

Multi-year Expert Meeting
on Transport, Trade Logistics and Trade
Facilitation:

**Trade Logistics and the 2030 Agenda for
Sustainable Development**

23-24 October 2017

by

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24 October 2017



International Islamic Trade Finance Corporation

Sustainable Development at the heart of IDBG and ITFC

**UNCTAD's Multi-year Expert Meeting on
Transport, Trade Logistics and Trade Facilitation**

Geneva, 23-24 October 2017

Presentation by Anisse Terai, Head of Policy and Partnerships (ITFC)

Sustainable Development at the heart of IDBG and ITFC



- Development Bank (IDB) Group
- Multilateral Development Banks Commitment to Sustainable Transport
- IDB Group Regional Cooperation and Integration Strategy
- ITFC and Sustainable Development
- Balancing Financial Sustainability with Development Impact in ITFC
- SDG #17 - Partnerships for the Goal

Islamic Development Bank (IDB) Group



57 Countries : OIC Member Countries
 (4 continents): 1.7 Billion People
 23 % of World's Population – 11 % of World's GDP



*IDB Group Infrastructure Strategic Plan aims at
 "addressing economic development challenges
 through infrastructure development"*

Islamic Development Bank (IDB) Group



Established in 1975
 AAA or equivalent by all
 major rating agencies



1981



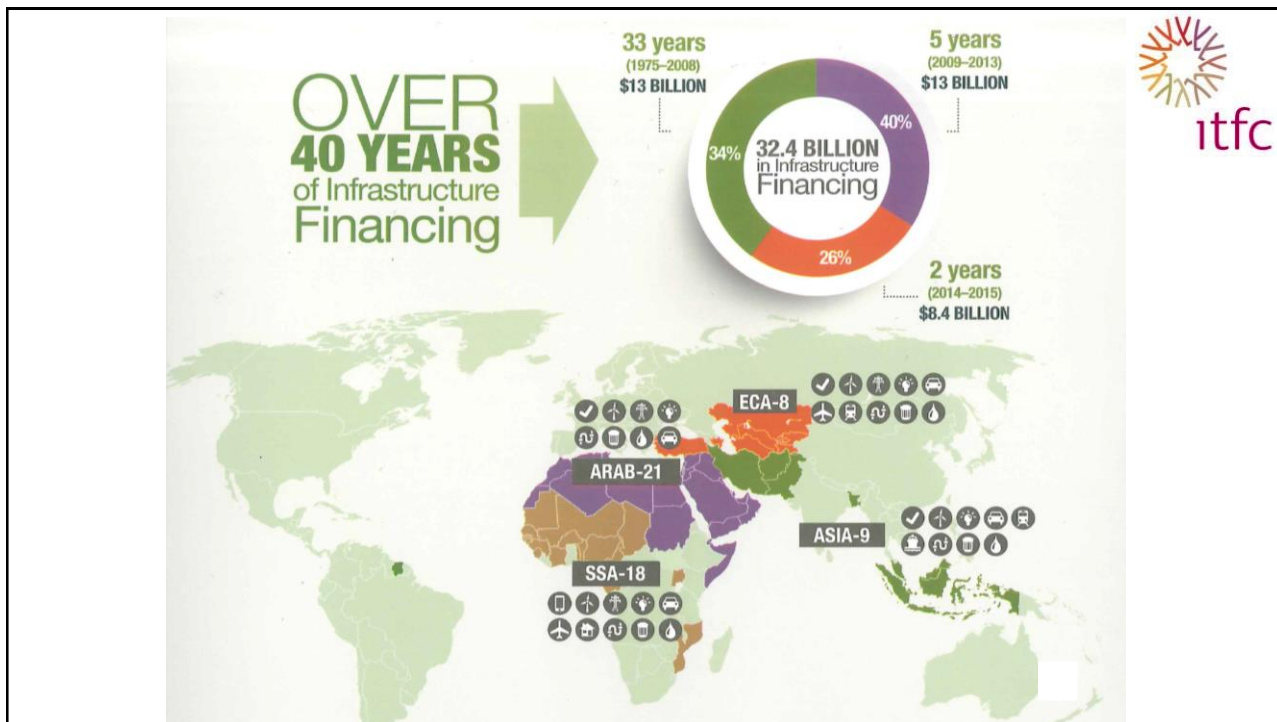
1994



1999



2008





Multilateral Development Banks Commitment to Sustainable Transport



Voluntary commitment at Rio+20



What was our commitment?



- **\$175 billion** for transport in developing countries over 10 years, with increasing focus on ST
- Help developing countries develop ST **policies**, use of **best practices**, **scaling-up** mechanisms
- Ready to help in creating **special financing facilities** for ST
- All of support for **UN post-2015 agenda on ST** – High Level Panel, SDGs
- **Measuring, monitoring and reporting on ST** lending, with common annual reporting – including SLOCAT collaboration



Background to our MDB commitment

- Transport **enables** economic and social activity - access to opportunities, services
- But **negative effects** - congestion, emissions, environment impacts, road crashes
- Could become largest **CO₂ emitter**
- Sustainable Transport = **accessible, affordable, efficient, financially sustainable, environment friendly, safe**
- MDBs have been changing and adapting to **focus on ST**



A diversity of priorities...



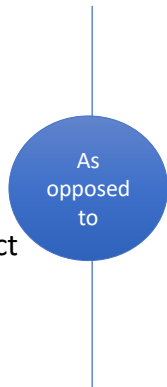
Note: key words are only indicative of select priorities in each region and not exhaustive in any way.



... requiring a holistic way to measuring sustainability of projects

Need to look holistically at:

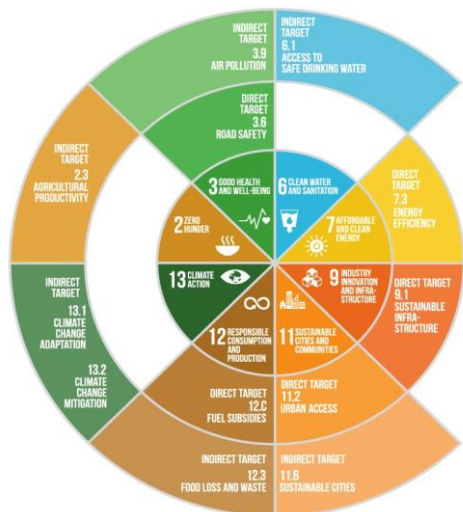
- Economic effectiveness
- Social sustainability
- Environmental sustainability
- Risk to sustainability or project soundness



Simple statements/ approaches such as:

- Roads = unsustainable
- Public transport = sustainable

Transport and SDGs



Transport mainstreamed in 8 SDGs

- Targets to improve rural and urban access + regional connectivity
- Targets aimed strengthening sustainability: safety, pollution, congestion, climate

Moving Forward: Transport Infrastructure Focus



With the guidance of the IDB's Vision and the emerging challenges in the development landscape, **the IDB Transport Sector Policy** is planned to be built on the following four pillars:

- Transport in support of economic growth and regional integration.
- Transport that enables social inclusion.
- Promoting Road Safety
- Sustainable Transport.



IDB Group Regional Cooperation and Integration Strategy



RCI Strategy – IDB Group Roles

Connector/Trusted Advisor

- ‘Honest Broker’ - working with RCOs and MCs. Planning and implementing RCI initiatives through sub-regional and regional programs and platforms.

Capacity Builder and Knowledge Broker

- Optimize the content and delivery of capacity building and knowledge work from across IDBG entities and center it on broader RCI programs of RCOs and MCs.

Financier

- Provide/mobilize a range of Islamic Finance products and services to support sovereign and non-sovereign RCI operations across a range of RCO and MC-prioritized programs

Leader/Partner:

- Partner with RCOs, MDBs, UN agencies, bilateral agencies, private sector - to leverage IDBG’s leadership and own resource allocation to support RCI. Establish a new partnership with the AIIB

TRANSPORT 2014-2015



\$3.9
BILLION
Total
Financed

COMMITMENTS TOWARD DEVELOPMENT RESULTS



2,600 KM
of roads/
highways
installed



21
Locomotives
Trains to be
Manufactured

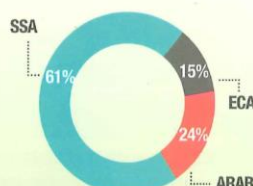


6 MILLION
passengers
/year airport
capacity

FINANCING BY SUB-SECTORS



PROJECTS FINANCED BY REGION



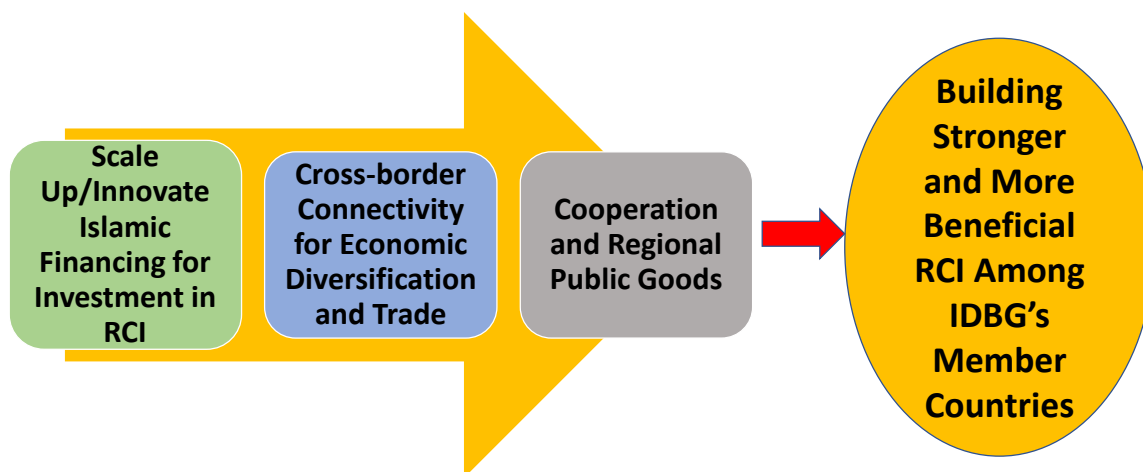
KEY THEMES

Transport Key for Economic Development (aviation, roads, highway, rail, ports)

IDB is committed to supporting investments in sustainable transport facilities to enhance access, efficiency and safety. IDB will also support regional integration through cross-border and regional transport projects.



RCI Strategy – Operational Directions



RCI Strategy – IDB Group Roles



	RCI 'SOFTWARE'	RCI 'HARDWARE'	RPGs/COLLECTIVE ACTION
National	FDI & Export Promotion Economic Zones. Regional Investment Funds	Developing National Inland Transport Networks. Ports	Benchmark National Standards against Other MCs
Cross-border	Trade Facilitation. FDI Facilitation. Professional Skills Accreditation	Transport, Energy, ICT Infrastructure. Logistics Centers	Natural Resources Management. Phyto- sanitary standards
Regional/Sub-regional	Energy Trade and Markets. Support Regional Grouping of MCs/MC stakeholders	ICT/Transport/Economic Networks. Technology Parks.	Communicable & Infectious Disease. Illicit Trade. Natural Disasters
Inter-regional/Global	Financial, Trade, and Investment Integration.	Deepwater Ports and Modern Shipyards. Satellite Communications	Financial & Capital Market Regulation. Intellectual Property

RCI Strategy – Results Framework



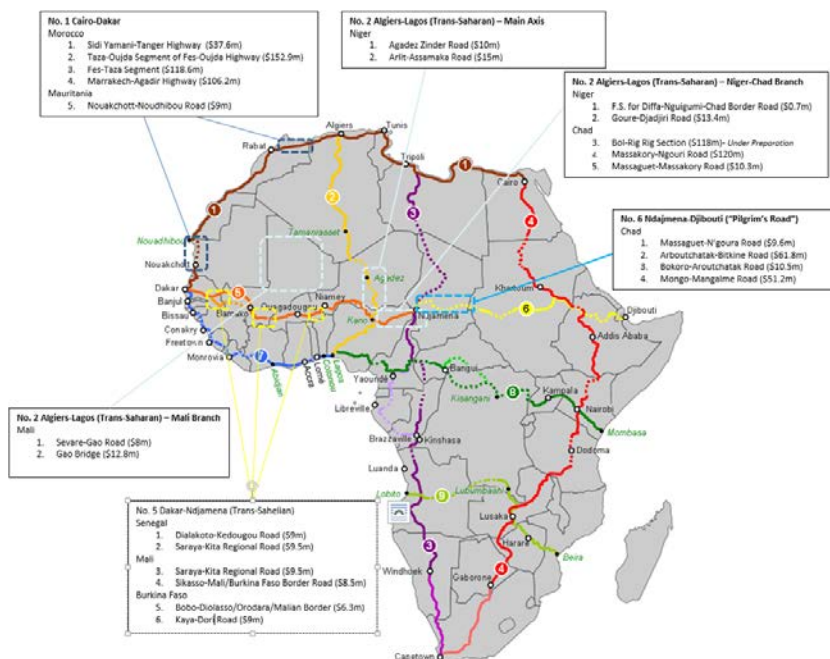
Implementation of the RCI Strategy is monitored and assessed using a (four-level) RCI Results Framework (RCI-RF)

Level 1 tracks progress on RCI in MCs. The indicators are drawn from the 10YS and international performance indices covering trade, investment and global public goods.

Level 2 looks at selected RCI outcomes in MCs considered IDBG contributions to the achievement of Level 1 goals.

Level 3 views selected performance on IDBG's operational management of its RCI program.

Level 4 monitors organizational management of RCI at IDBG, including institutional resource use and business process efficiency in implementing the RCI Strategy.



Trans-Saharan Road Corridor



Promoting Connectivity for Sustainable Development

- Adhere to main UN Agreements
- Facilitate border crossing procedures
- Train the industry (managers, drivers, agents, officials, etc.)
- Remove bottlenecks (infrastructure, knowledge, HR, services)
- Feasibility studies to upgrade cross-border main and ancillary infrastructure
- Set up a Strategy Committee to drive a strategy for endorsement by LAS or AULT





ITFC and Sustainable Development

SDGs Achievement is a Strategic Priority



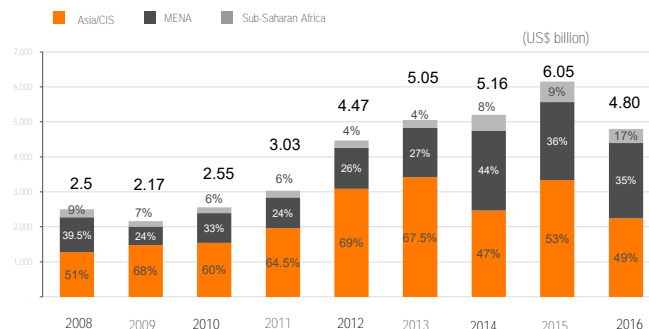
- ITFC is aligned with IDB Group “4A” approach to achieving the SDGs by:
 - (1) increasing **A**wareness within and outside the IDB Group;
 - (2) ensuring **A**lignment of IDB Group entities / departments and with member countries;
 - (3) expending **A**dvocacy efforts to mobilize resources and to advance SDGs achievement;
 - (4) focusing on **A**daptation to take advantage of opportunities and to meet needs.





ITFC Financing by Region (2008-2016)

- Cumulative trade finance reached US\$36 billion
- Total of US\$64 billion including IDB historical figures
- Total of US\$15 billion for LDCs
- Total of US\$13 billion for the private sector and SMEs



Trade Development



TRADE PROMOTION	Promoting/Developing trade and trade cooperation among member countries to enable them to participate in the process and to take advantage of globalization	DEVELOPMENT OF STRATEGIC COMMODITIES	Development of competitiveness in the export sectors in which there are comparative advantages
TRADE FACILITATION	Facilitating trade by promoting economic integration between member countries and the removal of trade barriers and improve trade infrastructure	TRADE POLICY	Advance trade policies and agenda at countries, institutions, regional and international organizations level, through dialogue and contribution to shaping the future of trade
CAPACITY BUILDING	Strengthening human and institutional capacities and support sustainability of national trade sources between member countries	ENHANCING PRODUCTIVE CAPACITY	Building up supply side constraints, build comparative advantages and increase market access to producers



Asset Management:

- Structuring and management of Trade related investment Funds



Sustainable Trade Finance

- Standards and certification
 - ITC mapping of existing sustainability standards
 - Trade Finance community in need of guidance and simplification
 - MDBs and Sustainable Development community engagement is a must
- Guidelines for short-term Trade Finance
 - Discussions on an equivalent of the Equator Principles, for trade finance
 - Advocacy for preferential treatment and MDB framework for favourable finance
 - Involve corporates and consumers forums from various industry sectors
- Education and awareness
 - Create content and training programs
 - e-learning and digital platforms



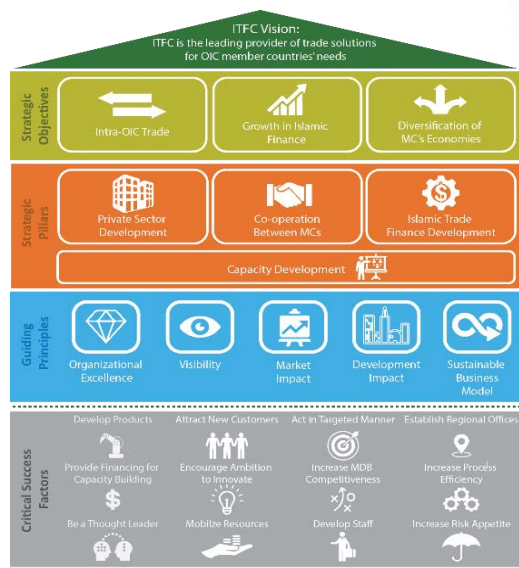
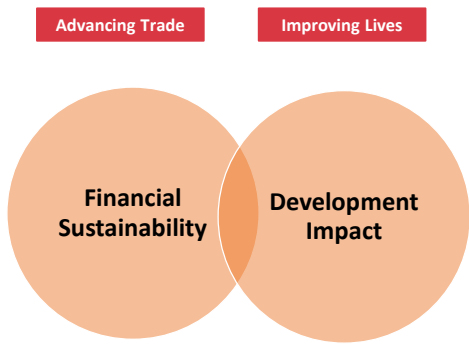
Trade Logistics and Trade Facilitation

- International trade moved from about \$5 trillion in 1994 to about \$24 trillion
- Regional Cooperation and Integration as a vector of Sustainable Development
- Importance of cross border and integrated and multimodal logistics systems
- Multilateral Development Banks and International Organization partnership for more additionality and global sustainable impact
- Trade of goods and services digitalization leading to the transformation of logistics and infrastructure needs
- Dialogue with the private sector, SMEs and the civil society for greener Global Value Chains

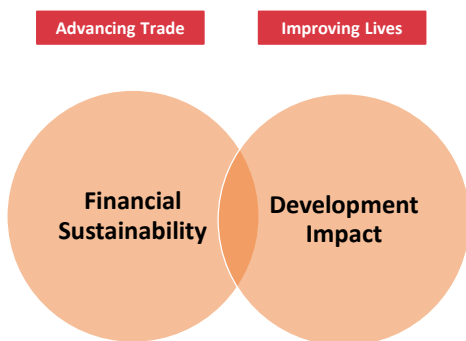


Balancing Financial Sustainability with Development Impact in ITFC

Balancing Financial Sustainability with Development Impact



Balancing Financial Sustainability with Development Impact



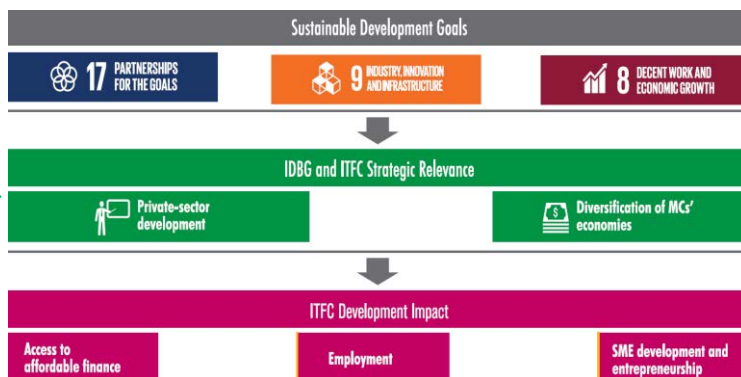
ITFCs development themes have been chosen to capture how effectively ITFC is contributing towards the attainment of global goals, **from the bottom-up**.



Balancing Financial Sustainability with Development Impact



- THEME 1** INCLUSIVE GROWTH
- THEME 2** PRIVATE-SECTOR DEVELOPMENT
- THEME 3** TECHNOLOGY, SKILLS AND INNOVATION
- THEME 4** SUSTAINABILITY
- THEME 5** DELIVERY EFFECTIVENESS
- THEME 6** PORTFOLIO MANAGEMENT



Development Impact at a Glance (2016)



Expanding Islamic trade finance

In the period 2008-2016, ITFC has approved

550 transactions involving

265 clients

50 countries

35 Total of USD billion.

Intra-regional trade

75%

of transaction volume in 2016 supported intra-regional trade

amounting to

2.5 USD billion



Leveraging

3

USD billion

worth of external trade finance leveraged in 2016.



SME financing

share of transactions going to SMEs has surged from

4% of the portfolio to

14% in 2016.

Diversification

44%

of transaction volume in 2016 was in commodities outside of oil and gas.



Meeting trade finance gaps

41%

of transaction volume in the period 2008-2016 involved LDMCs.



Food and agriculture

659

USD million

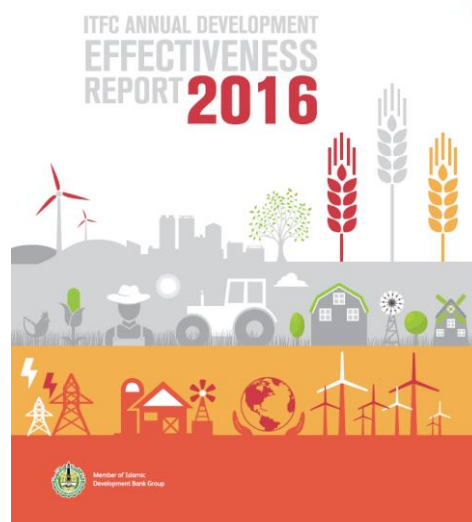
supporting the food and agriculture sectors in 2016.



Balancing Financial Sustainability with Development Impact



- From this year forward, ITFC is committed to publishing the Annual Development Effectiveness Report annually.
- These reports will constitute our primary tool to share the results of our development effectiveness, our contributions towards IDBG Strategic Objectives and towards the United Nations Sustainable Development Goals.
- The 2016 Development Effectiveness Report illustrates clearly that the ITFC has made great progress towards achieving development impact.
- For more information, you may download a digital copy of the report at <http://www.itfc-idb.org/en>, or collect a hard copy today.





SDG #17 - Partnerships for the Goal

Our Partners





Arab Africa Trade Bridges Program

- AATB Program is a multi-donor, multi-country and multi-organisations program, aiming to:

<h2 style="font-size: 48px; margin: 0;">1</h2> <p>Create and enhance trade flows between Arab and African MCs</p>	<h2 style="font-size: 48px; margin: 0;">2</h2> <p>Provide a platform to the relevant Institutions to offer Trade Finance and Export Credit Insurance Services</p>	<h2 style="font-size: 48px; margin: 0;">3</h2> <p>Provide Capacity Building on Trade related issues.</p>
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Arab Africa Trade Bridges Program



Activity	Objective
Study to identify commodities or products	The aim is to identify the most opportunistic and strategic products or commodities and design success indicators
Setting up of special trade finance and export credit insurance products or solutions	The aim is to provide dedicated Trade Finance as well as Export Credit Insurance products and services
The Forum of the AATB Program	Launch and inform the private sector of the trade opportunities, the trade finance and the export credit insurance products for the program
Buyers/Sellers workshops on specific commodity	The aim is to match buyers and sellers on specific sector to explore trade and investment opportunities
Capacity Building Program	The aim is to enhance the capacities of trainees on 1) Export Strategies & International Marketing, 2) Trade Mapping, 3) T.F. and E.C.I.
Establish, Maintain, and Promote an On-line Platform	The aim is to establish, maintain and promote a website for presenting and exchanging trade related regulations, opportunities, links
Specialized Trade Exhibitions	The aim is to provide an opportunity for the private sectors from the countries to promote, showcase, and sell their products and services
Trade Missions	The aim is to bring traders from one country to several countries to explore business opportunities.
Partnership Caravans	The aim is to bring traders from several countries to explore business opportunities in several countries.
Study to develop Logistical Platforms	Trade & Investment facilitation in Sub-Saharan Africa through development of Logistical Hubs.

Arab Africa Trade Bridges Program



Establish new business partnerships and promote trade between the two regions.



Disseminate information on market opportunities and trade regulations.



Provide opportunities for traders to present their export products.



Establish online business network that will facilitate further business contacts and information exchanges.



Provide opportunities for trade finance and export credit insurance institutions, Members of the CG, to present their products and services to exporters and importers.

ITFC and UNCTAD Partnership



- Technical discussions and experts meetings
- Joint policy work, studies and research
- Technical assistance / capacity building on trade and trade facilitation
- Programs implementation
- Resources mobilization
- Yearly work-plans



Trade, Transport and Climate Action



- ITFC, UNCTAD and UNDP joining hands at the COP23
- Shedding light on the interrelation between Trade, Transport and Climate Action
- How we can act at the level of each component of Global Value Chains (GVCs) to ensure an environment friendly sustainable development
- COP 23, Bonn, Wednesday 15 November 2017, 10:30-12:00, at UNDP Pavilion

