IsDB

البنك الإسلامي للتنمية
Islamic Development Bank

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SECTOR POLICY

ICT for Inclusive Development

Economic Infrastructure Division
Economic & Social Infrastructure Department

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Abbreviations

COP	Community of Practice
CSI	Core Sector Indicators
ICT	Information and Communications Technology
BED	Board of Executive Directors
IsDB	Islamic Development Bank
ITU	International Telecommunications Union
KMIL	Knowledge Management & Institutional Learning
MC	Member Country
MDB	Multilateral Development Bank
PPP	Public-Private Partnership
P5P	President's 5-Year Program
SDG	Sustainable Development Goal
10YS	Ten-Year Strategy of IsDB Group
UN	United Nations

I. Purpose and Objective

1. The Information and Communications Technology (ICT) policy of the Islamic Development Bank (IsDB) establishes the overall direction for the Bank's future interventions in its Member Countries in the ICT sector and other sectors that include ICT adoption and strategic use components. This policy aligns the IsDB's ICT sector operations with its reform agenda.

2. The theme of this policy "ICT for Inclusive Development", reflects the importance of including the population of Member Countries in the digital revolution and empowering individuals, governments and businesses to fully embrace and take advantage of the benefits of ICT usage. Digitally literate populations can benefit from access to more, better and safer information services ranging from e-government, commercial products and access to social platforms. The policy also inspires to boost the strategic adoption of ICT in all sectors to achieve the Sustainable Development Goals (SGDs) and contribute to build sustainable, collaborative and resilient knowledge-based societies.

3. The strategic objectives of this policy are to support the IsDB Member Countries to develop and implement updated ICT policies and action plans to achieve SDG 9c, which aims for affordable universal access to broadband. In addition, it aims to develop and implement strategies to mainstream ICT in the social and economic sector policies, such as education, health, agriculture and financial services, aiming at supporting regional trade and integration, as per the IsDB's 10 Year Strategy. This unique policy aims to strengthen the Member Courtiers' policies, laws and regulations and Member Countries' development.

4. The International Telecommunications Union (ITU) researches indicate that the strategic use of ICT in all sectors is indispensable to effectively deliver and monitor progress for all the SDGs. Failure to mainstream ICT effectively into public services and private sector processes will lead to increased social and competitiveness gaps and disconnect countries from the benefits of inclusion in the global economy.

5. ICT has the potential to bring a variety of relevant content and services to serve local populations through affordable internet services. To be offline today is to be denied opportunities to communicate, create, learn and earn. The purpose of SDG 9c is to "significantly increase access to ICT and strive to provide universal and affordable access to the internet in least developed countries by 2020". If today 50% of the world population is connected, the challenge of digital inclusion, i.e. connecting the other half and leaving

no one behind without affordable access to broadband, is much greater (especially in remote rural areas and low-income groups). According to ITU, "the growth of the internet adoption has slowed dramatically in the past years". This reality calls for increased effort to establish public policies to ensure that the other "hard to include" half of the world population is not left behind.

6. With technology advancing at a rapid rate, it is essential to address Member Countries development challenges through efficient and effective use of ICT and to ensure that projects are designed and implemented taking ICT strategic adoption opportunities into consideration. Furthermore, leaving vulnerable population (such as poor, rural, women, indigenous groups, disabled, etc.) without access to the potential benefits of ICT enabled goods, tools and services will increase social gaps and hamper country competitiveness in the form of less educated/competitive workforce and higher cost for producing and delivering services.

7. There are significant differences among IsDB Member Countries with respect to ICT infrastructure, coverage, access, affordability, digital inclusion, and strategic ICT adoption (mainstreaming) by population, business and governments. These differences will be taken into account during the planning of IsDB interventions in different regions.

8. For instance, in low income countries, where the main focus is to deploy national and regional infrastructure to ensure universal affordable broadband coverage, the IsDB will support building national broadband plans, updating the regulatory frameworks, implementing innovative ICT fiscal frameworks and enabling spectrum policies, to maximize the level of private sector investments. In the areas and regions where it would still not be profitable for private sector, the IsDB will assist Member Countries to develop specific private sector incentives and innovative funding mechanisms to ensure that end user services are affordable for all income groups. Those actions would also have to be complemented with demand stimulation strategies, such as those that develop digital literacy and relevant content and services, to achieve universal and sustainable ICT adoption.

9. In the middle to high income countries, where the infrastructure exists, the key priority is to develop policies to target affordability for all income levels. It is also important to focus on developing sector adoption strategies, e-enabled content, public and private sectors e-services, country wide digital literacy and skills building programs, all articulated within sound national digital agendas or ICT strategies. Enabling factors such as regulations, capacity, intergovernmental institutional coordination and financing frameworks for these policies will be considered while developing such strategies.

10. The IsDB is coordinating with ITU and other UN bodies working towards digital inclusion and has committed support to the United Nations SDGs (in particular SDG 9 and especially SDG 9c) which aims at helping to build resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation. The ITU considers that efficient and affordable ICT infrastructure and services allow countries to participate in the digital economy and to increase their overall economic well-being and competitiveness. It envisages ICT as a mean to deliver quality goods and services in health care, education, finance, commerce, governance and agriculture. The ICT help to reduce poverty and hunger, boost health, create new jobs, mitigate climate change, improve energy efficiency and make cities and communities sustainable. The IsDB will continue to participate in the ITU multilateral collaboration platforms to achieve its policy objectives and will consider joining other collaboration frameworks as the UN Internet Governance Forum, the ICT Working Group of Multilateral Development Banks (WG-MDBs) and the World Bank led Digital Development Partnership (DDP) and the World Economic Forum (WEF) "Internet for all" initiative.

11. At the national level in Member Countries, the IsDB will coordinate support for ICT projects and interventions with other MDBs and Development Finance Institutions (DFIs) in the framework of the countries' ICT/digital agendas, as well as specific e-strategies for various sectors (such as e-education or e-health or e-agriculture). At the regional level, support will be provided for regional integration of digital agendas.

12. This policy intends to expand the IsDB's ICT traditional areas of operation which have been focused on financing telecommunication networks infrastructure. The IsDB intends to support comprehensive digital strategies, aiming at advancing Member Countries toward knowledge-based economies and societies. The Member Countries consider the IsDB to be a trusted partner and a leading provider of Islamic finance.

13. The policy has adopted the following four guiding principles of the IsDB Group's 10-Year Strategy (10YS) for enhancing the IsDB's effectiveness and efficiency: (i) to practice selectivity in the choice of operations; (ii) to build capabilities around strategic pillars; (iii) to mobilize resources and (iv) to use results-based management approaches for achieving development results.

14. The IsDB interventions in the ICT sector contribute directly to three of the strategic pillars of 10YS: (i) economic and social infrastructure; (ii) inclusive social development and cooperation between Member Countries. These interventions also contribute indirectly to two other pillars; and (iii) private sector development and Islamic financial sector development.

15. This policy is also aligned with the reforms introduced by the IsDB President's Five-Year Program (P5P) by encouraging a strategic approach to country programming to envision future needs of knowledge-based economies. It also focuses on project delivery by introducing new financing mechanisms.

16. This policy outlines the non-discretionary principles and intentions to permit, guide and constrain the IsDB's ICT sector operations to achieve institutional goals. Further, detailed instructions – including organizational and procedural aspects – will be provided in the form of a policy implementation strategy/plan, which will be updated periodically.
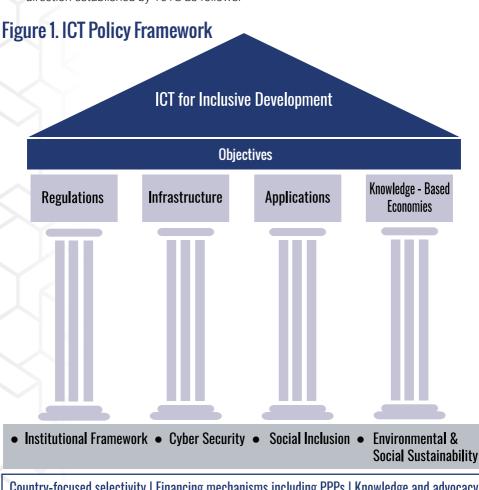
II. Definitions

17. ***Information & Communication Technologies (ICT)*** refers to (1) Infrastructures (fiber optics, cable networks, satellites connections, cell towers) (2) Access Technologies (servers, routers, computers, phones, connected devices) (3) Software (network management, domain names, cloud based server) (4) Information Systems (e-education, e-heath, e-government, e-financial, e-procurement services) (5) Online Content (web, multimedia, social networking platforms) and (6) Internet Service Providers (software industry, developers, entrepreneurs, tech incubators).

18. ***Universal Services Policies*** refer to the goal of making ICT services accessible, affordable, environmentally friendly, safe for all, delivered efficiently and with good quality.

19. ***Inclusion*** is one of the strategic objectives of 10YS, in which the IsDB prioritizes support for inclusive economic growth and social development and commits to specific policies and actions to assist the neediest populations, notably by providing the conditions for all Member Countries population to access, adopt, and benefit from ICT usage.

20. ***Prosperity*** is the intended outcome of development efforts that are based on the strategic pillars of 10YS. It entails achieving sustained growth in income and a good quality of life shared widely among the population.

III. Scope

21. This policy applies to the ICT sector operations of the IsDB focusing mainly on sovereign operations. It also identifies the broad priorities for non-sovereign operations in the ICT sector, including, subject to the IsDB's overall policy direction, private-sector operations and PPPs.

22. The policy is intended to focus the IsDB's future ICT operations on addressing the development needs of Member Countries and to align operations to support the implementation of the ICT-related and ICT-enabled SDGs and support the IsDB corporate direction set by 10YS and P5P. The policy is guided by a policy framework (Figure 1) with policy objectives, four pillars, four enablers and three guiding principles.

23. *Policy Framework:* The policy has four pillars for IsDB intervention in ICT sector based on considerations highlighted by Member Countries and of the IsDB's comparative advantage. These pillars are aligned with the ICT related SDGs and the operational direction established by 10YS as follows:

Figure 1. ICT Policy Framework

ICT for Inclusive Development

Objectives

| Regulations | Infrastructure | Applications | Knowledge - Based Economies |

- Institutional Framework ● Cyber Security ● Social Inclusion ● Environmental & Social Sustainability

Country-focused selectivity | Financing mechanisms including PPPs | Knowledge and advocacy

(i) **Regulations:** Support the Member Countries to develop and implement regulatory and policy frameworks that attract private sector investments in ICT infrastructure in order to achieve universal affordable access for all. This includes assistance in the design of national ICT digital agendas, national broadband plans and public access policies. Special focus will be made on ensuring that regulatory policies and frameworks provide greater efficiency, transparency and accountability for both beneficiaries and service providers.

(ii) **Infrastructure:** Invest and incentivize ICT investments to provide access to infrastructure in underserved, rural and remote areas, where it is not profitable for private sector to invest. IsDB will support efforts to provide broadband access to refugees and displaced populations. It is the mandate of IsDB as a development institution to focus on such areas in order to achieve universal access since the private sector has the tendency to focus on profit generating activities. In addition, IsDB will work with other development partners to leverage the least cost financing options to support the development of ICT infrastructure.

(iii) **Applications:** Support the Member Countries in mainstreaming ICT to help contribute to the achievement of most of the 17 SDGs targets. IsDB will support projects, initiatives and activities that mainstream ICT in education, health, agriculture, water, transport and energy sectors in addition to enabling government and procurement services. IsDB will also support projects that target ICT use in decision and policy making to maximize efficiency and impact. It will also support projects that enhance use of data and Artificial Intelligence (AI) for business, research and innovations, public services delivery, policy making (such as open data, interoperable government data, big data and Machine Learning). To support regional integration, as per the IsDB 10YS related to connectivity strategic objective, the IsDB will develop ICT programs that support trade and regional integration, implement digital single markets initiatives and support the Member Countries transition to competitive digital economies.

(iv) **Knowledge-Based Economies:** Support the Member Countries in developing their economies to become capable of knowledge production, dissemination and utilization. The IsDB will focus on developing the human capacity to drive the digital transformation of people, businesses and governments. It is critical to develop the required digital skills that will enable ICT to be a mean for economic growth, employment creation and improved competitiveness. IsDB will support initiatives that nurture and encourage disruptive innovation in Member Countries. It will also focus on capacity building of digital skills in sector knowledge activities such as e-education, e-health, e-government, e-agriculture, e-procurement, e-commerce and fintech.

24. The pillars of this policy are supported by the following four enablers to be considered when preparing all ICT operations. These enablers will address issues that are important for both project sustainability and achieving the ICT-related SDGs:

(i) **Institutional framework, capacity and governance:** to address issues related to governance or capacity, all ICT projects will consider the adequacy of the institutional framework, intergovernmental coordination, implementation capacity and ICT ecosystem governance.

(ii) **Cyber security, data and privacy protection:** the IsDB will consider the risk and adequacy of the national cybersecurity, data privacy policy frameworks – taking into account support from other development partners – and, if needed, will include outputs to strengthen those policies and programs. IsDB will support national policies, strategies and capacities for cyber security as well as regional cooperation to ensure secure and safe digital environments. The IsDB Member Countries are expected to have frameworks to protect their information infrastructure and critical physical infrastructures. The Member Countries need to develop capabilities to respond to new challenges, reduce vulnerabilities and minimize damage from cyberattacks. All public and private entities should be able to operate with confidence in the digital environment, handle trusted data, and have their privacy protected. The IsDB will support its Member Countries to promote awareness to ensure cyber safety for people online and promote greater collaboration among the governments in this area.

(iii) **Social inclusion:** the IsDB will examine options for serving the needs of different groups of potential users or impacted groups, considering youth and gender dimensions and the needs of poor, disadvantaged and vulnerable groups. On the request of Member Countries, the IsDB will also provide support for the preparation and implementation of specific projects and measures to ensure digital inclusion of disadvantaged and vulnerable groups.

(iv) **Environmental & Social Sustainability and Climate Change:** the IsDB will apply environmentally friendly approaches to the design of ICT infrastructure projects and provide support for the preparation and implementation of environmental safeguards. Regarding climate adaptation, the IsDB will begin screening all projects for climate risks early in project preparation, and where significant risks are identified, will incorporate climate-resilient design. Regarding climate mitigation, the IsDB will encourage Member Countries, especially those with higher financial and technical capacities, to invest in green economic transformation, and mobilize additional resources to finance the additional costs involved. When considering Member Countries' financing requests and undertaking project preparation, the IsDB will also explore alternatives and options for lowering the carbon footprint of ICT infrastructures (such as cell towers, networks infrastructures and data centers).

IV. Guiding Principles

25. The guiding principles of this policy include a country-focused selectivity over the types of ICT support that the IsDB will offer to Member Countries at different stages of

development, and the use of cutting-edge knowledge to help the IsDB offer best-practice ICT strategies and financing mechanisms, including PPPs. The three guiding principles are explained in more detail below:

(i) *Country focus and selectivity:* the IsDB has decentralized operational staff positions and the decision-making authority to regional hubs in Member Countries. Greater country presence will raise staff knowledge of the country's context and needs, make it possible to have enhanced ICT-sector dialogues with Member Country governments, and enable the Bank to provide in-country support quickly to executing agencies and project-management units to address implementation problems.

10YS and P5P call for greater selectivity in determining future financing operations, considering country needs and the sustainability criteria adopted by MDBs and other development partners. In the ICT sector, this selectivity will ensure the relevance of future operations in addressing priority development challenges, including changing Member Country circumstances and needs. Overall, this process will help the IsDB to build the capabilities of its ICT practice around the strategic pillars of this policy.

Country-focused selectivity will be differentiated according to groupings of Member Countries with similarities in terms of their situation and needs in the ICT sector. The policy of selectivity recognizes that country circumstances will change and allows for country groupings and priority types of operation to be amended as necessary.

(ii) *Financing mechanisms:* The IsDB will expand its support for private sector ICT projects and PPPs, taking into account country broadband plans and the need for the prudent management of risks. The IsDB will explore opportunities for financing PPP investments in Member Countries with conducive policies and appropriate legal frameworks, institutional capacity and governance. These policies and freamworks will focus on ICT infrastructure deployment projects that are well suited to PPP arrangements. The IsDB will also help Member Countries to strengthen their policy frameworks and institutional capacities for PPPs with a view to improving the basis for future PPP investments. In addition to working with its traditional co-financing partners among MDBs, Arab Coordination Group members and Bilateral Development Institutions, the IsDB will explore options to attract additional Islamic co-financing for ICT projects, including private-sector Islamic commercial banks and pension funds. The IsDB will also examine options to diversify the Islamic financing instruments it uses for ICT operations, with a view to lowering transaction costs and preparation time and streamlining implementation. It will explore Sharia-compliant approaches to the multi-tranche financing of large programs that comprise a series of investments of a similar type. The IsDB will also explore innovative mechanisms to finance the development of infrastructure in such areas. The financing may be through cooperative arrangement between public and private sectors under PPP modalities. It will also explore crowdfunding mechanisms that allow common individuals to contribute to development goals while achieving financial returns.

(iii) ***Knowledge and advocacy:*** IsDB recognizes knowledge as a fundamental underpinning of its ICT, and ICT mainstreaming operations. Such recognition will strengthen the Bank's internal capacity to harness sector knowledge and best practice, incorporating these into the scope of approved projects to enhance the quality and value added in the Bank's support to Member Countries.

26. In addition to the above, the IsDB will take the following measures to support the role of ICT sector knowledge:

(i) Review and suggest ICT mainstreaming strategies across other sectors (heath, agriculture, education etc.) and cross sectoral interventions for gender, climate change and resilience.

(ii) Create a Community of Practice (COP) of the ICT practitioners for peer to peer support, as well as an associated Knowledge bank of best practices, lessons learned, case studies and other support materials linked to Knowledge Management tools.

(iii) Increase the use of IsDB Reverse Linkage platform to increase collaborations among Member Countries and facilitate replication of successful policies, projects and activities among the IsDB countries.

(iv) Integrate new Core Sector Indicators (CSI) related to ICT, digital inclusion and ICT mainstreaming impact, for the Bank's sector performance evaluation and the Development Effectiveness Reports.

(v) Include ICT related sectors in country socioeconomic analyses (ICT impact on economy, ICT sector size and contribution, impacts on jobs and, competitiveness) and ICT readiness indicators.

27. The IsDB will increase the dialogue and collaboration with the other MDBs and Development Finance Institutions (DFIs) to:

(i) Coordinate ICT projects' interventions and support national ICT policies at MC level (and maybe even co-finance actions) with other MDBs and DFIs in the framework of the countries' ICT agendas. That is also relevant at the regional level (regional digital agendas) and within the country for specific sectors such as e-education, e-health and e-agriculture. That coordination would be ideally led by the responsible national agencies within the countries, or through the existing donor coordination groups at the national level.

(ii) Increase the Bank's participation in the existing global platforms for ICT dialogue and collaboration and join a few other specialized frameworks that exist in different areas such as ICT for education, financial inclusion, Open Data, or ICT for agriculture.

V. Roles and Responsibilities

28. The main roles and responsibilities of the parties involved with this policy are defined by the enablers needed for the successful implementation of the policy. To strengthen ICT-sector dialogue and to support country-focused selectivity in each Member Country with IsDB ICT operations, IsDB will prepare a Member Country ICT sector note to summarize the sector situation, needs and priorities for IsDB support. The preparation and updating of these notes will be aligned with annual country programming and the preparation of Member Country Partnership Strategies (MCPS).

29. This policy requires IsDB to constantly monitor its own performance in support of the ICT sector. The policy needs to gauge how well the investments in the sector are contributing to the progress in its Member Countries. IsDB will facilitate the formal evaluation of the performance of its investments under this ICT sector policy.

VI. Related Documents

30. This policy seeks to align the IsDB's ICT operations with the related global priorities for ICT set by the SDGs, and with the 10YS and the P5P as well as with the changing needs of Member Countries.