bank's credentials, reaffirming its commitment towards mainstreaming SDG financing and attracting new investors from around the world towards innovative capital market instruments such as green and sustainability Sukuk.

3.4 | SPECIAL DEVELOPMENT ACTIVITIES

3.4.1 | WOMEN AND YOUTH EMPOWERMENT

In 2022, IsDB continued to prioritize mainstreaming gender and youth needs in the Bank's programs and projects. The Bank's public finance operations will benefit women and young people in areas such as business finance, social protection, health, skills training and career advancement.

The Women and Youth Empowerment division (WYE) integrated women and youth empowerment perspectives in the Bank's Member Country Partnership Strategies (MCPSs), ensuring targeted skills development programs for women and young people and the creation of decent jobs with increased social protection systems. A key focus was on promoting and supporting women and young people's entrepreneurship and businesses, particularly post-COVID-19, by increasing access to productive, technical and financial resources, as well as to basic essential services and green, resilient, and sustainable infrastructure.

Additionally, WYE led the design of grant operations to benefit women and young people to the amount of US\$629,000.

WOMEN ENTREPRENEURS FINANCE INITIATIVE

In 2022 the Bank was granted two additional rounds of funding by the Women Entrepreneurs Finance Initiative (We-Fi). The first, US\$5.5 million to implement the second phase of BRAVE Women 2.0, will build on the achievements of the first phase of the program and focus on increasing the incomes of women-owned SMEs (WSMEs) in Yemen by (a) improving business practices and management skills through capacity training, (b) increasing WSMEs' access to blended finance by engaging with financial institutions in the form of grant matching and a credit guarantee scheme, and (c) supporting more WSMEs to enter and thrive in new markets via e-commerce solutions.

The second grant of US\$6.1 million was received to support the Women in Sanitation Enterprises project which aims to support women entrepreneurs actively engaged in sanitation-related businesses in 15 municipalities across Bangladesh. It will focus on increasing finance and investment in WSMEs through a line of financing, helping WSMEs integrate digital finance in their businesses, developing their leadership abilities, and improving access to markets and networks to strengthen their engagement in the sanitation value chain. To help create an enabling environment, the project will also address policy reforms in the areas of business deregulation and data collection, and strengthen institutional capacity in both the public and private sectors.

The IsDB co-hosted the 2022 Global Gender Summit of the Multilateral Development Banks (MDB) Working Group on Gender (WGG) with the European Investment Bank. The theme of the event was 'Building Back Better: Advancing Gender Equality for a More Resilient Future'. The summit was held over three days and focused on employment and the care economy, climate change and digitization.

IN 2022 THE BANK WAS GRANTED TWO ADDITIONAL ROUNDS OF FUNDING BY THE WOMEN ENTREPRENEURS FINANCE INITIATIVE (WE-FI).

**US\$5.5
MILLION
TO IMPLEMENT THE
SECOND PHASE OF BRAVE
WOMEN 2.0.**

**US\$6.1
MILLION
TO SUPPORT THE
WOMEN IN SANITATION
ENTERPRISES PROJECT.**



BOX 12 | ISDB SUPPORT TO DISADVANTAGED WOMEN IN BANGLADESH – MORIAM’S STORY

A survey by the Centre for Mass Education & Science (CMES) in 2017 found that 15% of households in Bangladesh are female-headed and facing serious social problems. To address this, IsDB approved a grant operation known as ‘Women Empowerment Program through Livelihood Skills Training and Human Rights Awareness’. The program is partly built around a recognition that around 60% of the four million people working in Bangladesh’s readymade garments (RMG) factories are women – but due to a lack of skilled labor, only 30% of the capacity of the RMG sector is currently being utilized.

Moriam, a widow project beneficiary with two small children, lives in the Tangail district. Her late husband worked in the construction sector and died in a tragic accident. The family had no savings, putting pressure on food and education expenditure. After actively participating in the training program on fashion garments and human rights awareness, followed by an internship, Moriam purchased a sewing machine using microcredit and started her own business. She is now receiving orders to make dresses from her surrounding community and other tailors, earning around BDT 5000 (approx. US\$60) per month. She is also volunteering in the local support group to end child marriage and gender-based violence (GBV), and to support pregnant women in obtaining maternal

SO FAR, THE PROJECT HAS PROVIDED TECHNICAL TRAINING TO **700** VULNERABLE YOUNG WOMEN.

A TOTAL OF **226** HAVE GRADUATED, AND **64** TRAINEES/WOMEN ARE EMPLOYED WHILE **162** HAVE STARTED THEIR OWN BUSINESSES.

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health services. She now plays a vital role in her neighborhood, acting as a role model and a change agent for her community.

“I was in the dark after the death of my husband,” says Moriam. “IsDB support has brought sunshine to my family and me.”

So far, the project has provided technical training to 700 vulnerable young women. A total of 226 have graduated, and 64 trainees/women are employed while 162 have started their own businesses.



3.4.2 | CLIMATE CHANGE

In 2022, as part of the Bank’s commitment to climate mainstreaming, it continued to implement its Climate Action Plan (2020-2025) which sets out modalities and clear procedures towards climate action in member countries and towards actualizing a climate finance target of 35% by 2025. In 2022, IsDB climate finance stood at US\$1.05 billion, accounting for 33% of total approved investments by the Bank in 2022. Specifically, 65% of total climate finance were towards climate adaptation related activities, while 35% of total climate finance were for climate mitigation activities.

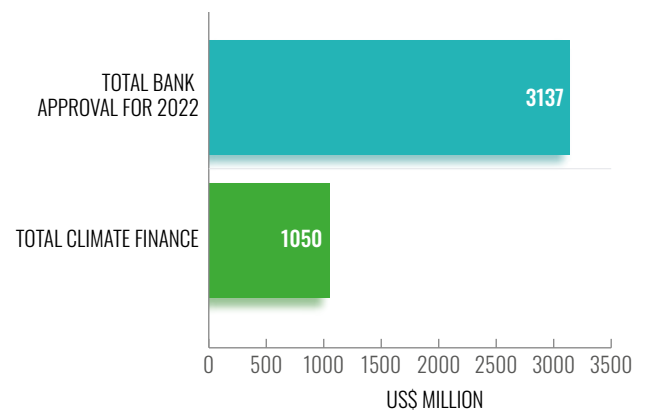
In June 2022, at the Bank’s Annual Meeting in Sharm El Sheikh, Egypt, the Bank announced its target of fully aligning its sovereign operations with the objectives of the Paris Agreement by the end of 2023. This will support the implementation of its member countries’ nationally determined contributions as well as the development and implementation of ambitious long-term climate strategies to enable economies to become climate-resilient while moving towards low-carbon and inclusive development. To this effect, in 2022, the Bank launched its Action Plan for Operationalization of the Paris Alignment (2022-2023) and commenced a series of Paris Alignment and Climate Mainstreaming workshops for its staff across all of the Bank’s Regional Hubs.

In 2022, the IsDB, alongside Arab Coordination Group (ACG) members at COP27, committed to providing a cumulative amount of US\$24 billion in financing by 2030 to address the global climate crisis. Within this commitment, IsDB pledged to approve at least US\$13 billion of adaptation and mitigation finance between 2023-2030.

In terms of climate mainstreaming, the Bank incorporated climate change and green growth elements in all Member Country Partnership Strategies (MCPSs) developed in 2022 including Indonesia, Niger, Uzbekistan, Bangladesh, Senegal and Turkmenistan. In addition, all projects and investments with physical assets approved in 2022 were screened against physical climate risks across all regions and sectors to harness opportunities and mitigate the impact of climate change.

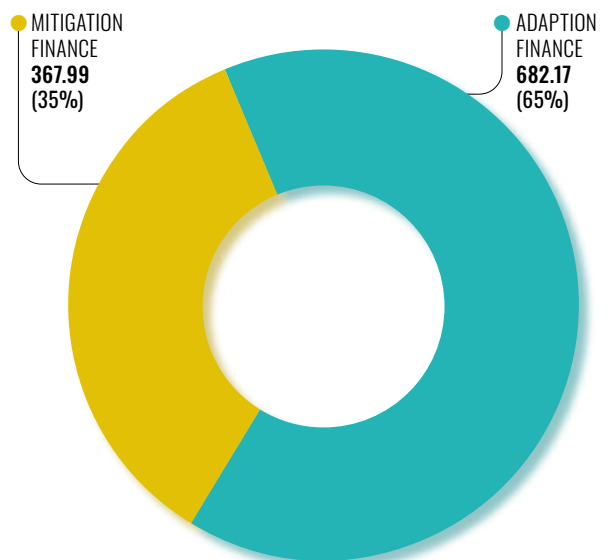
In 2022, the Bank actively engaged in major global and regional climate events alongside its member countries and partners including the United Nations Climate Change Conference (COP27) in Sharm El Sheik. This included over 35 side events and numerous engagements with partners and member countries’ stakeholders. Similarly, the Bank was a regional partner in the pioneering Middle East and North Africa (MENA) Climate Week held in Dubai, United Arab Emirates and organized several high-level and technical sessions. In terms of knowledge generation, the Bank produced several climate and sector-related publications, outreach materials, and organized and contributed to workshops and webinars.

FIGURE 3.2 | IsDB 2022 CLIMATE FINANCE SHARE OF TOTAL APPROVAL (US\$ MILLION)



IN 2022, THE ISDB, ALONGSIDE ARAB COORDINATION GROUP (ACG) MEMBERS AT COP27, COMMITTED TO PROVIDING A CUMULATIVE AMOUNT OF **US\$24 BILLION** IN FINANCING BY 2030 TO ADDRESS THE GLOBAL CLIMATE CRISIS.

FIGURE 3.3 | IsDB 2022 CLIMATE FINANCE TYPE (US\$ MILLION)



PARTNERSHIPS TO FEND OFF CRISES

FIGURE 3.4 | 2022 CLIMATE FINANCE BY REGIONAL CLASSIFICATION (US\$ MILLION)

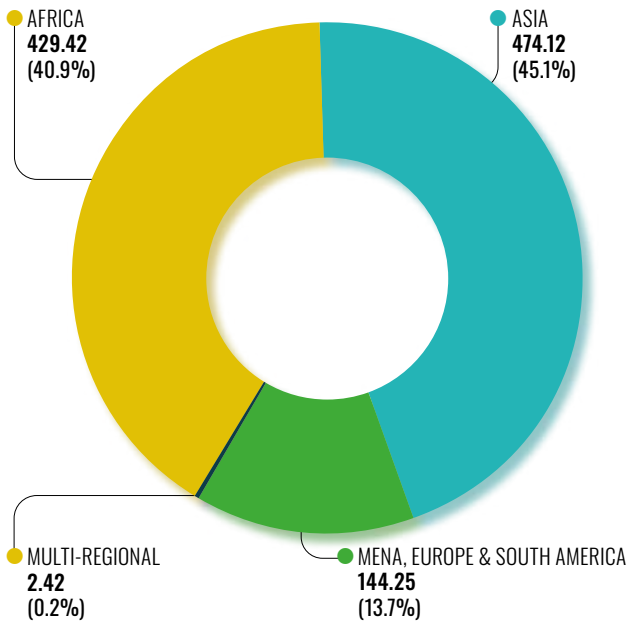
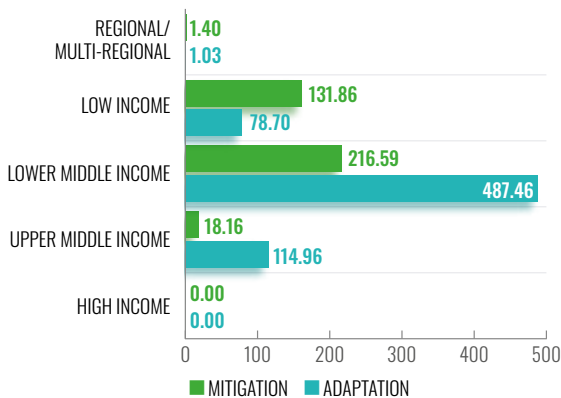


FIGURE 3.5 | Climate Finance by Income Grouping (US\$ million)

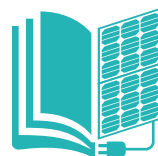


The Bank continues to engage and support member countries through grant financing mobilized from specialized climate funds and other climate facilities including the Green Climate Fund and the NDC Partnership. In 2022, the Bank continued to forge new partnerships and engagement with bilateral, national, research and multilateral institutions including numerous MDB-led climate change initiatives and working groups on topics such as Paris Alignment, adaptation and mitigation working groups and climate finance reporting.

3.4.3 | NGOs AND CIVIL SOCIETY ENGAGEMENT

IsDB has been supporting community projects through grant financing for NGOs in Pakistan, Chad, Yemen, and Somalia.

PAKISTAN



‘ENHANCING COMMUNITIES’ RESILIENCE THROUGH YOUTH EMPOWERMENT AND ENERGY CONSERVATION FOR SUPPORTING STEM, NRM, AND RURAL DEVELOPMENT’.

One particularly promising education project is the ‘Enhancing Communities’ Resilience through Youth Empowerment and Energy Conservation for Supporting STEM, natural resource management (NRM), and Rural Development’ with the Taaleem Foundation in Pakistan. The project aims to deliver (i) social mobilization for efficient management of indigenous resources, local heritage and biodiversity conservation; (ii) the upgrading of 10 Government schools as telecenters and skill development centers for youth inspiration, STEM education and women’s empowerment for livelihood support; (iii) the installation of solar power units to 10 schools/telecenters and 200 households; and (iv) capacity enhancement of women and youth in rural communities through STEM, NRM and income-generating skills. In 2022, the project carried out a baseline survey through focus group discussions, a household survey and key informant interviews, the formation of Village Conservation Committees (VCCs), and the selection of 10 government secondary schools in Azad Jammu and Kashmir. Four hundred community sessions were conducted and these identified the most deserving 200 households to receive domestic solar power units.



YEMEN



BUILDING CAPACITY FOR LOCAL NGOs (LNGOs) IN YEMEN.

The Bank has supported and completed a project to build capacity in local NGOs (LNGOs) in Yemen with the Humanitarian Academy for Development (HAD). The project strengthened the capacity of LNGOs to be more efficient and effective in designing and implementing humanitarian projects, ensuring their projects meet high humanitarian standards and represent good value for money. The project has focused on supporting LNGOs that serve marginalized and vulnerable groups to better respond to current humanitarian needs and prepare communities for the post-war transition and early recovery stage. The components and core outputs of the intervention include training needs assessments and the delivery of training supported by mentoring and coaching. The total budget of the project is US\$523,744 including co-financing.

CHAD



REDUCING SOCIAL PRECARIOUSNESS IN RURAL AREAS THROUGH THE PROMOTION OF INTEGRATED AGRICULTURAL SYSTEMS COMBINING AGRICULTURE AND LIVESTOCK.

The value chain promotion project for the processing and conservation of agricultural and pastoral products started in January 2022 with a budget of US\$183,543 and an implementation period of two years. The project aims to reduce social precariousness in rural areas through the promotion of integrated agricultural systems combining agriculture and livestock. It consists of developing farms and providing them with infrastructure that will enable young people and women to perform continuous farming and non-direct farming activities. This will be achieved by boosting the value of agro-pastoral products at all important stages of the value chain and increasing job opportunities in the agro-pastoral sector. The aim is to make beneficiaries autonomous and involved in the entire value chain including production, processing, distribution and consumption. There is scope to facilitate employment or self-employment at every stage of the value chain. The project has so far successfully created two slaughterhouses and two vaccination parks in Dibébé and Zarafa, identified and developed eight market gardening sites in Dibébé, and fenced eight market gardening sites in Dibébé. The project is on course to achieve its targets by 2023.

SOMALIA



STRENGTHENING THE FINANCIAL SUSTAINABILITY OF PRIMARY HEALTHCARE IN SOMALIA.

This project is aimed at strengthening the financial sustainability of primary healthcare in Somalia by introducing the cost sharing system, which is being piloted in the northwest of the country. The project will: establish an institutional environment allowing the implementation of an efficient cost recovery system (Cost Recovery Policy and Strategy) in three rural healthcare settings; strengthen the healthcare system by improving government stewardship and oversight of service provision; and build the technical capacity of frontline health workers in the piloted health facilities and the knowledge of Ministry of Health managers on health financing and the cost sharing system. The implementation period is 12 months, and it is expected to be completed by the end of 2023. IsDB's contribution to the project is US\$150,000, while the Somali International Patriotic Action (SIPA)'s contribution is US\$56,900, and Ministry of Health of Somalia contribution is US\$20,000.



IsDB'S CONTRIBUTION TO THE PROJECT IS
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 WHILE THE SOMALI INTERNATIONAL PATRIOTIC
 ACTION (SIPA)'S CONTRIBUTION IS
US\$56,900,
 AND MINISTRY OF HEALTH OF SOMALIA
 CONTRIBUTION IS
US\$20,000.

3.4.4 | COMMUNITIES OUTREACH PROGRAM

Since its inception in 1981, the Communities Outreach Program has approved a total of 1,854 projects to a total amount of US\$904 million. Out of the projects, 1,081 were developmental projects, while 773 were relief projects. In terms of cost, the developmental projects amounted to US\$282 million, while relief projects amounted to US\$622 million. These operations were delivered in 84 countries in eight geographical sub-regions in Non-Member Countries (NMCs). The following charts show the total number of approved projects (relief and development) and amounts for both approved sectors.

The Communities Outreach Program approved a total of seven projects in 2022, to a total value of US\$1.455 million. One of these was a relief project costing US\$200,000 to support communities suffering the impacts of drought in Ethiopia. The other six projects are development projects with a total value of US\$1.255 million to support the education sector in five countries. These are: (i) an infrastructure and equipment grant for Iqra Girls’ Academy in Lusaka (Zambia) to the value of US\$0.2 million; (ii) the expansion of a public second gymnasium school in Mostar (Bosnia and Herzegovina) to the value of US\$0.185 million; (iii) the expansion of a vocational training center for Hamidiya Islamiya School Society in Panwari (India) to the value of US\$0.2 million; (iv) the expansion of Markaz-E-Adab-O-Science Primary School in Ranchi (India) to the value of US\$0.2 million; (v) the construction of a primary school building within the Institute of Islamic & Secular Studies (IISS), Vallée des Prêtres, Port-Louis, Mauritius, to the value of US\$0.25 million; and (vi) the expansion of Rahma Pre School and Primary School, Dodoma City, Tanzania, to the value of US\$0.22 million.

The implementation of 14 projects has been completed this year. There are 51 projects at various stages of implementation across several continents including 21 in Africa, 11 in Europe, 14 in Asia and 5 in America.

The program also developed a partnership with a philanthropist, which has committed to providing the equivalent of around US\$1.65 million to the development of minority Muslim communities in Thailand and Cambodia, with the construction of vocational training centers and a housing complex.

FIGURE 3.6 | COMMUNITIES OUTREACH PROJECTS BY TYPE (BY NUMBER OF PROJECTS SINCE INCEPTION)

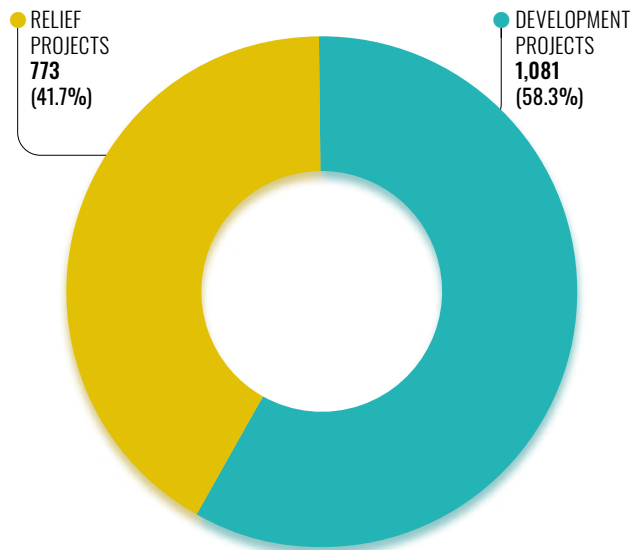
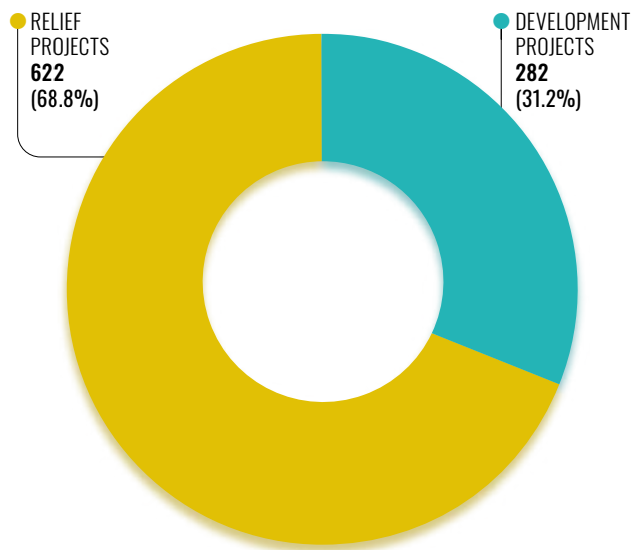


FIGURE 3.7 | COMMUNITIES OUTREACH PROJECTS BY TYPE (BY AMOUNT OF APPROVAL IN US\$ MILLION SINCE INCEPTION)



THE COMMUNITIES OUTREACH PROGRAM APPROVED A TOTAL OF SEVEN PROJECTS IN 2022, TO A TOTAL VALUE OF

US\$1.455 MILLION.

THE IMPLEMENTATION OF

14 PROJECTS

HAS BEEN COMPLETED THIS YEAR. THERE ARE 51 PROJECTS AT VARIOUS STAGES OF IMPLEMENTATION ACROSS SEVERAL CONTINENTS INCLUDING 21 IN AFRICA, 11 IN EUROPE, 14 IN ASIA AND 5 IN AMERICA.



BOX 13 | SCIENCE AND TECHNOLOGY EQUIPMENT FOR IQRA GIRLS' ACADEMY IN LUSAKA (ZAMBIA)

This project aims to enhance the learning quality and performance of Iqra Girls' Academy through the provision of science and technology laboratory infrastructure and equipment for the school. It will support the development of a state-of-the-art school and ultimately improve the school's developmental achievements, particularly in terms of opportunities for girls. The project will increase learners' access to science and technology education through increased school capacity, and will make the learning experience safe and enjoyable for the pupils by providing a qualitative and conducive learning environment. By end of 2025, the project is expected to have provided an effective, well-coordinated, and responsive Science and Technology (ST) Laboratory and an Information Communication and Technology (ICT) Laboratory, managed by experienced personnel at Iqra Girls' Academy. Eighty additional annual student intakes (all girls), will have access to improved, relevant, and modern ICT and ST laboratory facilities in the school, contributing to an increased number of girls achieving minimum proficiency in ICT/ST.

80

ADDITIONAL ANNUAL STUDENT INTAKES (ALL GIRLS), WILL HAVE ACCESS TO IMPROVED, RELEVANT, AND MODERN ICT AND ST LABORATORY FACILITIES IN THE SCHOOL, CONTRIBUTING TO AN INCREASED NUMBER OF GIRLS ACHIEVING MINIMUM PROFICIENCY IN ICT/ST.



3.4.5 | SCHOLARSHIP PROGRAM

The IsDB Scholarship Program was established in 1983 to promote human capital development in member countries and Muslim communities in non-member countries. The program plays a crucial role in human resource development and workforce mobility. It also facilitates capacity building with the innovation, knowledge and technology needed to compete in a rapidly changing world.

There are four scholarship programs offered by the IsDB: (i) an Undergraduate Program for Muslim communities in non-member countries (SPMC), (ii) a Merit Scholarship Program for High Technology (MSP), (iii) an M.Sc. Scholarship Program in Science and Technology for IsDB LDMCs, and (iv) an IsDB-ISFD Scholarship Program for LDMCs.

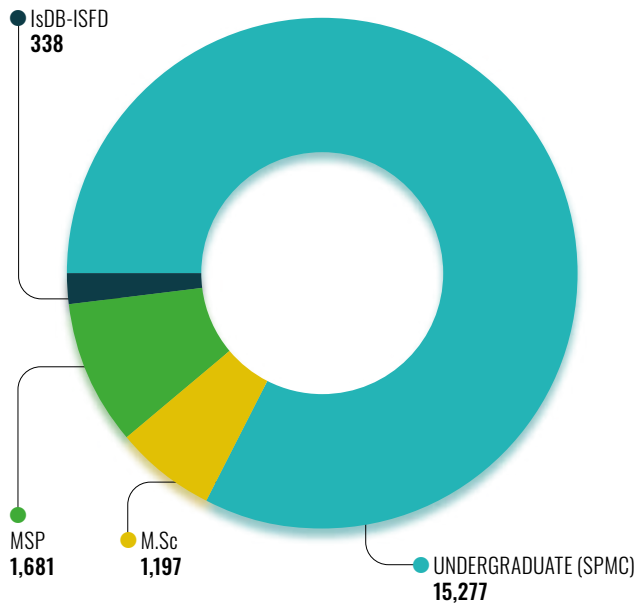
Over the past 39 years of operations, the Bank has offered scholarships to 18,493 students from 122 countries worldwide (56 member countries and 66 Muslim communities in non-member countries). These include 15,277 for the SPMC, 1197 for the M.Sc., 1,681 for the MSP and 338 for the IsDB-ISFD. Gender representation is 70% male and 30% female. As of December 2022, the total accumulated expenditure for the entire program has been US\$233.93 million.

Of the total awardees, 13,716 students have graduated from reputable universities in key areas of development. In terms of regional distribution, 52% of the total number of graduates are from Muslim communities in Asia, followed by member countries at 26%, while 16% are from Muslim communities in Africa. The remaining 6% are from Muslim communities in Europe, Oceania, and North & South America.. It is encouraging and gratifying to note that the Scholarship Program is achieving its mission: most graduates have gained employment in important positions, are advancing in their careers, and have made significant contributions to the development of their countries.

The scholarships provided under the Undergraduate Program for Muslim communities in non-member countries are in the form of loans to the students and grants to the respective Muslim community. Both are refundable to the IsDB Education Trusts (IETs) established by the Bank after the recipient has graduated and found gainful employment. The fund can then be used to offer additional scholarships to other students from the same community. As a result, IETs in 16 countries have so far offered 2,181 scholarships, bringing the total scholarships provided since inception to 20,674.

As of 31 December 2022, 1,433 students are currently pursuing their studies and 1,228 students have completed their studies and are awaiting the announcement of their graduation. Meanwhile, 988 scholars failed or dropped out of their programs, while 1,128 students either did not enrol or declined their scholarship offers.

FIGURE 3.8 | SCHOLARSHIP ALLOCATIONS



OVER THE PAST 39 YEARS OF OPERATIONS, THE BANK HAS OFFERED SCHOLARSHIPS TO **18,493 STUDENTS** FROM 122 COUNTRIES WORLDWIDE (56 MEMBER COUNTRIES AND 66 MUSLIM COMMUNITIES IN NON-MEMBER COUNTRIES).

52% OF THE TOTAL NUMBER OF GRADUATES ARE FROM MUSLIM COMMUNITIES IN ASIA, FOLLOWED BY MEMBER COUNTRIES AT 26%, WHILE 16% ARE FROM MUSLIM COMMUNITIES IN AFRICA. THE REMAINING 6% ARE FROM MUSLIM COMMUNITIES IN EUROPE, OCEANIA, AND NORTH & SOUTH AMERICA.

AS OF DECEMBER 2022, THE TOTAL ACCUMULATED EXPENDITURE FOR THE ENTIRE PROGRAM HAS BEEN **US\$233.93 MILLION.**





3.4.6 | ADAHI

The government of the Kingdom of Saudi Arabia has entrusted the IsDB to implement the Kingdom of Saudi Arabia Project for Utilization of Hady and Adahi.

The project aims to make it easier for pilgrims, and Muslims in general, to purchase and perform the rituals of hady, udhiya, fidya, and sadaqa, and to distribute the meat to eligible beneficiaries throughout the Muslim world.

Having operated continuously over the past 40 years since its inception, the project came to serve more than 50% of the pilgrims during the Hajj season of 1443. The number of slaughtered animals during that season was 447,776 sheep. All the resulting meat was distributed to the target groups in the Kingdom of Saudi Arabia and beyond. The partnership between the project and more than 300 charitable associations accredited by the Ministry of Human Resources and Social Development facilitated distribution within the Kingdom. Externally, the project also distributed meat in more than 27 countries, in coordination with the Saudi embassies.

Meanwhile, the project runs the program for sadaqa and aqiqa throughout the year, slaughtering on a weekly basis in response to requests received through the website and authorized outlets. The sheep slaughtered under this category in 1443 numbered 20,000, and the meat is distributed to the target groups throughout the year.

GELATIN AND CAPSULES

The Saudi Gelatin and Capsules Company was established to make use of hide and offal, which were causing great harm to the environment and pilgrims at the Holy sites, and to localize a vital industry. The company produces food gelatin and gelatin capsules. The actual sale of gelatin began in the second quarter of 2021.

All production lines have been tested and sample capsules have been produced and sent to many companies inside and outside the Kingdom. The sample results were excellent for most companies in terms of laboratory and microbiological analysis and in terms of testing on filling machines. Commercial-scale sales were made to major pharmaceutical factories inside and outside the Kingdom of Saudi Arabia including Egypt, Iraq, Jordan and Yemen.

