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itfc

International  
Islamic Trade  
Finance Corporation

# DEVELOPMENT EFFECTIVENESS REPORT 2022

ADVANCING TRADE, IMPROVING LIVES





ITFC engaged BlueMark, a Tideline company, to independently verify the quality of ITFC’s external impact reporting based on industry best practices, including the Sustainable Development Goals and the Operating Principles for Impact Management, among others. BlueMark’s assessment findings cover both areas of strength and areas for improvement, as reflected in the Verifier Statement for the Year 2022 reporting period.

**Read the Independent Auditor’s Verifier Statement in Annex II**

A limited assurance was provided on a sample of indicators that were deemed to be representative of the DIF indicators. They included indicators at operational, output and outcome levels, based on different methodologies and data collection approaches.

**Read the Independent Auditor’s Limited Assurance Statement in Annex II**

**About Bluemark.** BlueMark is a leading independent provider of impact verification services in the impact investing market. BlueMark is a subsidiary of Tideline Advisors, LLC, a specialized consulting firm that works with asset managers and allocators to design and implement best-in-class impact management and measurement systems.

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## THE WAY FORWARD

# List of Abbreviations

<b>ADB</b>	Asian Development Bank
<b>ADER</b>	Annual Development Effectiveness Report
<b>Afreximbank</b>	African Export–Import Bank
<b>CEO</b>	Chief executive officer
<b>DIF</b>	Development Impact Framework
<b>FAO</b>	Food and Agriculture Organization
<b>GASC</b>	General Authority For Supply Commodities
<b>ICDT</b>	Islamic Center for the Development of Trade
<b>IFSB</b>	Islamic Financial Services Board
<b>IsDB</b>	Islamic Development Bank
<b>ITFC</b>	International Islamic Trade Finance Corporation
<b>LDCs</b>	Least Developed Countries
<b>LNG</b>	Liquefied Petroleum Gas
<b>MCs</b>	member countries
<b>MLA</b>	Mandated Lead Arranger
<b>MSMEs</b>	Micro, Small & Medium Enterprises
<b>OIC</b>	Organisation of Islamic Cooperation
<b>SDGs</b>	Sustainable Development Goals
<b>SESRIC</b>	Statistical, Economic and Social Research and Training Centre for Islamic Countries
<b>UN</b>	United Nations
<b>UNSD</b>	United Nations Statistic Division
<b>WFP</b>	World Food Program
<b>YoY</b>	Year on Year



## Foreword

# IsDB Group Chairman

I am pleased to introduce you to the 2022 edition of the Annual Development Effectiveness Report, highlighting the contributions made by the International Islamic Trade Finance Corporation (ITFC) toward achieving developmental results in our member countries.

The sharp increase in commodity prices in 2022 resulted in higher energy and food import bills for our member countries. In this context, ITFC played a crucial role in ensuring the availability of essential goods in the member countries. In response to the food security crisis, ITFC committed US\$4.5 billion in trade financing to the three-year Food Security Response Program of the IsDB Group worth US\$10.5 billion. Under this Program, ITFC has already allocated US\$1.8 billion to seven member countries in Africa and Asia.

Over the past 15 years, ITFC has had a significant impact on its member countries. Through its various initiatives and programs, ITFC has contributed to economic growth, poverty reduction, and social development while promoting regional cooperation and sustainable

development. Since its creation, ITFC has approved US\$68.5 billion of trade finance, out of which US\$25.3 billion was allocated to the Least Developed Countries.

To further drive trade integration and cooperation among member countries, ITFC is leading the implementation of major multi-stakeholder programs, such as the Aid for Trade Initiative in the Arab States (AfTIAS) and the Arab-Africa Trade Bridges Program.

By offering trade finance solutions and capacity-building programs, ITFC has contributed to economic integration and cooperation among the member countries, resulting in stronger regional economic ties and increased resilience to external shocks. As ITFC continues to evolve and expand its operations, it is poised to have an even greater impact in the years to come.

**Dr. Muhammad Al Jasser,**  
Chairman, IsDB Group

“ Since its creation, ITFC has approved US\$68.5 billion of trade finance, out of which US\$25.3 billion was allocated to the Least Developed Countries. (...) By offering trade finance solutions and capacity-building programs, ITFC has contributed to economic integration and cooperation among themember countries, resulting in stronger regional economic ties and increased resilience to external shocks.

”





## A message from the Chief Executive Officer, ITFC

“

Trade is the solution to the global common challenges and ITFC has a unique role to play as the only development finance institution with the exclusive mandate of fostering Intra-OIC trade. (...) The year just ended was another year of record performance for ITFC. Approvals and disbursements reached new heights at **US\$6.8 billion** and **US\$7.4 billion**, respectively.

”

In 2022, our member countries were faced with unprecedented challenges. The convergence of crises, dominated by COVID-19, climate change, and conflicts, has created a major setback on the road towards the Sustainable Development Goals. As often, developing countries are the most affected by external shocks. Prices of commodities – particularly food and energy – soared in 2022, putting 345 million people in a situation of food insecurity and an additional 75 million into extreme poverty.

In this context, the Development Effectiveness Report offers an opportunity to reflect on what we have achieved to mitigate the impact of the crises and, going forward, how we can remain relevant to our member countries as they navigate a world of disruption. I will focus here on three main takeaways from the report:

### **1. In an increasingly complex world with interrelated crises, the work of ITFC is more important than ever.**

Trade is the solution to the global common challenges and ITFC has a unique role to play as the only development finance institution with the exclusive mandate of fostering Intra-OIC trade. Our goal is to create a sustainable and inclusive economic environment that fosters growth, reduces poverty, and improves the overall quality of life for all.

The year just ended was another year of record performance for ITFC. Approvals and disbursements reached new heights at US\$6.8 billion and US\$7.4 billion, respectively. Disbursements to Least Developed Countries amounted to a record US\$2.2 billion, highlighting the Corporation's commitment to fill trade finance gaps.

More importantly, I am pleased to see the impact that ITFC financing made on people's lives in 2022:

- We disbursed **US\$2 billion** to support food safety net programs in member countries, providing around 22.4 million households access to affordable, safe, and sufficient food.
- We financed more than **33.3 million** COVID 19 vaccines in Africa, supporting an inclusive access to vaccines in the continent.
- Our energy financing provided an estimated **13 million** households with access to reliable electricity supply.
- In the agriculture sector, ITFC financing was used to purchase agricultural commodities from an estimated **600,000 farmers** in West Africa, supporting their income and livelihoods.
- Also, **1,218 people** were trained through various capacity building initiatives and programs in the field of agriculture, Islamic finance and trade development.

While these numbers can make us proud of our achievements, they also encourage us to do more to stay relevant to our member countries' challenges.

## 2. In mitigating external shocks, we need to put the resilience of people and the planet at the top of our priorities.

ITFC member countries are in regions that are most vulnerable to climate change risks, face social challenges, and have different degrees of economic development and regional integration. Climate change,

especially, is a growing matter of concern and urgent actions are needed to help member countries build resilience to current and future impacts of a changing climate.

In 2022, ITFC embarked on a strategic journey to achieve its ESG transformation. As a result, a climate change policy will soon be adopted, and we are designing a pioneering set of climate change actions that will guide the institution's work. The integration of ESG considerations into ITFC's products, services, and operations offers a new set of growth opportunities for the organization to advance trade integration among its member countries.

Leveraging the opportunities and managing the challenges from the new realities will be key to promoting sustainable development in a rapidly changing world.

## 3. ITFC's development effectiveness approach has a focus on learning, transparency, and accountability.

At the core of our operations is the commitment to development effectiveness. This commitment is materialized by the alignment of our interventions with the United Nations Sustainable Development Goals (SDG).

Our reporting on results has significantly progressed over the years to align with the best practices. The 2022 ADER went through an independent assurance process, positioning ITFC among leading peers that submit sustainability data to an external verification. We have also opted for a fully digital report that will support the dissemination of the results to a wider audience.

Going forward, the adoption of a new development effectiveness policy will strengthen our self-evaluation practice and enhance the quality at entry of our operations. ITFC will incorporate climate change actions and risks into its development effectiveness and disclosure reporting.

Amid the many current crises, we are called to reframe our development approaches under a different agenda that is greener, that is resilient, and that supports empowerment and prosperity of all people. I seize this opportunity to extend my gratitude towards partners who share our vision and mission for a resilient trade. I am also thankful to our engaged employees who showed commitment despite all the challenges and disruptions.

Thank you for your time and attention and enjoy the report.

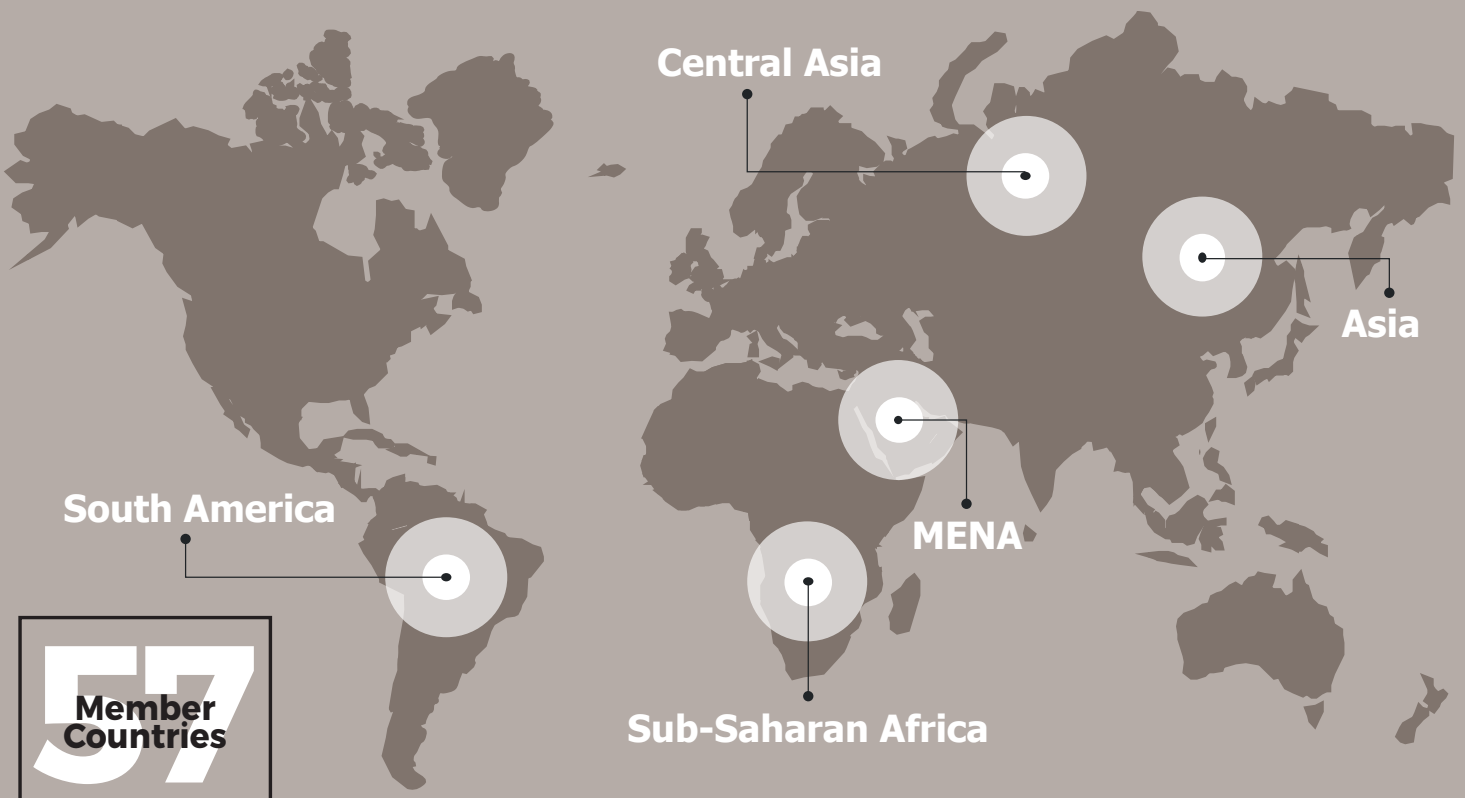


**Eng Hani Salem Sonbol,**  
Chief Executive Officer, ITFC

“  
Our reporting on results has significantly progressed over the years to align with the best practices. The 2022 ADER went through an independent assurance process, positioning ITFC among leading peers that submit sustainability data to an external verification.”

## What is the ADER?

The Development Effectiveness Report is ITFC’s primary tool for monitoring and reporting on its performance in achieving development results. The ADER uses the indicators in the ITFC’s Development Impact Framework (DIF) as a yardstick for reporting and to showcase its contribution to the Sustainable Development Goals. With 54 indicators, the ITFC DIF enables management and stakeholders to evaluate performance, from the perspective of development impact, by assessing the extent to which its activities are aligned with the priorities and the theory of change pertaining to the Corporation.





### **Vision**

To become the leading provider of trade solutions for OIC member countries' needs.



### **Mission**

To act as a catalyst for trade development among OIC member countries and beyond.



### **Mandate**

Advancing Trade,  
Improving Lives

## ITFC's Value Addition to the Global Development Agenda



Trade is recognized as a key enabler of the 2030 UN Sustainable Development Agenda



Trade finance is indispensable to international trade



Trade finance significantly impacts trade flows and its availability and access help ensure the continuity of international trade



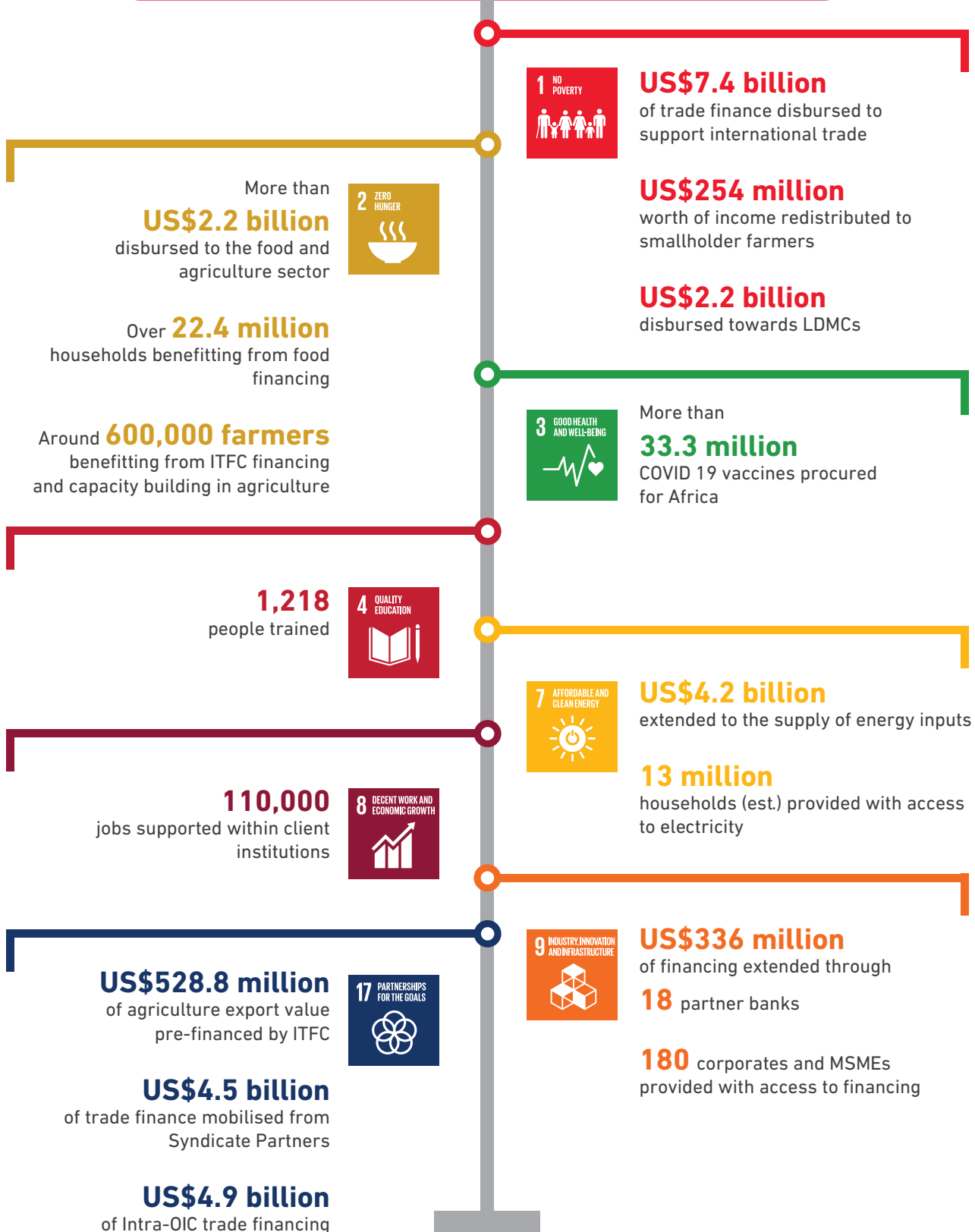
The Islamic Development Bank Group is the only MDB with an autonomous entity exclusively dedicated to fostering trade in member countries



ITFC is a leading provider of trade solutions in OIC Member Countries with US\$67 billion of trade finance approved to date



## ITFC's contribution to the SDGs 2022



# 01

## Managing for results

**A.**



**Development Impact Framework**

**B.**



**Monitoring and Evaluation**



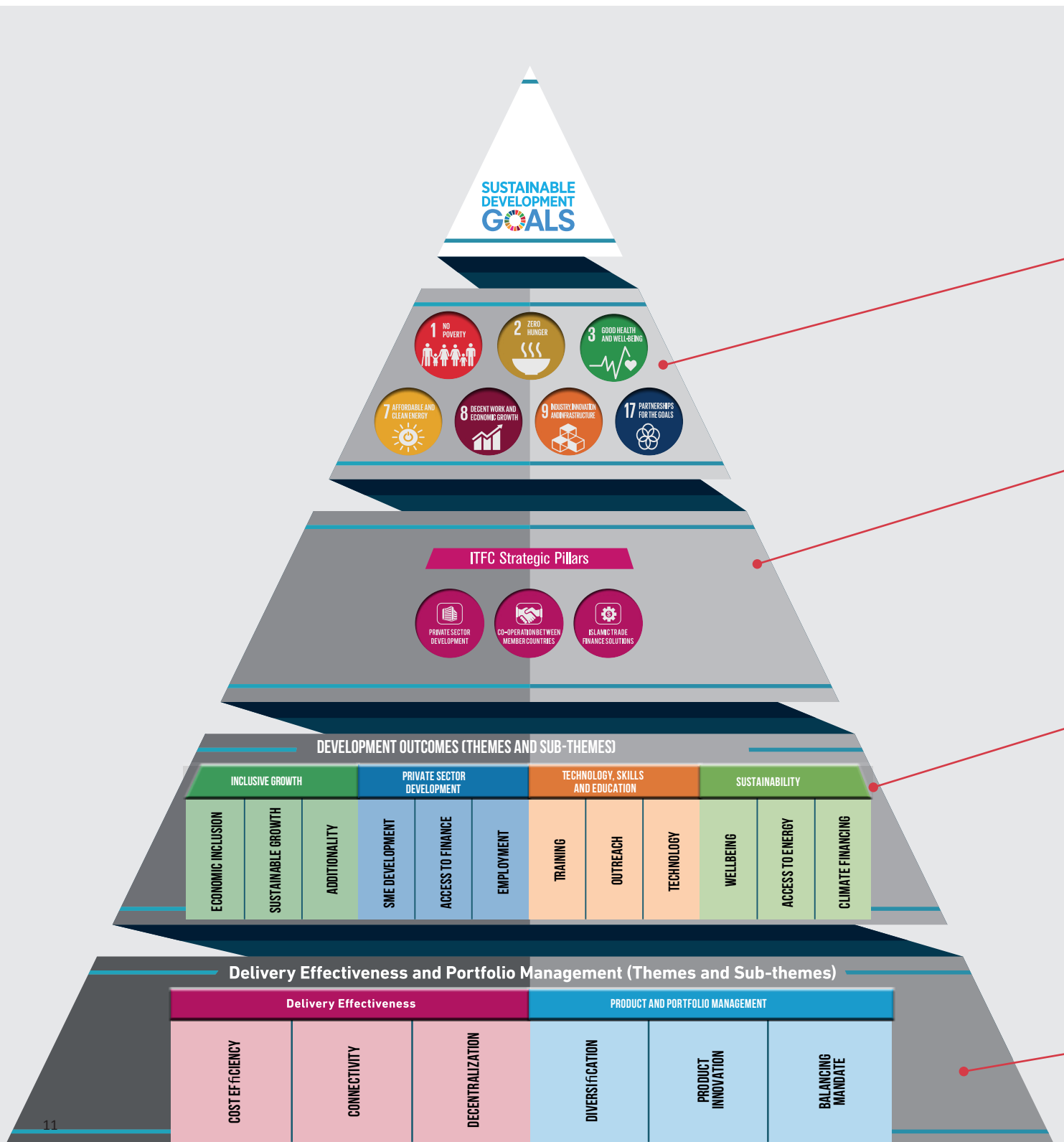
Advancing trade. Improving lives.





In alignment with the SDGs, the ITFC’s 10-Year Strategy, adopted in 2017, stresses the importance of resilient, inclusive, and sustainable development to all ITFC interventions. The strategy aims to rebalance the ITFC’s portfolio to better meet the demand for trade finance

while reorienting its operations around holistic and integrated solutions, covering both trade finance and non-financial trade development components.



## A. Development Impact Framework

ITFC’s approach to development effectiveness is embedded in its Development Impact Framework (DIF). ITFC’s DIF adopts a four-tier structure to assess the corporation’s performance through mutually reinforcing tiers: (i) contribution to the SDGs; (ii)

contribution to IsDB and ITFC strategic objectives, (iii) development results; and (iv) operational and organisational performance. The framework comprises 54 indicators, distributed along the four tiers.

### TIER 01

refers to the DIF metrics alignment with the SDGs and connects each of the DIF indicators to one of the SDG indicators provided by the United Nations Statistical Division (UNSD).

### TIER 02

links the DIF metrics with measurable strategic objectives such as key trade targets to be achieved by 2025 (Share of Intra-OIC Trade from 18 per cent to 25 per cent). The results at the first two tiers are actually “contributions” rather than results that can be attributed to the corporation.

### TIER 03

indicators focus on development outputs and outcomes, which tend to be more easily measurable than others. The tier is organised around four development themes and 12 sub-themes chosen to capture how effectively ITFC is contributing towards the attainment of global goals, from the bottom-up: Inclusive Growth, Private Sector Development, Sustainability; and Technology, Skills and Innovation. Each theme and sub-theme relates to a set of specific indicators.

### TIER 04

assesses the delivery effectiveness and portfolio management. There are no development results without an effective delivery of operations and a well-balanced portfolio. Attaining ITFC development goals requires increased resource mobilisation, improved resource allocation and more effective resource management.

The ITFC DIF adopts a four-tier structure to assess the corporation’s performance through mutually reinforcing tiers:



contribution to the SDGs



contribution to ITFC strategic objectives



development results



operational and organisational performance

## B. Monitoring and Evaluation

ITFC is not limited to measuring and reporting on its results but is also managing for results. This approach hinges on evidence-based decision-making to ensure that ITFC-funded operations are impactful and contributing to the SDGs. It also relies on the collection of objectives, reliable and consistent data at the appraisal phase – ex-ante assessment – and at completion – ex-post evaluations.

### • Making informed decisions

During the appraisal, ITFC uses an ex-ante development tool to structure and document the development rationale of a given investment by indicating how it is expected to contribute to ITFC's Development Goals. Concretely, the DIF model rates ITFC operation based on:



The model rates ITFC's operational performance on a scale ranging from zero (very low) to five (very high) and the scores are fully integrated into the credit committee's decision-making.

### • Learning from ITFC impact

**Self-assessments / completion reports:** At completion, a self-assessment report is submitted by the client for trade finance operations. The subsequent data serves as the basis for an analysis of operational performance, which contributes to the Annual Development Effectiveness Report.

**Ex-post evaluations:** In 2020, ITFC adopted an evaluation policy to promote greater accountability and boost overall operational effectiveness. The evaluations are conducted in line with the Multilateral Development Bank – Evaluation Cooperation Group (ECG) Good Practice Standards. All evaluations must receive a management response and result in a follow-up report.

## ITFC end-to-end process for monitoring and evaluation



### Ex-ante Assessment

Provide a score for expected development impact to guide management decisions



### Self-Assessments / Completion Reports

Provide data on measurable outputs of ITFC operations. Promote learning.



### Annual Development Effectiveness Report

Institutional Reporting tool on ITFC contribution to the 2030 Development Agenda



### Ex-post Evaluations

Focus on outcomes and impact. Promote learning and accountability within the institution

At ITFC, the SDGs and development considerations are present at all steps of the operation cycle.

# 02

## Strategic Goals and Context

**A.**



**Sustainable  
Development Goals**

**B.**



**Strategic  
Goals**



# **The combination of crises has reversed years of progress in reducing poverty and ending hunger.**

In 2022, the world had an additional 75 million to 95 million people living in extreme poverty (World Bank, 2022) and up to 205 million people faced acute food insecurity and were in need of urgent assistance in 45 countries. (FAO, WFP 2022).

## A. Sustainable Development Goals

**The convergence of crises, dominated by COVID-19, climate change, and conflicts, has created a major setback on the road towards the SDGs.** The UN SDGs Report 2022 highlights the reversal of years of progress in eradicating poverty and hunger, improving health and

education and providing basic services, as a consequence of the recent global disruptions (UN, 2022). The 2022 Financing for Sustainable Development Report (UN, 2022) further identifies a “great finance divide” with low-income countries at risk of debt distress, limited fiscal space and hampered economic growth.

“

*The combination of crises has reversed years of progress in reducing poverty and ending hunger. In 2022, the world had an additional 75 million to 95 million people living in extreme poverty (World Bank, 2022) and up to 205 million people faced acute food insecurity and were in need of urgent assistance in 45 countries (FAO,WFP 2022).*

”

**Halfway towards the 2030 development Agenda roadmap, member countries need to step up their efforts in order to attain the 2030 SDG goals and targets.**

OIC Member Countries overall SDG Index score stands at 62.2, suggesting that member countries are slightly over sixty percent to achieving the 17 SDGs. Despite

high achievement on some goals, such as Goal 12 (Responsible Consumption and Production) and Goal 13 (Climate Action), major challenges remain with regards to Goal 9 (Industry, Innovation and Infrastructure), Goal 5 (Gender Equality) and Goal 11 (Sustainable Cities and Communities) (IsDB Institute, 2022).








“

*The positioning of trade across the 2030 Agenda shows that trade, when well-regulated, can contribute to exponential growth and sustainable development. ITFC is fully committed to the SDGs. Our contribution goes to those areas where we can achieve the highest impact: energy, agriculture, private sector development, and health. These sectors are fundamental to our member countries growth and shared prosperity.*

”

# Tier 01

## Sustainable Development Goals

	Source	SDG Sub-indicator	Results (year)
	<b>SDG 1: No poverty</b>		
Proportion of population below the international poverty line of US\$1.90 a day (SDG 1.1.1)	UNSD	1.1.1	9.2 (2020)
	<b>SDG 2: Zero hunger</b>		
Prevalence of food insecurity (SDG 2.1.2)	UNSD	2.1.2	33 (2020)
Average income of small-scale food producers (SDG 2.3.2)	UNSD	2.3.2	-
	<b>SDG 3: Good Health and well being</b>		
Availability of essential medicines (SDG 3.B.3)	UNSD	3.B.3	-
	<b>SDG 7: Affordable and Clean Energy</b>		
Proportion of population with access to electricity (SDG 7.1.1)	UNSD	7.1.1	90.5 (2020)
	<b>SDG 8: Decent work and economic growth</b>		
Annual growth rate of real GDP per capita (SDG 8.1.1)	UNSD	8.1.1	5 (2021)
Aid for Trade commitments and disbursements (SDG 8.a.1) (Millions of constant 2020 USD)	UNSD	8.a.1	55,780.2 (2020)
	<b>SDG 9: Industry, Innovation and Infrastructure</b>		
Proportion of small-scale industries with a loan or line of credit (SDG 9.3.2)	UNSD	9.3.2	29.8 (2021)
	<b>SDG 17: Partnerships for the Goals</b>		
Additional financial resources mobilized for developing countries from multiple sources (Millions of USD)	UNSD	17.3.1	998,891.4 (2020)
Dollar value of financial and technical assistance (including through North-South, South-South and triangular cooperation) committed to developing countries (SDG 17.9.1) (Millions of USD)	UNSD	17.9.1	44,981.2 (2020)
Least developed countries' share of global merchandise exports (SDG 17.11.1.b)	UNSD	17.11.1	1.03
Least developed countries' share of global merchandise imports (SDG 17.11.1.d)	UNSD	17.11.1	1.39



## B. Strategic Goals

**Despite significant progress over the last decade, the share of Intra-OIC has stagnated over the last three years. Further efforts need to be exerted in order to reach the 25 per cent target set out in the OIC Ten-Year Programme of Action (OIC 2025).**

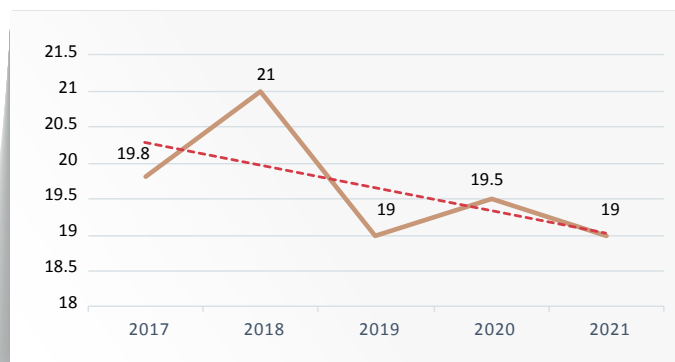
The share of Intra-OIC trade between member countries reached 19% in 2021, slightly below the 19.5% registered in 2020, but way below the 21% recorded in 2018.

In terms of volume, Intra-OIC trade figures bounced back from the deep, COVID-19-induced slump as they reached US\$736 billion in 2021, a 28% increase from the previous year.

**The global trade finance gap values have been persistently large over the years and grew to an all-time high of \$2 trillion in 2022 (ADB, 2022).**

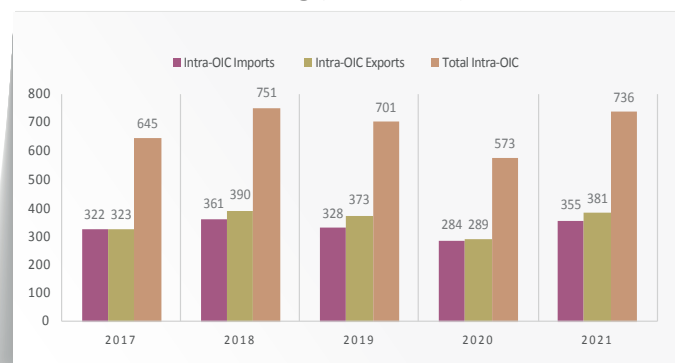
The Asian Development Bank estimated that the trade finance gap will reach at least \$2 trillion in 2022 as the trade finance market continued to suffer in 2022 from global political, economic and financial uncertainties. Over the last years, the trade finance gap has historically represented around 7%–10% of global merchandise export values.

Share of Intra OIC trade



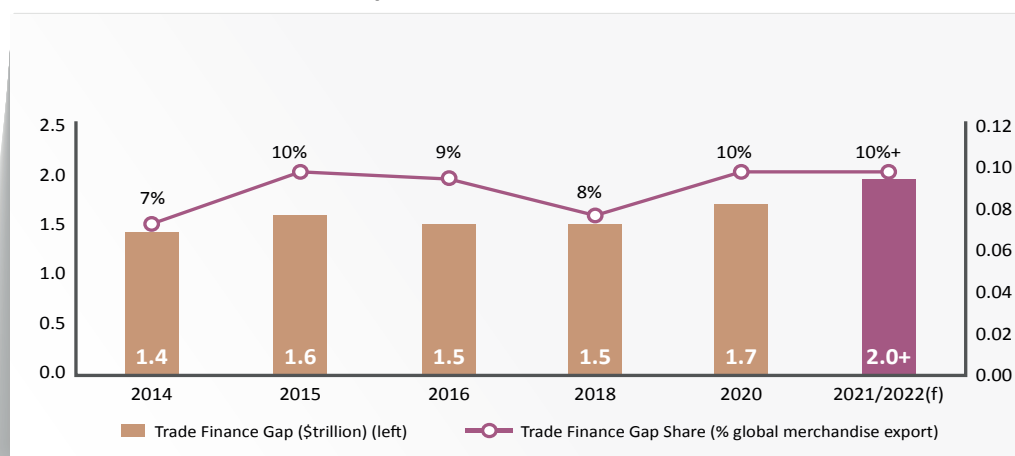
Source: SESRIC, 2022

Intra OIC trade financing (US\$ billion)



Source: SESRIC, 2022

Trend of the Trade Finance Gap

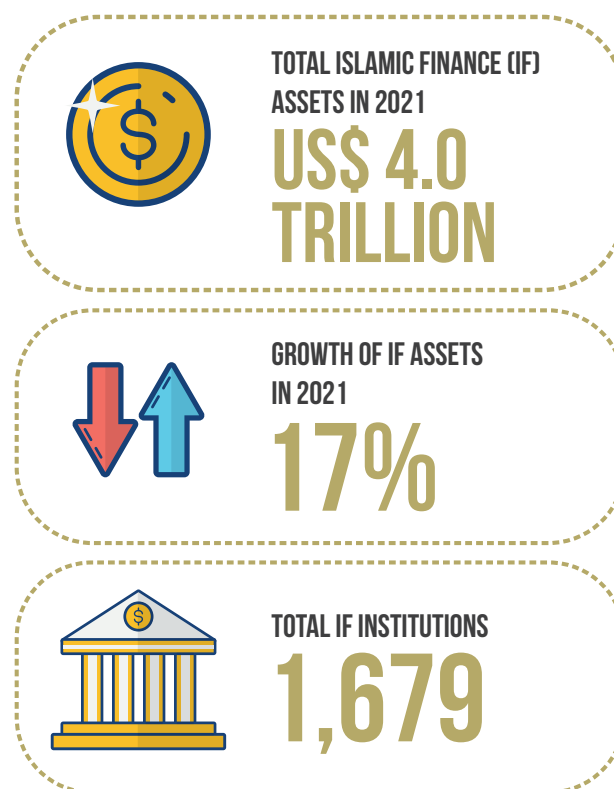


Source: ADB, 2022

## Amid the impact of the COVID-19 pandemic, Islamic Finance has continued to report remarkable growth.

The Islamic Finance sector has reported double-digit growth in both asset volumes and financing over the past five years. The positive momentum continued in 2021, with the industry recording a growth rate of 10.7 per cent year-on-year, driven primarily by increased demand for Islamic banking services as well as equity and capital markets.

The Islamic Financial Services Board's (IFSB's) Islamic Financial Services Industry (IFSI) Stability Report 2022 noted that “amid a possible resurgence in COVID-19 and a prolonged conflict in Ukraine, the global Islamic financial services industry (IFSI) is expected to remain resilient.”



Source: IFSB 2022

## Tier 02

### Strategic Goals

Strategic objective	Indicator	Source	Baseline (2016)	Results (2021)	YoY trend
SO1: Intra-OIC trade	Share of Intra-OIC trade	ICDT	18.8	19.04	●
SO2: Islamic Trade Finance	Trade Finance Gap (is USD trillion)	ADB	1,6	2	●
	Islamic Banking assets (in USD trillion)	IFSB	1.4	2.1	●
SO3: Diversification of MC economies	Share of the manufacturing industry in total value added of OIC countries	SESRIC	-	15.2	●

● On track ● On watch ● Off track

# 03

## Development results

**A.**



**Inclusive Growth**

**B.**



**Private Sector Development**

**C.**



**Sustainability**

**D.**



**Technology, skills and innovation**



## A. Inclusive Growth

*“Through its inclusive growth pathway, ITFC aims at allocating resources where it matters with the goal of tackling the increasing trade finance gap for underserved markets and communities”.*

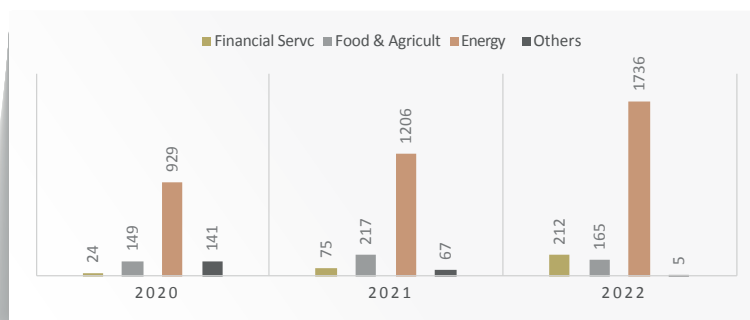
**In 2022, ITFC disbursements towards LDCs reached an all-time high of US\$ 2.2 billion, supporting the Corporation’s strategy to address trade finance gaps where they are more acute.**

The financing benefitted twelve countries and increased by 43 per cent compared to 2021. Since inception, ITFC has extended US\$25.3 billion in trade

financing to LDCs, of which US\$6.7 billion were allocated to African LDCs. The share of LDC disbursements in the ITFC portfolio is hovering around a third of the portfolio over the past five years. To maintain and consolidate the LDC ratio, ITFC will build on its Strategy 2.0 which aims to increase its commitments to LDCs by targeting new markets and consolidating ongoing business.

In terms of sectoral allocation, the majority of LDC support went to the energy sector (77 per cent in 2022) and private sector development (10 per cent in 2022). Raising the level of financial support in the healthcare and marginal sectors may help to further diversify the exports of the targeted LDCs.

LDCs Disbursements by sector (million USD)



## B. Private Sector Development

*“Private sector growth has been identified as one the key pillars of Strategy 2.0 in supporting portfolio diversification and enhancing financial inclusion in Member Countries”.*

ITFC supports MSMEs and private firms either through direct trade financing to private sector entities entity (corporate financing) or through line of finance channeled through partner banks, to provide MSMEs with working capital to sustain their activities during economic downturns.

**After a contraction in 2021, ITFC’s private sector financial support regained momentum in 2022 to reach US\$336 million.**

The disbursed amount in 2022 represents an 86% YoY increase. Private sector financing was boosted by the addition of 8 new banks to the list of partner institutions in Member Countries, bringing the total

number of ITFC private sector clients to 38, out of which 36 are partner banks.

**The outreach of ITFC private sector financing can be further boosted through microfinancing facilities.**

In 2022, ITFC private sector financing supported an estimated 180 corporations and MSMEs operating in member countries. This represents a decrease compared with 2021 when ITFC facilities supported approximately 320 corporates/MSMEs. It also indicates an increased focus on large ticket transactions within ITFC’s Line of Finance operations. The average value of loans went from US\$ 0.4 million in 2021 to US\$ 1.8 million in 2022. A key lesson learned from ITFC’s operations is the importance of microfinance facilities in increasing the outreach of the financing and supporting financial inclusion. ITFC is exploring ways to further increase the number of microfinance facilities within its portfolio.



**180 Corporates,  
including MSMEs,  
have benefited  
from US\$336  
million of financing  
channeled through  
18 partner banks.**

## C. Sustainability

*“Through its sustainability pathway, ITFC tracks its performance in sustaining critical supply chains – energy, food and healthcare – which enable member countries to preserve their economic and social stability. It also assesses ITFC’s environmental performance”.*

### **ITFC increased its support to member countries access to reliable energy supply, safeguarding against power failures or disruptions to critical sectors of the economy.**

In 2022, ITFC disbursed US\$4.2 billion in funding to the energy sector, up 8 per cent YoY. Rising demand and higher energy prices were among the main reason behind this increase. Based on an input-output model, it is estimated that 13 million people were provided with electricity as a result of ITFC financing. The share of LNG financing is hovering between 15% and 25% of the energy portfolio. There is room to further balance the oil and gas distribution in the portfolio, while exploring ways to finance clean and renewable energy.

### **For food security, ITFC supported member countries in securing their strategic food reserves, while providing basic food staples at affordable prices, helping the poorest members of society.**

In 2021, ITFC disbursed around US\$2 billion to import 3.8 million metric tons of food commodities (mainly grains). ITFC food financing increased by 150 per cent YoY and benefitted around 22.4 million households in member countries. Egypt was the main beneficiary of ITFC’s food financing.

### **In the agribusiness sector, ITFC consolidated its support to contract farming schemes by providing pre-export finance to agricultural companies.**

The financing enables ITFC clients to provide producers with the timely payment of their production, less than one month after collection. In 2022, ITFC extended US\$254 million towards the agriculture sector. ITFC’s clients collected around one million metric tons of agriculture commodities (cotton, groundnuts), out of which 60% were purchased through ITFC financing. The financing benefitted more than 600,000 farmers in Africa. In order to increase its outreach in the agriculture sector, ITFC is exploring opportunities to increase the number of agribusiness clients.

ITFC pre-export facilities were used for the purchase of:

- **523,841 mt of cotton, up 21% YoY**
- **79,520 mt of groundnut, up 18%YoY**

### **Environmental and climate change remains a target area for improvement.**

In 2023, ITFC will adopt its first climate change policy and will define operational procedures to ensure its operations and the projects it supports demonstrate a commitment and contribution to the Global climate goals.

Only 49 per cent of ITFC clients reported having a well-established/certified environmental management system and a sustainability policy. This means that ITFC can leverage its advisory services to further build capacity at the client level on environmental compliance.

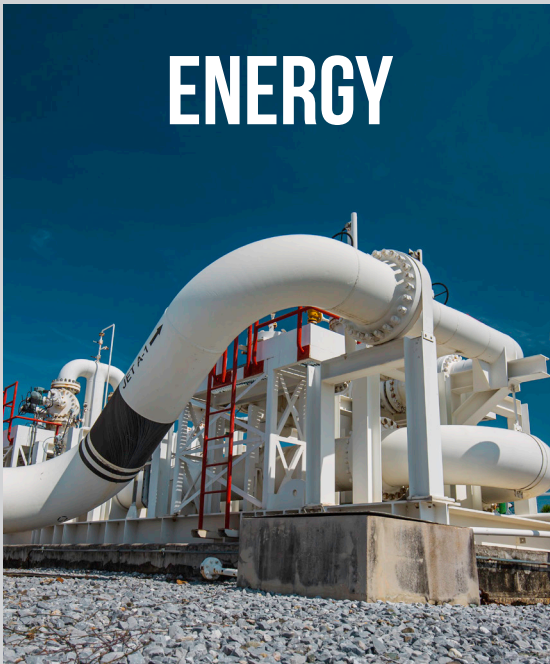
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***For many member countries, the sharp increase in commodity prices resulted in rising energy and food import bills. By the end of 2022, the global food import bill reached an all-time high of \$1.94 trillion, marking a 10 per cent increase from the previous year record (WFP, 2022).***

***ITFC is a key contributor to the US\$ 10.5 billion comprehensive Food Security Response Program (FSRP) of the IsDB Group. ITFC committed to US\$ 4.5 billion in trade financing for the three year’s program, out of which US\$ 1.8 billion have already been allocated to 7 Member Countries in Africa and Asia.***

”

# Key results – Sustainability



## ENERGY

VALUE OF OIL/  
GAS PURCHASED

**US\$ 4,228  
MILLION**

ENERGY GENERATED  
BY ITFC CLIENTS

**9,615  
GWH**

SHARE OF LNG (ITFC  
ENERGY PORTFOLIO)

**18%**

PEOPLE PROVIDED WITH  
ACCESS TO ENERGY

**US\$ 13  
MILLION**

RENEWABLE ENERGY,  
SHARE OF PORTFOLIO

-



## FOOD SECURITY

VALUE OF FOOD PURCHASED

**US\$ 2,014  
MILLION**

BENEFITTING HOUSEHOLDS

**22.4  
MILLION**

VOLUME OF FOOD  
PURCHASED

**3.8  
MILLION  
METRIC  
TONS (MT)**



## AGRIBUSINESS

**3**

NUMBER OF  
AGRIBUSINESS CLIENTS

**603**

VOLUME OF  
PRODUCTION  
PURCHASED FROM  
FARMERS (IN  
THOUSANDS MT)

**254**

VALUE OF PRODUCTION  
PURCHASED FROM FARMERS  
(US\$ MILLION)

**528.8**

EXPORT SALES GENERATED  
(US\$ MILLION)

**600,000**

BENEFITTING FARMERS



## HEALTH

**33.3  
MILLION**

NUMBER OF VACCINES  
DOSES PROCURED



# Stories of change

## Bread for all The Baladi bread program in Egypt



The wheat policy is of strategic importance to the Egyptian Government to assure the food security of all Egyptians. The crop represents almost 10 percent of the total value of agricultural production and about **20 percent** of all agricultural imports. Wheat is the main energy source in terms of daily calorie intake in Egypt and the consumption of bread is fundamental to the Egyptian diet (FAO, 2015). The government purchases wheat both from imports and from domestic production to produce subsidized Baladi bread (FAO, 2015).

in 2014, the Egyptian government introduced an ambitious and innovative program to reduce waste and to guarantee bread for all.

A smart-card bread subsidy system was introduced, allowing card owners a fixed ration of five loaves of bread per person per day, at a price of only 5 piastres a loaf, less than one U.S. cent. Around **22 million households** benefit from the food subsidy program.

In a context of soaring food prices and disruption in the supply chain, ITFC stepped up its support to the Government of Egypt by providing **US\$ 1.97 billion** to purchase **3.7 million tons** of food commodities.

VALUE OF FOOD  
PURCHASED  
(US\$ MILLION)

1,970

BENEFITTING  
HOUSEHOLDS  
(IN MILLION)

22

VOLUME OF FOOD  
PURCHASED  
(IN MILLION MT)

3.7

## Securing access of the African continent to COVID 19 vaccines



As of December 2021, only **33%** of health workers and **10%** of seniors were fully vaccinated in Africa (WHO, 2022). The economic recovery of the continent was jeopardized by the subsequent waves of the COVID 19 and the limited means available to mitigate the health crisis.

To ensure widespread access to COVID-19 vaccines across Africa and support the countries' mass vaccination campaigns, the African Union launched in November 2020 the African Vaccine Acquisition Trust (AVAT) which aims to complement initiatives such as COVAX and attain a target immunization of **60 per cent** of Africa's population.

A historic procurement Agreement was signed on March 2021, based on which all African Union Member States, through the African Vaccine Acquisition Trust (AVAT), will have access to **220 million** doses of the Johnson & Johnson single-shot COVID-19 vaccine, with the potential to order an additional 180 million doses.

In 2022, ITFC disbursed **US\$ 250 million** in favor of the Afreximbank. The facility supported the client in its efforts support the AVAT initiative in with the goal to ensure easy, expedited, and affordable access to Covid-19 vaccines through the AVAT scheme. ITFC financing was used to purchased **33.3 million** vaccine doses benefitting **22 countries** in Africa.

VALUE OF VACCINES  
PURCHASED  
(US\$ MILLION)

**250**

VACCINES DOSES  
PURCHASED  
(IN MILLION)

**33.3**

BENEFITTING  
COUNTRIES

**22**

## D. Technology, skills and innovation

*“Through this pathway, the ADER assesses how ITFC leverages its grants financing to create an enabling environment for Intra-OIC trade development and to promote Islamic trade finance”.*

**Capacity building represents an important intervention area for ITFC’s portfolio, reflected by the rise in trade development interventions.**

In 2022, the organization supported the multilateral effort of the International Trade Center in Morocco and Egypt to increase the participation of women-owned SMEs in export-oriented value chains by enhancing their competitiveness and capacity to penetrate both local and regional markets. Additionally, it emphasized efforts on resilience during the COVID pandemic via

online training for Islamic Finance, agriculture, and export development.

Such activities represent opportunities for growth for ITFC to support fragile countries as well as enhance the penetration of SMEs and the private sector in member states. In 2022, ITFC grants contributed to the training of 1,218 people, up 238% YoY. The sharp increase is supported by the roll-out of the Coffee Export Development Program in Indonesia, which is building capacities of coffee farmers.

Overall, ITFC’s trade development programs are tackling key impact sectors for the organization’s member countries. The organization can still further explore other areas that can expand its current portfolio and enhance its delivery of dedicated ESG solutions as part of trade finance transactions.



**Capacity building represents an important intervention area for ITFC’s portfolio, reflected by the rise in trade development interventions. In 2022, ITFC grants contributed to the training of 1,218 people, up 238% YoY.**

# Overview of grants-funded intervention

(completed and ongoing, as of Dec 2022)

Number of projects/initiatives:

**53**

Total costs:

**US\$24 million**

ITFC co-financing amount:

**US\$11.6 million**

Disbursed amount:

**US\$4 million**

Country grants:

**37**

Regional grants:

**16**

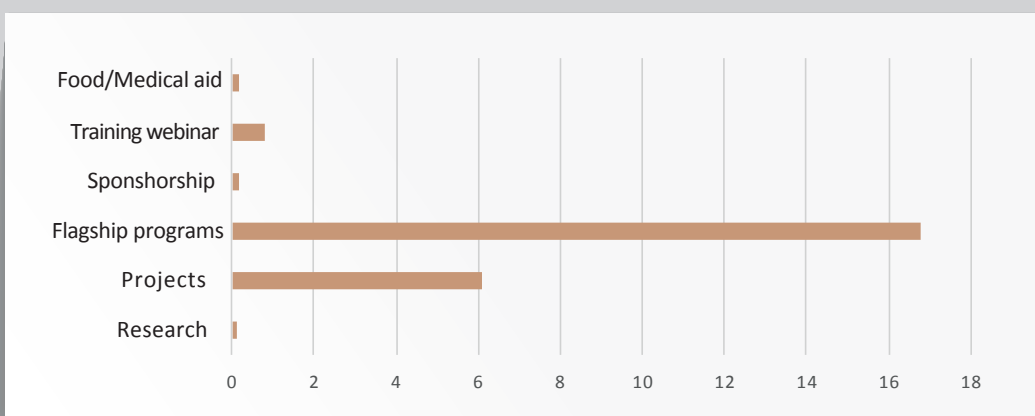
Average grant size:

**US\$ 218,867**

Average project duration:

**12.7 months**

Distribution of grants by type of interventions (in USD million)



## Tier 03

### Development Results

Development theme	Indicator	Source	Baseline (2017)	Results 2021	Results 2022	YoY trend
Inclusive Growth	LDC Financing (% of portfolio)	corporate database	30	30	30	●
	LDC financing (US\$ million)	corporate database	1,034	1,571	2,252	●
	Direct jobs supported	corporate database	-	116,000	110,272	●
Sustainability	People provided with access to electricity	Model-based	10.4	11	13	●
	Energy Generated (#GWh)	Self assessment	-	-	9,615	●
	Renewable energy, share of portfolio	Corporate database	0	0	0	●
	Health Patients served	Self assessment	-	25,000	-	●
	Farmers reached – Trade Finance	Self assessment	600,000	600,000	600,000	●
	Export Sales (US\$ million)	Self Assessment	-	416	528.8	●
	Households provided with access to food (# millions)	Self assessment	-	28	22,4	●
	LNG, share of energy portfolio	Corporate database	-	22	18	●
Private Sector Development	Clients with an environmental policy (share)	Self Assessment	-	42	49	●
	Number of corporates and SMEs provided with access to finance	Self assessment	-	320	180	●
	Average value of loans (USD million)	Corporate database	-	0.4	1.8	●
Technology, skills and innovation	Active Private sector clients	Corporate database	13	30	38	●
	Number of people trained	Self assessment	539	289	1,218	●
	SMEs/Banks trained	Self assessment	-	120	120	●
	High-Tech trade (share of portfolio)	Corporate database	0	0	0	●

● On track ● On watch ● Off track



# 04

# Operational performance

**A.**



**Delivery Effectiveness**

**B.**



**Portfolio management**

A close-up photograph of a person's hand holding a cotton boll. The person is wearing a light blue long-sleeved shirt. The background shows a cotton field with green and brown leaves under a clear blue sky. The text is overlaid on the lower half of the image.

**Since its creation,  
ITFC has approved  
US\$ 68.5 billion  
of trade financing while  
cumulative  
disbursements reached  
US\$ 57.5 billion**



## A. Delivery Effectiveness

**In 2022, ITFC’s disbursements exceeded approvals and reached a record amount of US\$ 7.38 billion, up by 42 % from the previous year.**

This figure reflects the Corporation’s capacity and commitment to meet the urgent and increasing financing needs of Member Countries amidst a widespread rise in commodity prices in 2022. Approvals were also up by 4% YoY, reaching US\$6.81 billion in trade financing through 102 transactions benefitting 21 countries. The disbursement ratio reached 1.08 in 2022 compared to 0.8 in 2021.

**The average tenor of ITFC operations reached a record 10.5 months in 2022, up from 9.6 months in 2021.** The duration of ITFC’s financing is made at 93% in the short term (less than 2 years), with 43% financing for up to one year. Only 7% of the transactions have tenors of 2-3 years maximum. The upward trend in the average tenor, particularly since 2020, is an indicator of ITFC’s consideration to progressively extend tenors to respond to clients’ challenges and meet their financing requirements.

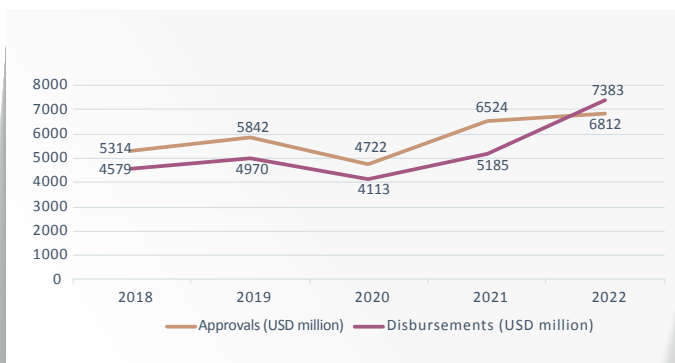
**In a context of tight resources and increasing demand, ITFC has leveraged its internal resources to meet immediate needs, while maintaining a solid resource mobilization ratio.**

In 2022, ITFC mobilised US\$4.45 billion from Syndicate Partners in the market, a similar figure to the previous year, despite challenging market conditions. An additional US\$738 million was mobilised from within the IsDB Group through the Mudaraba Fund. These funds accounted for 76.2 per cent of the total trade financing provided by ITFC in 2022, slightly below the share of 79.5 per cent registered in 2021. ITFC funding was up 21%, reaching US\$ 1.62 billion.

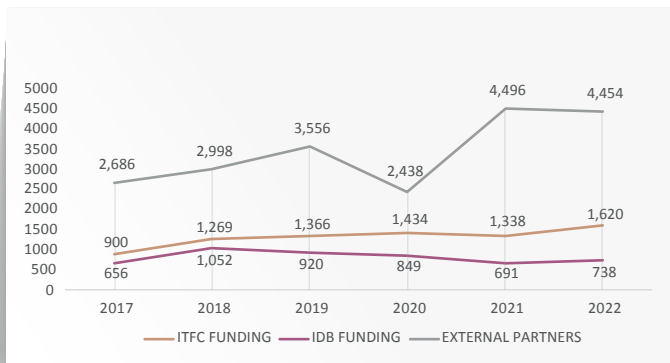
**For every dollar approved by ITFC, an additional 3.9 dollars are mobilized from partners.**

As a recognition to the institution's leadership catalytic role in Islamic finance, ITFC has been ranked by **Refinitiv** as the Top Bookrunner and leading Mandated Lead Arranger in Global Islamic Financing league tables. ITFC also ranked among the Top 2 Bookrunner and Mandated Lead Arrangers on the **Bloomberg** Islamic Financing League Tables.

ITFC financing



Resource Mobilization - Trade Finance





Islamic Financing  
League Table  
Top Bookrunner and MLA

**2022: # 2**  
**2021: # 1**



Islamic Finance  
League Table  
Top Bookrunner and MLA

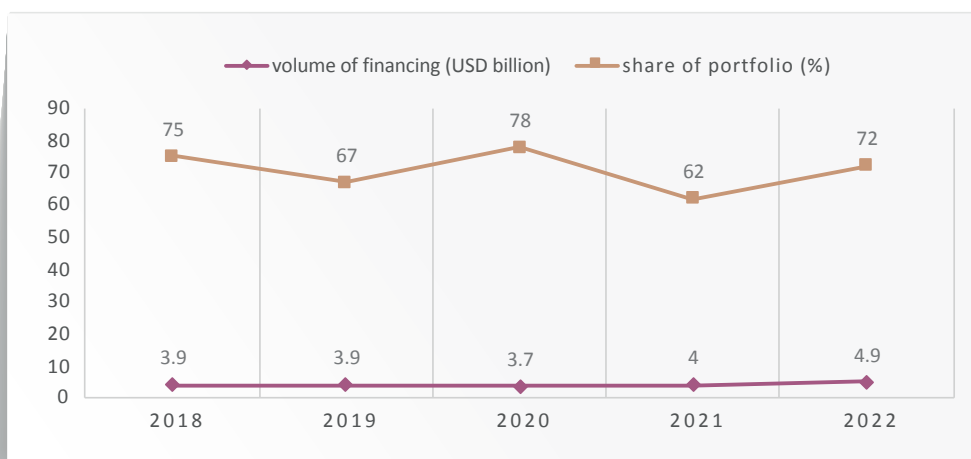
**2022: # 1**  
**2021: # 1**

**The share of Intra-OIC trade remains predominant in ITFC’s portfolio, thereby contributing to the positive trend in Intra-OIC trade.**

Since its creation, ITFC has been contributing to the

positive trend in Intra-OIC trade by extending US\$48.9 billion of financing for Intra OIC trade. In 2022, ITFC provided US\$4.9 billion to finance trade between OIC member countries, up by 22 per cent compared with 2021. Intra-OIC trade in the ITFC portfolio rose to 72 per cent in 2022 from 62 per cent in 2021.

**Intra OIC trade financing**



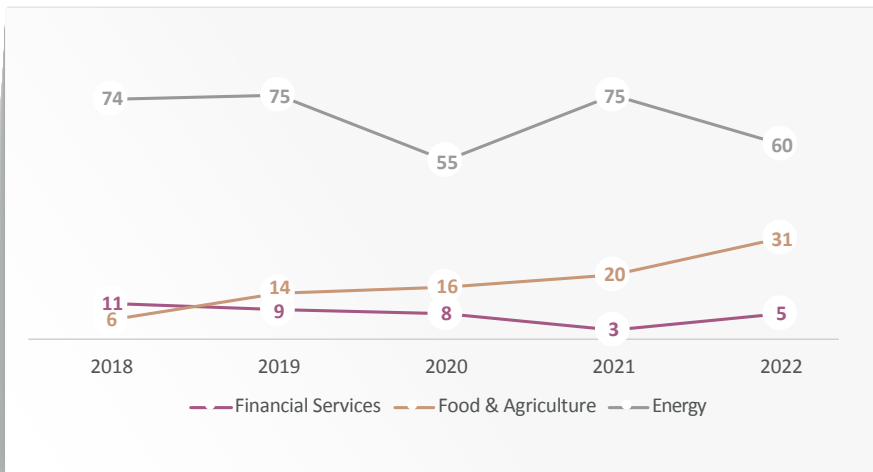
## B. Portfolio management

**The energy sector remains predominant in ITFC portfolio, while diversification efforts were boosted by a sharp increase in the food and agriculture disbursements.**

The disbursements in the energy sector increased by 9

per cent YoY, reaching US\$ 4.2 billion. However, the share of the energy sector represented only 60% of the total disbursements, against 75% in 2021. The Agrifood and financial services sectors rose respectively by 114% and 86% YoY. The food and agriculture now represent 31% of the portfolio against 20% in 2021 and only 6% in 2018. This is an indicator of the growing importance of food security related matters in Member Countries.

Sector financing (as share of total disbursements)



From a geographical perspective, two thirds of ITFC disbursements were allocated to Africa while the remaining was destined to Asia. However, on a country basis, ITFC’s portfolio remains concentrated in a limited number of member countries. About 60% of ITFC’s total

disbursements were allocated to two member countries. ITFC remains committed to expanding its client base and penetrating new markets, a strategy that will deliver a broadly balanced portfolio from a geographical perspective.

# Tier 04

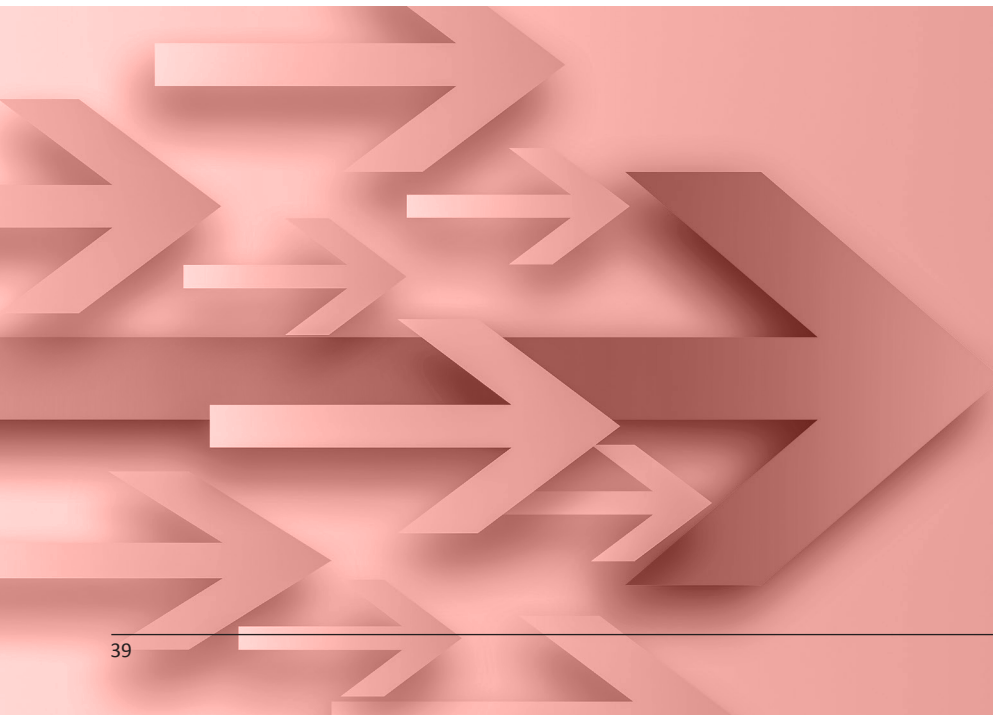
## Operational Results

Indicator	Source	Baseline (2017)	Results 2021	Results 2022	YoY Trend
<b>Delivery Effectiveness</b>					
Approvals, Trade Finance	Corporate database	4,243	6,524	6,812	●
Disbursements, Trade Finance	Corporate database	3,462	5,185	7,383	●
Tenor, Average	Corporate database	7.3	9.6	10.6	●
External resources mobilized, (share of portfolio)	Corporate database	78.7	79,5	76,2	●
Disbursement (share of approvals)	Corporate database	82	80	108	●
Intra-OIC trade, share of portfolio	Corporate database	88	62	72	●
Intra-OIC, volume of financing (US\$ billion)	Corporate database	4.3	4	4.9	●
Approvals generated by regional hubs (share)	Corporate database	48	60	91	●
Employee engagement score (/10)	Staff survey	-	8.7	8.8	●
<b>Portfolio Management</b>					
Non-petroleum trade, share of portfolio	Corporate database	41	25	40	●
New clients, number	Corporate database	7	9	10	●
Disbursements Asia (share of portfolio)	Corporate database	57	44	32.5	●
Disbursements Africa (share of portfolio)	Corporate database	43	56	67.5	●
Number of operations	Corporate database	54	95	121	●
Number of Member countries served	Corporate database	19	22	23	●

● On track   ● On watch   ● Off track

05

# THE WAY FORWARD



**In times of disruption, ITFC financing becomes even more crucial to fill ever increasing trade finance gaps in Member Countries.**

In a context of soaring commodity prices, challenging market conditions and disruptions in the supply chain, ITFC disbursed a record US\$ 7.4 billion of trade financing, with a disbursement ratio reaching 1.08. ITFC was effective in sustaining critical supply chains – energy, food, health – which are essential to the well being of people in Member Countries.

**The ADER 2022 shows that ITFC has solid foundations to deliver for results.**

Indicators assessing operational and organizational performance, where ITFC has the most direct responsibility and control, were met or surpassed in almost all cases. Notably, the sharp increase in food import disbursements led to a more diversified portfolio, with the energy sector now representing 60% of total disbursements.

**Environment and climate change remains an area for improvement but is being addressed by a new Climate Change Policy.**

With a portfolio predominantly concentrated in the oil/gas sector, ITFC will progressively mainstream the

concept of potential negative impact in its operations. The purpose is to mitigate potential impact to the environment by ITFC clients and to position the Corporation as a leader in Islamic green financing. A new climate change policy will be adopted in 2023 and will cover the whole spectrum of ESG related matters in ITFC portfolio.

**Despite a sharp increase in 2022, there is room to further expand the private sector financing in ITFC portfolio and increase its impact.**

The private sector financing represented about only 5% of total disbursements. The strategy 2.0 aims at scaling up ITFC non-funded guaranteed portfolio and new products such a local currency financing are under consideration. There is need to further engage with microfinance facilities in order to achieve higher development results.

**Quality at entry of ITFC interventions will be strengthened by a new Development Effectiveness Policy.**

The Policy will introduce quality assurance mechanisms to ensure that ITFC grants interventions are designed for impact and have adequate monitoring and evaluation tools. It will also strengthen the current ex-ante assessment of ITFC trade finance operations.



## Annex I

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# Annex II



## Independent Limited Assurance Statement

*ITFC Development Effectiveness Report 2022*

*Prepared for International Islamic Trade Finance Corporation (ITFC): April 13, 2023*

### Introduction

BlueMark was engaged by ITFC to conduct a limited assurance of select information in its 2022 Annual Development Effectiveness Report (ADER), as outlined in the methodology and scope below.

### Summary assessment conclusions

Based on the assessment performed and evidence reviewed, and subject to key assumptions and inherent limitations set out below, nothing has come to BlueMark's attention to suggest any material misstatements within the reported data against the following five preselected KPIs reviewed in the 2022 ADER:

- KPI 1: Total Volume of Disbursements (\$)
- KPI 2: Volume of LDC financing (\$)
- KPI 3: Volume of food commodities imported (metric tons)
- KPI 4: Number of corporates and SMEs provided with access to finance
- KPI 5: Number of Farmers reached

BlueMark can therefore provide limited assurance for the 2022 data reported against each of the KPIs listed above.

### Assurance methodology and scope

BlueMark's limited assurance engagement involved identification and review of appropriate evidence to obtain a sufficient level of confidence over the data reported for a select set of KPIs within ITFC's 2022 ADER, in line with the ISAE3000 standard for non-financial assurance. The processes undertaken and selected were based on our professional judgment, understanding of ITFC's Development Impact Framework, ITFC's other data collection and impact management methodologies, and other engagement circumstances.

The scope of BlueMark's review and our approach to the work consisted of:

1. Review and analysis of the supporting monitoring data underpinning the 2022 ADER, including background materials related to each of the five specified KPIs.
  - Specific documentary evidence reviewed by BlueMark included the 2022 ADER, ITFC's Master Data sheet and a sample of utilization reports, self-assessment reports and credit memos, along with underlying calculation methodologies and assumptions. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>1</sup>
2. Discussions with ITFC staff responsible for defining and implementing data collection protocols at ITFC.
3. Delivery of assurance findings to ITFC, outlining BlueMark's conclusions.

### Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards that require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE 3000 is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to the underlying documentation reviewed, which did not include access to ITFC's corporate database (IMAL). Our assurance is limited to policies and procedures in place as of April 13, 2023.

<sup>1</sup> The scope of BlueMark's assessment procedures does not include providing limited assurance over the resulting impacts achieved. BlueMark's assessment is based on its analyses of publicly available information and information in reports and other material provided by ITFC. BlueMark has relied on the accuracy and completeness of any such information provided by ITFC. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from ITFC.





## Independent Limited Assurance Statement

*ITFC Development Effectiveness Report 2022*

*Prepared for International Islamic Trade Finance Corporation (ITFC): April 13, 2023*

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### Permissions and disclaimer

This statement, including our conclusions, has been prepared solely for ITFC in accordance with the agreement between our firms. We permit ITFC to disclose this statement in its entirety online, or to furnish this statement to other interested parties including other ITFC stakeholders to demonstrate the credibility of data presented within the 2022 ADER. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ITFC for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

BlueMark is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit [www.bluemarktideline.com](http://www.bluemarktideline.com).



## Verifier Statement

*Summary of Findings from Impact Reporting Verification*

*Prepared for ITFC: April 13, 2023*

### Introduction

The International Islamic Trade Finance Corporation (ITFC) engaged BlueMark to undertake an independent verification of ITFC's approach to impact reporting, including an evaluation of the completeness and reliability of ITFC's 2022 Annual Development Effectiveness Report ("the Report") ahead of its publication, drawing on BlueMark's proprietary framework and approach to verifying impact reports.

### Summary conclusions

- **Completeness:**
  - BlueMark's verification findings indicate that the 2022 Annual Development Effectiveness Report (ADER) clearly articulates ITFC's mission to act as a catalyst for trade development among OIC member countries and presents the Development Impact Framework as a logic model for ITFC's work. The report provides financial input metrics and aggregated output metrics, including distribution amounts and progress against select SDG indicators by theme.
  - To improve, ITFC should explicitly describe the rationale behind each development impact theme and clarify the relationship between its clients and end beneficiaries. To ensure readers are provided with a comprehensive view of ITFC'S impact performance, ITFC should include transaction-level data in the ADER and continue plans to report impact progress against baselines and targets.
- **Reliability:**
  - ITFC collects impact data annually through self-assessments completed by clients. Impact data is aggregated, stored, and analyzed using a consistently applied process. The 2022 ADER includes high level descriptions of its proprietary Development Impact Framework (DIF), ex-ante scoring model, and alignment to the UN SDGs.
  - To ensure data reliability in the ADER, ITFC should consistently cite all data sources and explain calculation methodologies for key impact metrics. ITFC should ensure all impact data is reported consistently across self-assessments, the master data sheet, and the ADER, and document processes for any data points that rely on assumptions or extrapolation. Finally, ITFC should implement data quality protocols both internally (e.g., a data review process) and externally by providing instructions and KPI methodologies for clients to follow when completing self-assessments.

### Assessment methodology and scope

ITFC provided BlueMark with the relevant supporting documentation to assess the Report. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>1</sup>

BlueMark's full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the Report and supporting documentation, including background materials related to ITFC's impact management and reporting system;
2. Interviews with staff responsible for developing the Report;
3. Analysis of the Report was organized by the following key criteria:
  - **Completeness:** Assessment of completeness of reporting against the impact strategy and impact performance results at both the portfolio- and theme-level.
  - **Reliability:** Assessment of the clarity and quality of impact performance data presented in the report, including underlying data management systems and practices.

<sup>1</sup> BlueMark's verification does not constitute either an endorsement of the impact report or a verification of impacts achieved. BlueMark's assessment is based on its analyses of publicly available information and information in reports and other material provided by ITFC. BlueMark has relied on the accuracy and completeness of any such information provided by ITFC. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from ITFC.



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