

# CHAPTER 2

## ADVANCING INCLUSIVE, GREEN, RESILIENT, AND SUSTAINABLE DEVELOPMENT





The IsDB is committed to ensuring that no one is left behind in the development journey of its member countries. Education, infrastructure, health, environment and gender equality are all essential components of sustainable development. In 2023, the Bank continued to address all of these aspects of development to ensure long-term, inclusive progress towards the SDGs.

## 2.1: CONTRIBUTING TO INCLUSIVE HUMAN DEVELOPMENT

### 2.1.1: EDUCATION

IsDB's investments in the education sector are anchored in its policy drive to shift from schooling to learning, in line with global efforts to transform education and address the learning crisis. IsDB approvals for the education sector in 2023 reached a new high of US\$420.59 million. The Bank leveraged US\$71.67 million in grants, including US\$65 million from the Global Partnership for Education (GPE), and US\$21.72 million in co-financing from Arab Coordination Group (ACG) partners.

The second phase of the IsDB-GPE operation in Tajikistan was approved to the value of US\$86 million, including a US\$25 million grant financing from GPE aimed at improving the learning environment and facilitating system strengthening for sustainable implementation of an inclusive competency-based education system to improve student learning outcomes. An additional US\$8 million was mobilized in co-financing from the Organization of the Petroleum Exporting Countries' (OPEC) Fund for International Development.

As part of the SmartEd initiative, an initial US\$220.25 million operation was approved for Uzbekistan to improve the quality and efficiency of education services. The project was derived from the Partnership Compact which focuses on transforming the education system through the introduction of competency-based learning to improve student learning outcomes.

The first pilot project under the human capital development initiative with WFP – “Investing in the Future of Learners” – was approved for Benin with blended financing amounting to US\$25.51 million, with grant resources from Education Above All (EAA) on top of the concessional financing from IsDB. The multisectoral approach and scope of the project includes constructing and operating 40 new school canteens, enhancing students' health and nutrition, boosting local food value chains, reintegration and retention of out-of-school children, and improving the capacities of government actors. Schools serve as a cost-effective platform for the delivery of an integrated package of health and nutrition services for children to enhance equitable opportunities to access education while improving learning outcomes.





### BOX 5: TADAMON CROWDFUNDING ACADEMY

The Tadamon platform, funded by ISDB and ISFD, and implemented by UNDP, is in its fourth year of implementation, providing various initiatives and training programs to strengthen civil society communities within the Organization of Islamic Cooperation (OIC). One of those programs is the Tadamon Crowdfunding Academy.

The Tadamon Crowdfunding Academy is an interactive training program that strengthens and builds the skills and capacities of Civil Society organizations (CSOs) to prepare and run a successful crowdfunding campaign to mobilize funds for their projects. Twelve “Crowdfunding Champions” have emerged out of this, with their success stories published online. These stories showcase individuals and communities on the frontlines working to improve access to and the quality of education and healthcare, to provide economic opportunities, to advance equality, and much more. One stand-out champion is the Rumah Asuh organization in Indonesia.

Rumah Asuh was set up in East Nusa Tenggara, the southernmost province of Indonesia, where more than 500 islands dot the horizon. But beneath the serene beauty lies a challenge faced by the children of these

With the power of crowdfunding, the organization raised nearly US\$37,044 to acquire eight safe school boats. These vessels ensure that students and teachers sail to school safely, creating a brighter future for these island communities.

islands. Limited access to education forces them to embark on dangerous journeys every day. Families rent out fragile fishing boats as makeshift vessels to reach distant schools on other islands. These voyages are treacherous and unfit for children. The boats often capsize, do not provide shelter from the sun and rain, and are expensive for families. But hope shines through the efforts of organizations like Rumah Asuh, determined to bridge this educational gap. With the power of crowdfunding, the organization raised nearly US\$37,044 to acquire eight safe school boats. These vessels ensure that students and teachers sail to school safely, creating a brighter future for these island communities.



## Schools serve as a cost-effective platform for the delivery of an integrated package of health and nutrition services for children to enhance equitable opportunities to access education while improving learning outcomes.

The Bank continues to engage with partners and participate in global aid architecture in the education sector. In addition to a representation on the GPE Board of Directors, the IsDB now serves on the Steering Committee of the Sustainable Financing Initiative as part of the Global Education Forum's efforts to deliver on the Transforming Education action tracks.

### 2.1.2: HEALTH

In 2023, IsDB approved US\$1.4 billion for health financing across 6 countries. This includes US\$120 million for post-earthquake reconstruction of hospitals in Türkiye, US\$49 million for strengthening health system in Guinea, and US\$39 million for Polio Eradication Phase IV in Pakistan. Also, in partnership with other multilateral development banks, this IsDB financing includes US\$846 million out of US\$4.2 billion allocated to health transformation in Indonesia. The work in Indonesia, with its primary care, hospital, and laboratory component, is an excellent example of how multilateral development banks have come together to scale up climate and health action at the country level. Of the combined portfolio of US\$4.2 billion, half is going to climate investments, and this includes investments from the Asian Infrastructure Investment Bank (AIIB), and the Asian Development Bank (ADB), as well as the IsDB.

Similarly, IsDB is a key player in the New Global Financing Pact to provide health and well-being for all through universal health coverage, access to safe medicines and vaccinations, and an end to communicable diseases such as Acquired immunodeficiency syndrome (AIDS) and Tuberculosis (TB). Regional partners, heads of government and policymakers, alongside the leaders of the world's multilateral banks have renewed their commitment through the pact and launched a new coordinated approach to financing health in low- and low-middle-income countries. To turn this commitment into action, the African Development Bank (AfDB), ADB, European Investment Bank IsDB, and Inter-American Development Bank have launched a new Health Impact Investment Platform with the World Health Organization. Through the Platform, the founding partners will be able to make available over €1.5 billion in financing through a combination of concessional loans and grants.

### 2.1.3: WOMEN AND YOUTH EMPOWERMENT

As part of its work on Women and Youth Empowerment (WYE), the IsDB has become a signatory of the Joint Statement of Support for implementing the Women Entrepreneurs Finance Code (WE Code). The IsDB has also received an additional grant award of US\$0.5 million to pilot a related project in Indonesia: the Khadijah Women Entrepreneurs (WE) Code: Catalyzing Women's Entrepreneurship in Islamic Finance. The IsDB will partner with the ADB to pilot the Code in Indonesia to stimulate an enabling environment for supporting women-led MSMEs within both conventional as well as Sharia banking. The IsDB has also received US\$55.6 million for the implementation of six programs that aim to support women-owned/led small and medium (WSMES) enterprises in nine countries.

The Bank also works in partnership with ITFC to support women entrepreneurs in Morocco and Egypt through the She Trades program, part of the Aid for Trade Initiative of the Arab States Program (AfTIAS). This partnership showcases true collaboration and synergies among the Bank's group entities. The Bank joined forces with ITFC in 2018 to implement She Trade projects in Morocco and Egypt, and in 2023, the division approved a US\$150,000 grant from its WYE grant program to support She Trades Egypt Phase 2, in addition to the US\$350,000 granted through AfTIAS.

The Bank has also reached out to partners to join the Coalition to Stop Obstetric Fistula (OF) and improve maternal health by addressing OF and contributing to its elimination by 2030. The program targets Afghanistan, The Gambia, Pakistan, Sierra Leone, and Somalia, countries with particularly high maternal mortality rates and a high prevalence of fistula. The Bank has approved the program's implementation in Afghanistan, jointly funded by the Afghanistan Humanitarian Trust Fund (AHTF), KS Relief and the Arab Gulf Program for Development (AGFUND).

In partnership with Microsoft, IsDB is supporting the efforts of Technology for Social Change and Development (Tech4Dev) by implementing a Women Techsters Fellowship Program that offers technical and advisory services to women across Africa to improve their access to decent technology job opportunities, as well as supporting them in building and running tech-enabled or deep tech businesses. The anticipated outcome of the Women Techsters Initiative is to empower five million women across all 54 African countries by 2030.





## **BOX 6: LIBYAN FASHION DESIGNER'S THIRST FOR KNOWLEDGE PAYS OFF**

Zahra, a 35-year-old mother of two from Libya, has been sewing clothing ever since she was a child. Over the years, she expanded her knowledge and design skills by attending a variety of sewing training courses. She later purchased a small sewing machine to put what she learned into practice.

Born in Sebha, around 600km from the capital Tripoli, Zahra graduated with a degree from the Institute of Engineering in 2014. While she focused on her studies and family life, Zahra's passion for fashion design had to be pushed to the back burner. But in 2016, after much deliberation, Zahra decided to return to her beloved hobby.

"I began by designing and selling clothes to family and friends," says Zahra. "Gradually, the number of buyers grew outside of my close circle. I decided to develop it into a small business because the number of buyers was rapidly increasing."

### **LEARNING FROM THE SETBACKS**

The decision to expand her project into an official start-up brought new challenges, mostly financial. The income was not generating sufficient funds to invest in business development while also supporting her family.

Zahra decided to enter a competition offered by SPARK and the BINA Business Incubator, part of the Tadamon program financed by the IsDB and ISFD. The competition featured training, coaching, and mentorship to support small and medium enterprises (SMEs).

"My ultimate goal was to gain knowledge," says Zahra, "because I believe knowledge is more valuable than money. Even if I had money, without the knowledge I'd lose it all."

Despite making it to the final of the competition, Zahra's business was not chosen for financial support. However, with great spirit, Zahra did not let this deter her. Instead, she started considering what her business lacked and launched herself into every available training she could find.

### **MARKET TRENDS**

By focusing on market trends, Zahra was able to also expand her business throughout the country. She established what her customers were asking for and the types of clothing that were most popular. She was able to figure out that every region in Libya has its own style, whether in traditional clothing or modern clothing. She has now recruited representatives for her start-up in different regions across Libya.

Today, Zahra employs a team of 15 women and is planning to launch her own brand, called Libyan Lotus.

The Bank recently also entered into a partnership with the UNDP to design and approve the Youth Digitalization for Employability and Entrepreneurship Program (Y-DEEP) to support youth entrepreneurs with digital skilling, job-matching, and other types of vital capacity development to thrive in a rapidly changing labor market. Around 115 applications were received for the Second Challenge Call of the Youth Green Skills Accelerator, which aimed to identify skilling solutions for post-crisis situations to build back better and greener. Three winning teams received awards totaling US\$100,000 at COP28 in Dubai.

### 2.1.4: NGOs

Tadamon (meaning “Solidarity” in Arabic) is a partnership program sponsored by the IsDB and ISFD), managed by the Islamic Development Bank (IsDB) and implemented by United Nations Development program (UNDP) and other strategic partners. Its aim is to empower CSOs to improve the socio-economic well-being of hard-to-reach communities by supporting them in mobilizing resources and leveraging expertise to eradicating poverty.

Civil society organizations have played a crucial role in promoting quality at entry in the preparation of projects in IsDB member countries, such as the Cassava Value Chain program. This involvement has included regional stakeholder consultations, capacity development, and the implementation of renewable energy initiatives such as biogas at the community level. Tadamon aims to promote capacity building, support projects with innovative practices, encourage knowledge transfer among CSOs, co-finance projects targeting disadvantaged populations, and ensure long-term sustainability by working at the grassroots level.

In 2023, the Tadamon initiative launched the Tadamon Accelerator for Food Security Response to address food insecurity in 12 member countries affected by fragility and conflict. The program aims to enhance the intake and use of food in vulnerable communities, and expects to benefit 500,000 vulnerable people. It will provide livelihood development access to 50,000 households, offer seeds and agricultural support to 20,000 households, and provide capacity development to 300 CSOs and social enterprises.

The Tadamon program has also focused on building the capacity of CSOs, with numerous workshops and training programs conducted in IsDB member countries, such as the 21 crowdfunding academies that have been successfully concluded in 20 IsDB member countries with a total of 2,471 participants. Additionally, knowledge products such as mapping booklets have been developed to help NGOs, donors, philanthropists, and governments to know more about the CSOs that are active in member countries and get in touch with them to bridge the development gap and tackle poverty alleviation issues.

**Overall, the Tadamon initiative has made significant strides in addressing food insecurity and empowering communities in fragile and conflict-affected contexts through various programs, partnerships, and capacity-building efforts.**

Strategic dialogue and consultations have been instrumental in shaping the structure of Tadamon, with the Bank conducting food security consultations and high-level dialogues to address poverty through solidarity, alliances, and partnerships. Notable events include a high-level dialogue at the United Nations General Assembly and a Poverty Alleviation Forum at the 2023 IsDB Group Annual Meeting, where Tadamon showcased its achievements and awarded prizes to winners of the Tadamon Accelerator. The importance of empowering local communities and the not-for-profit sector was emphasized by key figures such as HRH Prince Turki Al Faisal.

Overall, the Tadamon initiative has made significant strides in addressing food insecurity and empowering communities in fragile and conflict-affected contexts through various programs, partnerships, and capacity-building efforts.

### 2.1.5: SCHOLARSHIPS

The IsDB Scholarship Program, established in 1983, is dedicated to enhancing human capital in the Bank’s member countries as well as in Muslim communities in non-member countries. The program plays a crucial role in human resource development and workforce mobility, facilitating capacity building and providing access to the innovation, knowledge, and technology needed to compete in a rapidly changing global community.

The IsDB offers four distinct sub-programs for scholarships: the Scholarship Program for Muslim communities in non-member countries (SPMC); the Merit Scholarship Program for High Technology (MSP) for member countries; the Master of Science (MSc) Scholarship Program for 20 LDMCs; and the IsDB-ISFD Scholarship Program for LDMCs. In 2023, the Bank awarded scholarships to 524 students from 57 countries, including 180 candidates from 27 Muslim communities in non-member countries, 64 candidates from 14 member countries for PhD study and post-doctoral research, 130 candidates from 18 LDMCs for the MSc Scholarship, and 150 candidates from 21 LDMCs for the IsDB-ISFD Scholarship.





As of December 2023, the Bank had offered scholarships to a total of 19,017 students and scholars from 56 member countries and 66 Muslim communities, with a male-to-female ratio of 70%-30%. The IsDB Scholarship Program is one of the few development-focused programs that provides mid-career professionals from member countries and students from Muslim communities in non-member countries with the enhanced knowledge, skills, international exposure, and confidence needed to serve their countries. As of December 2023, the scholarship program continues to support 1,804 students and scholars, with 1,321 from 98 countries studying in 68 countries and 483 students in the process of securing their admissions to start their study programs.

### 2.1.6: SPECIAL ASSISTANCE

Since its inception in 1981, the Communities Outreach Program has approved 1,869 projects totaling US\$908 million, with 1,096 being developmental projects and 773 being relief projects. These projects were delivered to 84 countries in eight geographical sub-regions of non-member countries (NMCs). In 2023, the program approved 12 projects totaling US\$2.638 million, supporting education, TVET, and capacity development. These projects are as follows:



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- Expansion of the Averroès School in Lille, France, to the value of US\$0.23 million.
- Expansion of the Kwigira TVET center through the construction of an STI Training Complex in Rwamagana City, Rwanda, to the value of US\$0.265 million.
- Development of the Maalimin Integrated Vocational Training Center in Garissa County, Kenya to the value of US\$0.26 million.
- Construction of a female student hostel and the development of a Higher Education Enterprise Resource Planning System at Lakeside University College, Ghana, to the value of US\$0.26 million.
- Improved access to quality education through the expansion of Jigjiga Community School (Omer Bin Khatab School), Ethiopia, to the value of US\$0.235 million.
- Enhancing the quality of education in Islamic Schools in the USA through the Council of Islamic Schools in North America, USA, to the value of US\$0.207 million.
- Completion of the renovation of Gazi Husrev-bey Madrasa (building for female students) in Sarajevo, Bosnia to the value of US\$0.265 million.
- Regional capacity-building project for NGOs dealing with Muslim communities in Rwanda, to the value of US\$0.265 million.
- Reverse Linkage project between Fiji (Recipient) and Malaysia (Provider) to the value of US\$0.140 million.
- Expansion of the Maulana Azad Secondary School in Dhad Village, Buldhana District, Maharashtra State, India to the value of US\$0.265 million.
- Enhancing access to secondary education for girls in West Bengal, India to the value of US\$0.260 million.

During the same year, a total of 38 projects were completed across Africa (19), Europe (2), Asia (12), and America (5).

The program also developed a partnership with the Al Rajhi Family to contribute US\$1.15 million for the construction of two villages in Kenya and Rwanda. This partnership has been one of the outcomes of an initiative to build relationships with donors to further enhance the Bank's contribution to the inclusive and sustainable development of Muslim minority communities in non-member countries.



**BOX 7: TRANSFORMING LIVES: THE SUCCESS OF THE ISLAMIC DEVELOPMENT BANK GROUP'S SPECIAL ASSISTANCE OPERATIONS IN RWANDA**

A transformation is taking place in the heart of Rwanda, where the IsDB's Special Assistance Program has worked to improve the well-being of Rwanda's Muslim communities, who have historically faced discrimination and marginalization. The program's primary focus has been on enhancing access to quality primary, secondary, and vocational education for school-aged Muslim children and unemployed youth. The program has significantly improved the well-being and living conditions of Muslim communities in Rwanda by constructing and renovating schools and vocational colleges, providing essential educational materials, and establishing health centers.

The impact of the program has been nothing short of transformative. Approximately 5,000 students now attend schools supported by the Islamic Development Bank, with girls making up nearly half of the student population. The success rates in national exams range from 90% to 95%, and acceptance rates into public universities vary between 60% and 95%. The health centers have improved access to primary health services for the Muslim community, especially women, and provided them with a culturally appropriate setting. Since the construction of the health centers, more

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than 100,000 people, of whom a remarkable 80% are female, have received outpatient care at the health centers supported by IsDB.

Technical and vocational centers have offered customized IT training to 1,500 unemployed youth in addition to training 2,500 students and 260 teachers. Of the unemployed youth, about 1,000 have secured stable jobs with an average monthly income of US\$800, while 300 trainees have initiated their own businesses. Additionally, solar and water projects have enhanced living conditions in rural areas, providing electricity to nearly 200 households and potable water to 2,000 households.

The Special Assistance Program has left a lasting positive impact on the lives of Rwanda's Muslim community, providing access to quality education, and significantly improving the prospects of thousands of students.





**BOX 8: ENHANCING THE QUALITY OF EDUCATION IN ISLAMIC SCHOOLS IN THE USA THROUGH THE COUNCIL OF ISLAMIC SCHOOLS IN NORTH AMERICA (CISNA)**

This innovative project's primary objective is two-pronged: firstly, it aims to enhance the quality of education in Islamic schools by facilitating the accreditation process and providing comprehensive training on school governance. This approach ensures an improved educational experience, enhanced governance structures, and successful attainment of accreditation for Islamic schools. Secondly, it seeks to strengthen cooperation and to share best practices among Islamic schools in non-member countries through CISNA, thereby contributing to the overall improvement in their educational offerings and projecting a more positive image of Islam worldwide.

The project is anticipating significant outcomes. By the end of 2024, it aims to increase the number of CISNA-accredited schools by 25%, up from the current 38 accredited Islamic schools. This will be facilitated by the development and implementation of training modules for accreditation team members, with a target of having 12 team members complete the training.

Furthermore, training modules will be developed for schools, with the aim of at least 15 schools completing the training by the end of 2024. By the close of 2025, four training courses on best practices in school governance will have been delivered, reaching an estimated 250-300 beneficiaries in the USA, including board members and school leaders. However, the project's impact is not limited to the USA. By the end of 2025, it aims to have shared knowledge and expertise on school governance and management with 40 Islamic schools in South Africa, 7 schools in Japan, 30 schools in Canada, and 10 schools in Thailand.

This project is more than just an initiative: it is a testament to the IsDB's commitment to enhancing the global educational standards of Islamic schools and fostering a positive perception of Islam worldwide. It is yet another step towards our ongoing mission of driving development and empowering communities through education.

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### 2.1.7: ADAHI

The government of the Kingdom of Saudi Arabia has entrusted the IsDB to implement the Kingdom of Saudi Arabia Project for the 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 1444H. A total of 802,925 sheep were slaughtered during that season, with all the resulting meat 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 also runs the program for Sadaqa and Aqiqa throughout the year, slaughtering weekly in response to requests received through the website and authorized outlets. The sheep slaughtered under this category in 1444H numbered 50,000, and the meat was distributed to the target groups throughout the year.

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### 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 have been made to major pharmaceutical factories inside and outside the Kingdom of Saudi Arabia including Egypt, Iraq, Jordan, and Yemen.



## 2.2: DRIVING GREEN, SUSTAINABLE, AND RESILIENT GROWTH

### 2.2.1: FRAGILITY AND RESILIENCE

In 2023, the IsDB demonstrated a comprehensive effort to support member countries facing challenges from natural disasters and conflicts. A substantial commitment of US\$7 million was approved to address the urgent needs of nations such as Türkiye, Syria, Morocco, Afghanistan, Sudan, and Libya, which have been affected by earthquakes, floods, conflict, and fragility. This financial support aimed to facilitate emergency responses and recovery efforts, benefiting over 2.6 million affected people.

The Bank also approved the Tadamon Accelerator for Food Security Response, providing grant resources to address immediate and long-term food security challenges in 10 member countries experiencing extreme fragility and protracted crises. The program aimed to reduce food insecurity for over 500,000 vulnerable people, with a total cost estimated at US\$50 million. Key partners such as the International Committee of the Red Cross, The International Institute of Tropical Agriculture (IITA), and Spark contributed to the program.

Additionally, the Bank mobilized over US\$54 million to support vulnerable communities affected by natural disasters. It also integrated conflict sensitivity and fragility perspectives into its operations across member countries, with a particular focus on eight diverse countries. This approach aimed to foster resilience and sustainable growth in regions facing socio-political fragility and environmental vulnerabilities.

The Bank further demonstrated its commitment to supporting marginalized communities by approving Tadamon grant projects to a value of more than US\$1.2 million for poverty alleviation in countries such as Lebanon, Morocco, Indonesia, Kazakhstan, and Tunisia. Moreover, it mainstreamed 50% of the 2023 Tadamon grant into cassava value chain projects for Côte d'Ivoire and Benin.

To raise awareness and enhance knowledge, the Bank orchestrated national capacity development workshops, fortifying the institutional capacity of civil society organizations and NGOs in more than eight member countries. It also conducted mapping, screening, and categorization of national CSOs across 10 member countries and compiled the outcomes into insightful booklets.

Furthermore, the Bank actively engaged in COP28, pledging US\$1 billion for climate adaptation financing for fragile member countries, marking a significant milestone in its efforts.



THE BANK ACTIVELY ENGAGED IN COP28,  
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**US\$1 BILLION**  
FOR CLIMATE ADAPTATION FINANCING FOR  
FRAGILE MEMBER COUNTRIES, MARKING  
A SIGNIFICANT MILESTONE IN ITS EFFORTS.

Overall, the Bank's initiatives in 2023 focused on providing comprehensive support to member countries grappling with various challenges, including natural disasters, conflict, and fragility, showcasing a commitment to being a reliable partner during critical times and fostering impactful contributions to address complex global challenges.

### 2.2.2: SUSTAINABLE FINANCE

The IsDB Sustainable Finance Framework (SFF) enables the Bank to issue green and sustainability Sukuk, thereby mobilizing resources from the global capital markets to finance or refinance 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). 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 in its member countries. The SFF will be updated in 2024.

In addition, IsDB has entered an industry collaboration with ICMA and the London Stock Exchange Group (LSEG) to develop a practitioners' guide on the issuance of Sukuk in line with the Green Bond Principles and Sustainability Bond Guidelines as published by ICMA. This will support the growth of green and sustainable finance within the global markets for Sukuk by providing issuers and other market participants with guidance on how Sukuk may be labelled as 'Green' or 'Sustainable' in line with the principles, using examples, case studies and best practice. The guidance will also help to improve investors' awareness of Sukuk as an asset class in the global fixed income markets. The guidance is planned to be launched at IsDB's 2024 Annual Meetings.

THE PROJECT EXCEEDED ITS EXPECTATIONS,  
BUILDING  
**14,779** HOUSES  
IN THE SIX REGIONS, WHICH WAS MUCH MORE  
THAN THE INITIAL GOAL OF 6,404 HOUSES.



**BOX 9: REVOLUTIONIZING RURAL LIVING:  
THE TRANSFORMATIONAL IMPACT OF THE  
CONSTRUCTION OF MODERN RURAL HOUSING  
PROJECT IN UZBEKISTAN**

Until recently, about 63% of people in Uzbekistan's rural areas lived in old houses that lacked basic facilities and communication services and housed many family members. A lack of income opportunities in rural areas was also driving high levels of migration of young families to urban areas.

To address this issue, in 2009 the Government of Uzbekistan launched its Housing for Integrated Rural Development program, which lasted until 2016, followed by the Construction of Affordable Housing on Renewed Model program, which went on from 2017 to 2021.

The IsDB approved its Construction of Modern Rural Housing Project in 2017 to support the existing Construction of Affordable Housing on Renewed Model program in rural Uzbekistan. The project's goals were to give rural families new, modern, and affordable housing, improve infrastructure networks and facilities, and strengthen services by creating social and market amenities in six regions of Uzbekistan: Andijan, Bukhara, Jizzakh, Namangan, Navoiy, and Syrdarya.

The project exceeded its expectations, building 14,779 houses in the six regions, which was much more than the initial goal of 6,404 houses. Also, the project helped create a 255.19 km water supply system, 149.48 km of access and internal roads, 166.33 km of gas supply networks, 162.08 km of power supply lines, and 58 units of social and market infrastructure. Moreover, it helped construct 62 units of local wastewater treatment plants and 57.88 km of sewerage networks. The project provided better and cheaper housing to 73,895 people, greatly going beyond the original target of 25,000 residents.

The project has enabled the beneficiaries to live in rural housing complexes that have urban-level amenities, better living conditions, and improved roads that connect them to vital services and nearby places. It has established a new standard for living spaces in rural communities across Uzbekistan. Moreover, the project created positive spillover effects, such as boosting the local construction sector, generating jobs, developing land areas, building schools, nurseries, clinics, and police stations, and promoting green mortgages and energy-efficient technologies.





### 2.2.3: CLIMATE FINANCING

In 2023, IsDB developed a greenhouse gas (GHG) accounting system and accompanying staff guidance to identify, measure, and report on operational and organizational GHG emissions, aligning with the Paris Agreement targets and the Sustainable Development Goals (SDGs). This system also aids in risk management by preventing carbon lock-in and stranded assets.

In support of the principles of a Just Transition, IsDB has developed a Conceptual Framework and Action Plan 2023-2025 to facilitate a fair shift to low-emission and climate-resilient development paths for its 57 member countries as well as to support IsDB internal procedures in this regard.

IsDB has prioritized climate mainstreaming by incorporating climate change and green growth elements into Member Country Partnership Strategies and screening all approved projects and investments against physical climate risks. The Bank has also played a leading role in coordinating multilateral development bank (MDB) initiatives and engaging in global and regional climate events, such as the Africa Climate Week in Nairobi and the MENA Climate Week in Riyadh. IsDB was notably active in the United Nations Climate Change Conference (COP28) in Dubai, with a pavilion, numerous side events, and support for the UAE Presidency's flagship events.

In terms of climate finance, IsDB has exceeded its target of a 35% climate finance share of total financial commitments by 2025, with 37% already achieved. Efforts to mobilize climate finance include partnerships with organizations such as the Green Climate Fund, Global Green Growth Institute, and International Climate Initiative. Additionally, IsDB is exploring climate finance opportunities in Islamic finance, collaborating with the UN Environment Program Finance Initiative and the General Council for Islamic Banks and Financial Institutions to develop a comprehensive climate change guide for Islamic banks in the Middle East and North Africa.

The completion of the recruitment of dedicated staff and full operationalization of the Environmental and Social Safeguards (ESS), coupled with the development of the Bank's ESS guideline documents, will also enable the full integration of ESS into each step of IsDB's project cycle from programming to post-completion.

Overall, IsDB's climate action in 2023 demonstrates a comprehensive approach encompassing GHG accounting, a Just Transition, ESS integration, climate mainstreaming, and climate finance mobilization, positioning the Bank as a proactive leader in addressing climate change and promoting sustainable development.

### 2.2.4: INFRASTRUCTURE DEVELOPMENT

#### AGRICULTURE

Despite the significant efforts deployed over the past decade, the number of food-insecure people continues to rise, particularly in Africa. Recurrent droughts and other climatic extremes are contributing to low agricultural output, thereby making even more people vulnerable to food insecurity. In 2023, IsDB approved projects worth US\$365.72 million in agriculture, water resources, and rural development. IsDB has approved several specific projects and funding allocations aimed at improving food security in various member countries. These include:

**THE REGIONAL CASSAVA VALUE CHAIN PROGRAM (RCVCP) FOR AFRICA, WITH US\$215 MILLION ALLOCATED TO PHASE 1 IN BENIN, BURKINA FASO, CÔTE D'IVOIRE, AND NIGER.**

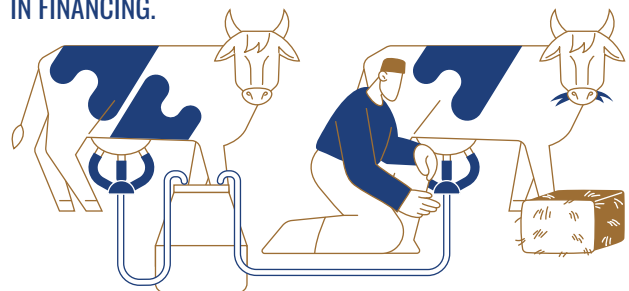


**THE ENHANCING THE CONTRIBUTION OF MSEs TO FOOD SECURITY PROJECT IN EGYPT, WITH US\$15 MILLION IN FUNDING.**

**THE AGRICULTURAL TRANSFORMATION PROJECT (AGROPOLE CENTRE) IN SENEGAL, WITH US\$60.58 MILLION IN FUNDING.**



**PHASE 2 OF THE OUAGADOUGOU PERI-URBAN DAIRY SECTOR DEVELOPMENT PROJECT IN BURKINA FASO, WITH US\$24.24 MILLION IN FINANCING.**

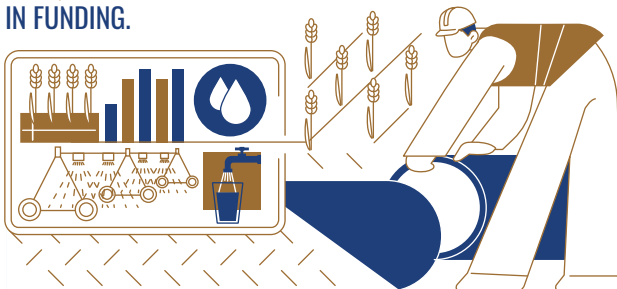


Power Tiller distribution in the Gambia under the IsDB Funded Regional Rice Value Chain Project.



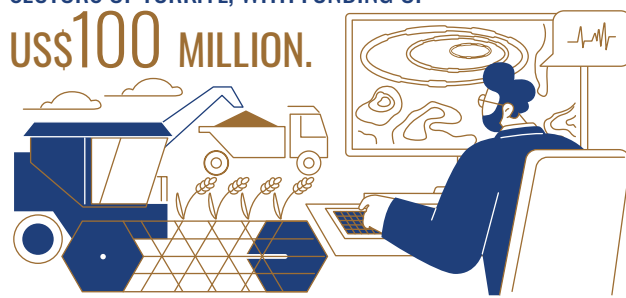
**THE AGRICULTURAL AND ROAD INFRASTRUCTURE DEVELOPMENT PROJECT IN LOWER AND UPPER OUEMÉ VALLEY, BENIN, WITH FUNDING OF US\$108 MILLION.**

**A PROJECT TO BUILD RESILIENCE TO FOOD INSECURITY THROUGH COMMUNITY-BASED IRRIGATION IN THE KAARTA/SEFETO, KITA REGION OF MALI, WITH US\$19.9 MILLION IN FUNDING.**



**THE RURAL WATER SUPPLY AND SANITATION PROJECT IN THE MIDDLE AND UPPER REGIONS OF GUINEA, WITH US\$40 MILLION IN FUNDING.**

**SUPPORT FOR THE ECONOMIC RESILIENCE, RECOVERY, AND PRODUCTIVITY ENHANCEMENT OF EARTHQUAKE-AFFECTED FIRMS IN THE AGRICULTURE AND AGRIFOOD SECTORS OF TÜRKIYE, WITH FUNDING OF**



The Bank is collaborating with external organizations such as the International Center for Biosaline Agriculture (ICBA), the Islamic Organization for Food Security (IOFS), and the United Nations Development Programme (UNDP) to address food security and agricultural development in Africa. Specifically, the Bank collaborated with ICBA to build capacity in land, water, and crop management to achieve food security in Sub-Saharan Africa. Additionally, the Bank, in collaboration with the IOFS and UNDP, has launched the Cassava Capacity Building Program to reshape cassava production and processing.

Furthermore, the Bank has embarked on a new initiative with the Food and Agriculture Organization (FAO) to map national irrigation needs and potential, with the aim of guiding irrigation planning and development in member countries. This collaboration introduces a multi-criteria framework to assess and reconcile the needs and potential of irrigation, contributing to sustainable and long-term food security. These collaborations demonstrate the Bank's commitment to leveraging partnerships with external organizations to address food security and agricultural development in Africa.

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## ENERGY

IsDB continues to contribute to energy development, which it sees as one of the main development sectors. The Bank's intervention in 2023 was based on the four main pillars of IsDB Energy Sector Policy, namely: increasing the energy access rate in member countries, increasing the share of renewable energy in the energy mix of member countries, contributing to energy efficiency programs, and knowledge sharing among member countries.

The Bank has developed several joint activities with partners such as the International Renewable Energy Agency (IRENA), USAID, and UN ESCWA, and these activities include capacity building for member countries. The Bank has launched a Renewable Energy Cooperation Program for Africa, which will address energy access in Africa as well as promoting renewables and attracting foreign investments.

The Bank has also cooperated with UN ESCWA on the development of a capacity-building program for the Regional Initiative to Promote Small-Scale Renewable Energy Applications in Rural Areas in Mauritania. In 2023, the Bank approved US\$387.9 million for energy development, including US\$200 million for the establishment of a new 400kV Jasra subsystem in Kingdom of Bahrain . This project is aligned with the country's sector strategies, IsDB sector priorities, and SDG targets.

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**FROM THE TIME OF ITS INCEPTION THROUGH TO 2023, THE ISDB GROUP HAS IMPLEMENTED A TOTAL OF 90 STI SECTOR OPERATIONS WORTH OVER**

**US\$936 MILLION.**

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## SCIENCE, TECHNOLOGY, AND INNOVATION (STI)

From the time of its inception through to 2023, the IsDB has implemented a total of 90 STI sector operations worth over US\$936 million. Excluding trade financing projects, these include 47 national projects and 36 small regional projects, amounting to approximately US\$721 million. Of these, 26 have been telecommunication infrastructure projects, accounting for 97% of the total engagements. Only 21 national STI projects have been dedicated to non-infrastructure STIs, accounting for a total of US\$13.98 million.

In 2023, the Bank embarked on a journey to reduce the digital divide in its 57 member countries. The Bank took the initiative to form the IsDB Digital Inclusion Technical Working Group (IDITWG) to help develop IsDB's Digital Inclusion Operational Strategy in a consultative and collaborative manner with stakeholders. The proposed Digital Inclusion Operational Strategy (DIOS) intends to operationalize IsDB's "STI for Inclusive Development" policy approved in 2019. This policy establishes the overall direction of the Bank's future interventions in its member countries in the STI sector and other sectors that include STI adoption and strategic use components.

The Bank launched the Digital Inclusion Strategic Partnership Program (DISPP) at the Digital Transformation Summit 2023 in Jakarta, co-organized by the Ministry of Communications and Informatics of the Republic of Indonesia, along with other government entities and Indonesia's private sector. The objective was to support and expedite the execution of the Digital Inclusion Operational Strategy for selected countries, including pilot programs with international organizations, the enablement and enhancement of digital skills, and support for the preparation of bankable projects/programs.



### **BOX 10: TECHNOLOGY DEPLOYMENT COOPERATION PROGRAM**

The launch by IsDB of a Technology Deployment Cooperation Program (TDCP) is expected to facilitate the transfer and deployment of cost-effective technologies to address development challenges in member countries. The program is designed to be demand-driven, offering expertise exchange, capacity development, and concessional financing. IsDB has secured US\$95 million in grant resources to provide financial support for technology deployment. The program focuses on national and international collaboration to empower member countries and enhance their technological capabilities.

The TDCP emphasizes the importance of aligning identified technologies with the recipient countries' development priorities and promoting inclusive economic development. It also aims to create triple-win partnerships for the member country, technology provider, and IsDB. The ownership of the requested technology by the member country is crucial for successful adoption and adaptation. Furthermore, the identified technologies must be practical and cost-effective in addressing developmental challenges.

The program's practical experiences so far include two demonstration workshops on aquaculture and road construction, which generated significant interest from member countries. The soil stabilization technology

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workshop in Senegal highlighted the benefits of practical and affordable technologies for rural road construction, with participation from the national road agencies of eight countries. Another workshop at the King Abdullah University of Science and Technology focused on aquaculture technologies and was attended by delegates from Burkina Faso, Egypt, Mali, and Morocco. These events aimed to raise awareness and provide insights into deploying technologies to enhance productivity and competitiveness.

IsDB plans to continue supporting similar awareness and capacity-building sessions to reduce deployment risks. The program will conduct comprehensive technology evaluations to match member countries' needs with appropriate technologies. Overall, the TDCP seeks to accelerate the transfer and deployment of technologies that are essential for sustainable development and economic growth in IsDB member countries.







CWIS and FSM Capacity development training for Central and West Africa MCs.

## TRANSPORT

Sustainable transport for inclusion and prosperity is one of IsDB's areas of focus, and the work done in this regard aims to enhance connectivity within and between member countries for sustainable economic growth and regional integration. In 2023, IsDB approved 13 transport projects with a total value of US\$1.2 billion, designed to develop sustainable, reliable, cost-effective, and resilient transportation systems to accelerate socioeconomic activities, growth, and poverty reduction in IsDB member countries. These projects include road/highway, railway, coastal erosion control, and airport projects, which will improve access to social amenities, safe transport infrastructure, connectivity, market access, and employment generation.

IsDB's Transport Practice has contributed to the preparation, processing, and approval of various Member Country Partnerships Strategies, Country Portfolio Performance Reports, Country Engagement Frameworks, and project completion reports. The Bank has also established a Transport Regional Network with Regional Hubs to promote sector collaborations, consultations, knowledge sharing, and problem solving. International workshops and webinars were conducted on topics such as soil stabilization technology, the operationalization of GIS on transport networks, evidence-based interventions for road safety, pragmatic investment for e-mobility, and road technologies for economic transformation and rural development.

The approved projects and soft interventions are expected to contribute to achieving several UN Sustainable Development Goals, including: poverty reduction; zero hunger; good health and well-being; decent work and economic growth; industry, innovation, and infrastructure; sustainable cities and communities; climate action, and partnerships. IsDB aims to support the development of sustainable transport for inclusion and prosperity by focusing on innovative transport solutions that contribute to human inclusion among the neediest populations and improving the performance and efficiency of transport solutions.

## WATER, URBANIZATION AND SANITATION

IsDB endeavors to promote livable cities and contribute to sustainable and inclusive urbanization within its member countries. In 2023 a total of US\$392.3 million was approved for urban development projects.

For example, IsDB approved financing of US\$298 million for a project on peri-urban and rural housing finance in Bangladesh. The project aims to expand access to affordable finance for constructing sustainable, eco-friendly and high-quality multi-storied housings with the necessary basic facilities for lower and middle-income people living in rural and peri-urban areas of the country. This, in turn, will ensure the optimum use of land and will save land that can be used for cultivation. This project also aims to address climate change by introducing climate-resilient housing for climatically vulnerable areas, and eco-friendly housing to reduce greenhouse gas (GHG) emissions. It will directly benefit 72,960 Bangladeshis.

In Djibouti, the Bank extended financing for phase two of the Slums Upgrading and Integrated Urban Development in Boulas project. A total of US\$15.3 million was approved, comprising US\$15 million as a loan and US\$0.3 million for technical assistance. The project aims to improve human development and economic empowerment by enhancing access to urban services for poor households in the target slum neighborhoods of Djebel and Djaga-Boudhouq, Djibouti. This second phase will further (i) improve the accessibility of the neighborhood by developing climate resilient basic and economic infrastructure, (ii) strengthen the capacity of public institutions in charge of implementing of the Zero Slum program, and (iii) build the capacity of CBOs and CSOs to enhance their engagement in the project.

IsDB has also approved US\$79 million for the Kyrgyz Republic Affordable Housing Finance project, which will improve access to affordable, resilient, and energy-efficient housing for underserved populations while also supporting Shariah mortgage development in the Kyrgyz Republic. The project will construct approximately 1,153 apartment units for a total of 4,372 beneficiaries. In parallel, a Line of Financing for a Shariah mortgage facility will be provided for US\$30,000 per loan, which can cover at least 333 target beneficiaries.

A capacity development program in Citywide Inclusive Sanitation (CWIS) and Fecal Sludge Management (FSM), jointly initiated by the IsDB and BMGF, was also provided in 2023 for 10 national sanitation executing agencies in central and west Africa to help member countries achieve their SDG 6 targets.

### **BOX 11: AZERBAIJAN'S NATIONAL WATER SUPPLY AND SANITATION PROGRAM: A SUCCESS STORY**

There was a time when access to clean water was a luxury in the rural regions of Azerbaijan. Families would wake up early to collect water during the limited six-hour supply window, often having to ration their usage to make it last. Waterborne diseases were rampant, and the sewerage system covered only a relatively small area. But all of that changed with the implementation of Azerbaijan's National Water Supply and Sanitation Program.

The program, a collaborative effort between the Government of Azerbaijan and the Islamic Development Bank, aimed to tackle water supply and sanitation challenges in six regions, benefiting over 200,000 people. The initiative included the construction of new water supply systems, wastewater treatment plants, and sewerage collection systems.

The impact of the program has been transformative. The continuity of water supply increased from six hours a day to 24 hours a day, and average water supplies per capita per day skyrocketed from 10 liters to an impressive 180 liters/person per day. The rate of connection to clean and safe drinking water surged

from 10% to 100%, and about 142,400 individuals gained access to the sewage system. These advancements directly enhanced public health, reducing waterborne diseases, and elevating overall living conditions. The project also brought water supply and sewerage services to 77 vital community centers, from schools to hospitals, leaving a legacy of rejuvenation.

The program's impact extended beyond improving access to clean water and sanitation. It contributed to local economic development as well, creating 153 jobs across the five project sites, and fostering employment opportunities.

For the families in the rural regions of Azerbaijan, the program has been life changing. They no longer have to worry about rationing water or facing waterborne diseases. Instead, they can now enjoy reliable access to clean water and basic sanitation, and a much higher overall quality of life.

**For the families in the rural regions of Azerbaijan, the program has been life changing.**

