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SDGs DIGEST

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EDITORIAL Rami Ahmad Special Envoy on SDGs

The world has recently reaffirmed its commitment to the SDGs in the High Level Political Forum (HLPF) held in the UN HQ last July. The final Ministerial Declaration, highlighting progress and concerns, was adopted with a strong vote of confidence by member states (only 2 out of 166 countries voted 'No', mainly because of a reference to the right of self-determination of people living under occupation and a reference to WTO). The HLPF is an annual event that serves as the official follow-up mechanism for implementing the SDGs, as articulated in the 2030 Agenda document endorsed by all 193 member states in the General Assembly in 2015.

This year's HLPF was held under the theme 'transformation towards sustainable and resilient societies', where multi stakeholders discussed comprehensive reviews from various perspectives. Several thematic and regional reviews were presented in addition to specific reviews on the six SDGs in focus this year (SDGs 6,7,11,12,15 & 17). Countries also reported on their progress in aligning their national development plans with the SDGs through presenting Voluntary National Reviews (VNR). Forty seven countries presented their VNRs, out of which 14 were members of IsDB.

It's increasingly becoming evident that the SDGs represent a galvanizing and comprehensive framework, where governments, organizations and other stakeholders can align their work based on their development needs and mandates. For us at the IsDB Group, the firm commitment is manifested clearer as different entities, functions and global practices articulate their alignment. For example: The newly adopted scheme of the Global Value Chains (GVCs) is clearly aligned with SDGs 8,9 & 17. The STI Engage & Transform are focused on SDGs 2,3,4,6,7 & 9. ICD will strategically invest in private sector interventions relevant to SDGs 7,8 & 9 to impact the first five SDGs. ITFC is contributing through trade finance to SDGs 1,2,3,7,8,9 & 17, and so on. Although we have made a reasonable progress in enhancing awareness about the SDGs, our challenge remains in refining the alignment of our projects and programs with the SDGs at the detailed level of targets and indicators. This is crucial if we are to globally advocate for an 'IsDB Narrative on SDGs', that is qualitatively and quantitatively supported.

In the quest of serving our member countries, the IsDB Group is committed to mainstreaming the SDGs within its activities and really make them part of the DNA of our organization!

"Aligning our work with SDGs will ensure effective utilization of our resources to meet pressing human development needs of our Member Countries. Governments, businesses, and people have a shared responsibility to act now to leave a better planet for our children before it is too late... IsDB is committed to help"

Sayed Aqa,
Vice President, IsDB

IN THIS ISSUE

The Bank's Value Chain Approach and SDGs

Dr. Mohammed Faiz Shaul Hamid

Global Value Chain Specialist, Department of Strategy and Transformation

One of the most unique features of SDGs is the unprecedented scope that addresses wider determinants of development and the goals and targets that take into account different national realities, capacities and level of development. Such features are strikingly apparent in SDG 8 - Decent work and economic growth and SDG 9 - Industry, innovation and infrastructure. Both these SDGs play an important role especially in a globalized world that we live in today. Jobs that were created 10 or 20 years ago might not be relevant or considered as decent work today while industrial policies from textbooks 10 years ago might not be applicable as a solution to achieve these goals. The common change that is prevalent is the expanding global value chain (GVC) which breaks up production process to different steps carried out in different parts of the world. As a result, job creation, growth and industrialization are directly impacted by the nature of plugging into the GVCs. Countries that plug into the downstream processes tend to create stable but lower income jobs with lower value added while countries that plug into more upstream processes create higher income jobs and higher value added. Winners or losers of GVC is still an unanswered question, however, the benefits of plugging into the GVC is featured as the success story of many developing and developed countries.

In the context of IsDB Member Countries, the current state of overall situation in plugging into the GVCs seems to be worrying. The Manufacturing Value Added (MVA) for all IsDB Member Countries collectively shrunk from 13.9% to 9.9% in the past 15 years and there is an increasing over-dependence on imports of manufactured goods, recording an increase up to triple the value of trade deficit compared to 15 years ago. At the manufacturing industries level, out of 25 manufacturing industries, the Member Countries only recorded three industries with trade surplus and the other 22 industries with trade deficit. The over reliance on manufactured imports reflects that the Member Countries are not able to integrate to the global production network in an effective manner. Persistent and growing trade deficit also poses negative consequences effect on economic growth and stability. Empirical studies have also found positive correlation between unemployment and trade deficit which is a general challenge that is faced by most Member Countries.

The least developed and developing countries may find integrating into the GVC to be the solution to some of their major economic resilience questions. First, integration into GVC would address the inadequate level of industrial diversification for developing countries. Several of IDB Member Countries are oil producing countries and there is less industrial diversification except in certain industries that are related to the petroleum industry. The integration into GVCs will open up more opportunities in different industries for countries to explore further. Secondly, integration into the GVC would reduce the high level of vulnerability to external trade and financial shocks due to high concentration of economic activities in low productive sectors. As GVCs are organized in the production process of more productive sectors which is driven by competitiveness, countries will be able to reduce these shocks. Furthermore, integration into the GVC would also address issues such as limitation on export-led growth due to weakening global demand and premature deindustrialization. In short, integration into GVC allows countries to stay in the relevant industries that are market driven and at the same time be part of an entire global production network that is interdependent.

Taking all these challenges into consideration, the Bank's new approach based on Global Value Chains is timely. The Bank's new GVC framework is documented in the upcoming book "Making Markets Work for Development through Global Value Chains" which would enable the Bank to guide its interventions in highest impact areas and at the same time foster sustainable and inclusive development for our Member Countries in line with the aim to achieve the SDGs. My hope is for the new value chain approach to be a unifying framework that leads the Bank to be at the frontier of development ■

Mainstreaming VNRs in IsDB Country Strategies and Capacity Building Operations

Syed Husain Quadri

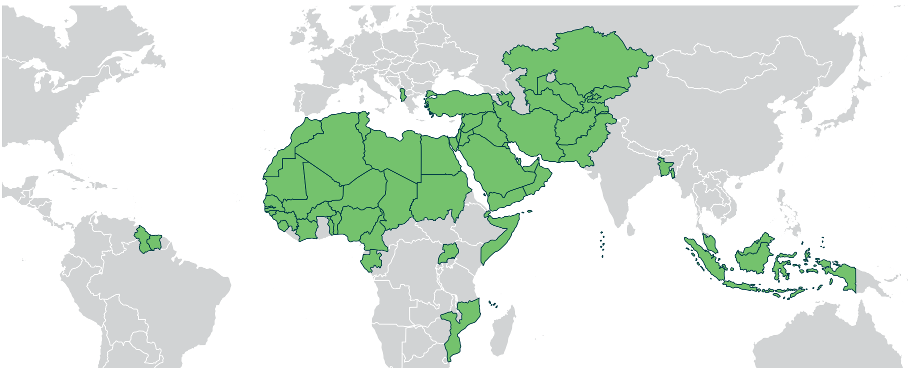
Manager, Country Strategy & Market Integration Division

The Bank endeavors to address these issues by encouraging and attracting private capital to be a catalyst in ensuring "Making markets work for development". By following this principle of the Presidents Five Year Plan (P5P), the Banks interventions will be geared towards driving and boosting the competitiveness of our Member Countries (MC), that are connected to the global market, by establishing and supporting Global Value Chains as and where applicable.

Acknowledging that the cost of addressing the development challenges and SDGs outweigh the resources available, and in the context of the evolving financial landscape and the IsDB's reform, the Bank has had to rethink its strategy in helping MCs close their SDGs and development financing gap. The Bank endeavors to address these issues by encouraging and attracting private capital to be a catalyst in ensuring "Making markets work for development". By following this principle of the Presidents Five Year Plan (P5P), the Banks interventions will be geared towards driving and boosting the competitiveness of our Member Countries (MC), that are connected to the global market, by establishing and supporting Global Value Chains as and where applicable. This approach is anchored towards supporting SDG 8, 9 and 17 as core challenges for IsDB to focus on.

Supplementing this approach, the new Member Country Partnership Strategy (MCPS) framework is also expected to identify a given MC's 'most-critical' yet 'unmet' SDGs to highlight the top critical SDGs and the progress (or lack thereof) of the MC in achieving it. To do this diagnosis, the main source of data and analysis will be based on the findings of a MC's Voluntary National Reviews (VNR).

As a brief primer, a VNR is a reporting tool that is used to track the progress of all countries in implementing their SDGs and targets in a manner that respects their universal and integrated nature. During the 2018 session of the High Level Political Forum (HLPF), 46 Countries (14 of which were OIC MC) presented their VNRs in



implementation of the 2030 Agenda for Sustainable Development and the SDGs. These 14 OIC states have shown the way for other OIC members on how to mainstream SDGs in their national planning.

The analysis of VNRs at the level of the MCPS would allow the Bank to determine the unmet gap between the current indicator and the target relative to the 2030 goal and/or by the unmet gap between the indicator and the target relative to other peer countries (of similar income, structure, or geopolitical background). Therefore, combining the analysis of the potential Global Value Chains of a MC with the analysis of the state of the MCs vis-à-vis its progress towards achieving its SDGs, would allow for a powerful market driven yet developmentally focused approach for the Bank to target its interventions better.

As an aside, the MCPS is not the only avenue for the Bank to support the preparation and utilization of VNRs of our MCs. Considering the growing number and interest of IsDB MCs to prepare VNRs and submit them to 2019 HLPF, the United Nations Department of Economic and Social Affairs (UNDESA) and the Reverse Linkage Division under the CSC Department are cooperating to organize a workshop that will provide the opportunity for cross-learning across the MCs of the IsDB. In addition, the Bank will promote its technical cooperation mechanisms with the aim to support this cross-learning, as well as help formulate peer-to-peer exchange projects in which MCs with experience in successfully implementing the SDGs and reporting on their progress will be able to share their expertise with other MCs.

Going forward, the Bank can play a strategic role of helping the MC convert its SDGs targets into near-term to medium-term results and helping them track it via VNRs. A more targeted yet inclusive approach towards the achievement of SDGs holds great promise for a MC and at the same time it affords an opportunity for the Bank to validate its new approaches and be more proactive and play a more catalytic role ■

Technology and Innovation as a Vehicle for Advancing SDGs Achievements in IsDB Member Countries

Abdirashid B. Warsame
Country Manager, Regional Hub Uganda

There is a growing sense that the immense investment in technology and innovation is fundamentally shaping the way we live, connect, communicate and transact, with profound effects on economic development – increased productivity and income, quality of life and life expectancy. This is already visible in the developed world where technology and innovation are largely regarded as a key source in rapid economic growth, keeping the economy moving, transforming economic structure and challenging the relevance of existing systems and procedures.

In developing countries, the power of technology is transforming the daily lives of millions of vulnerable and marginalized groups, showing its greater potential as a real game changer for development, i.e., there is a link between investment in technology and innovation, and country's economic prosperity. For that reason, the 2030 Agenda recognizes the importance of incentivizing innovation for sustainable development and promoting greater access to technology through national policy and international cooperation.

Increasingly, donors and multilateral developments banks (MDBs) are widely advocating and financing initiatives aimed to embed technology and innovation into their development interventions to achieve better and more sustainable development results on the ground such as capacity building of technology institutions, harnessing of technology for better education and integration of technology into urban planning (smart cities) and delivery of primary health services. Obviously, the influence of technology is increasingly seen in day-to-day government operations; for example, in some developing countries, the initial use of technology for the provision of relevant public services through interactive government websites, open data portals and online participatory budgeting platforms is rekindling greater interest by citizens in the uptake of government services.

Given the rapidly changing pattern in development landscape in 21st century, the IsDB has scaled up its resource allocation for technology and innovation programs. This is a great step forward, recognizing technology and innovation as crucial incentives for economic development and as a key tool to improve the lives of poor and marginalized people in its member countries. The increased resource allocation is also expected to foster the economic development and competitiveness in the IsDB member countries as well as advance the SDGs achievements – from poverty eradication to agriculture and food security, to energy, water and climate change.

However, one of the key factors to consider is the significant difference in institutional capacities of IsDB member countries to innovate and apply technology for developmental purposes. In this aspect, the challenge for the IsDB is how to primarily identify gaps and technical barriers to adoption of technology and innovation in its member countries and seize opportunities to build and improve their capacity. Ostensibly, this will need to ensure ownership, participation and active involvement of targeted member countries in IsDB diagnosis and programming, in order for sustainable development to become its member countries reality.

Having said that, the IsDB can have quick-win projects in several areas. At first, a substantive approach is to benchmark the IsDB member countries' performance, address weaknesses in technology and innovation and leverage their strengths as well as tap into best practices in member countries regarded as innovation leaders. Furthermore, the IsDB might aim to accelerate its contribution to the initiatives of eradicating deadly diseases by providing new vaccine technologies to its member countries and engaging the relevant actors to remove technical barriers in an effective manner.

In the same vein, the IsDB can support technologies that can increase the outreach of microfinance services for poor people and link them to their local financial institutions and beyond. It can also set up a centralized repository for promising technologies to help in disseminating existing technologies to member countries and to provide a marketplace for their potential adoption.

Finally, the last but not least, the IsDB should consider ways to empower and develop partnerships with scientists and scholars who benefited from the IsDB scholarships in order to help in accelerating access to and deployment and transfer of new climate-friendly technologies to its member countries ■

Overcoming the Complexity and Challenges of Evaluating SDGs

Anasse Aissami

Director, Operations Evaluation Department

The 2030 Sustainable Development Agenda has brought forth a new focus. First, it brings more collaborative efforts towards global sustainability, equity-based, and inequality-driven interventions. Second, it sets out higher-level outcomes necessary for a long-term sustainability. Third, it acknowledges a new development frontier in evaluation, with a shift from accountability to learning and improvement in sustainability. At the Operations Evaluation Department, the evaluation of SDGs has become a priority and all OED staff are required to acquire in-depth expertise in measuring specific targets of the SDGs.

Complexity & Challenges

The 2030 Agenda is complex with multi-layer stakeholders as well as intertwined and multifaceted implementation mechanisms. It aims at ensuring environmental sustainability while achieving longer-term inclusive and equitable development. A key pillar of the 2030 Agenda is the commitment to establish a rigorous follow-up and review mechanism that is led and fully owned by countries. This requirement poses many measurement challenges, namely:

1. Measuring the principle of "No one left behind": In the execution of the SDGs agenda, no country or development agent should be left behind.
2. Aggregating progress data for the whole of humanity: All countries have become "developing" countries (adaptation to climate change and sustaining development).
3. Adapting global indicators to local realities: The goals are universal but need to become grounded in local realities.
4. Assessing environmental sustainability: This poses an "evidence" challenge to evaluators as any threat to the environment anywhere is a threat to life everywhere.

These challenges have implications for all stakeholders, particularly development institutions such as IsDB, who would like to present their contribution towards achievement of the SDGs, with evidence. In addition to that, overcoming the financing gap needed for the implementation seems to be the top priority for international financiers. However, even if the gap were met, the planning, delivery, monitoring and evaluation of the 169 targets of the 17 SDGs require massive investment in data and information systems. That is why IsDB's support to member countries and clients to measure constantly their own progress is critical. This support should go beyond assisting the latter in the national voluntary reviews of SDGs. It should be geared towards helping the member countries and clients to tackle the difficulties of planning, scoping, scaling, timing, and linkage building between climate change, natural resources management, poverty, gender and development. It should also focus on how to develop sustainability monitoring mechanisms at local, regional and global levels and across all sectors.

AGENDA STRUCTURE

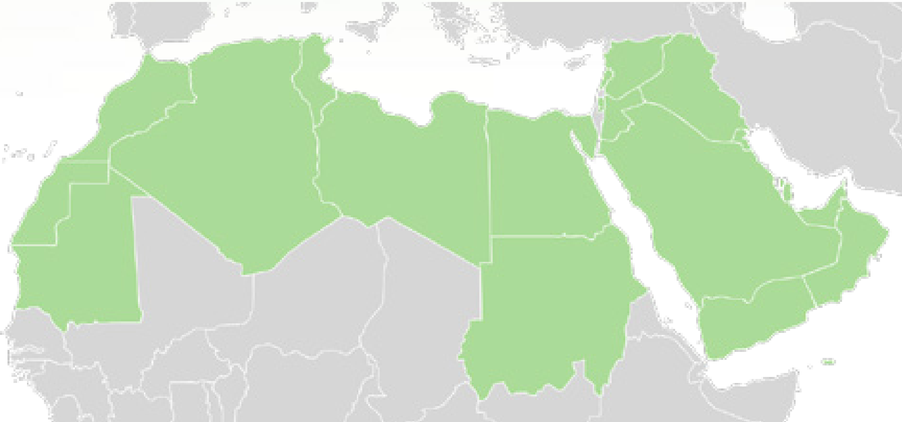
Given the complexities in addressing the capacity gaps for successful achievement of SDGs, there is a need to identify effective approaches and means to evaluate member countries and clients in measuring their achievements. The Bangkok Declaration in 2015 adopted the following key principles on National Evaluation Capacity for SDGs in the context of harmonizing and coordinating efforts:

- The 17 SDGs and 169 targets have the potential to transform societies and mobilize people and countries.
- SDGs agenda shall be country-led and tailored to the respective national priority setting.
- Building capacity for the evaluation of development activities at the country level and call for national and international stakeholders.
- Professionals of development and evaluation must attain and uphold the highest standards of ethical conduct and professionalism.

Way Forward

Based on the above, IsDB should not only play an active role in the implementation of the SDGs, but should also invest actively in development of the national monitoring and evaluation capacity of its MCs and support them to implement their actions and commitments under the SDG agenda. In particular, IsDB should aim to adapt fit-for-purpose approaches to ensure that the required follow-up and review mechanisms are not only designed and established but are also effective. This however, must be done without deviation from the existing evaluation standards and norms ■

A New Vision of Sustainable Development in the Arab Region



Nada El Agizy

Director of Sustainable Development and International Cooperation Department
League of Arab States

Over many decades, the League of Arab States—LAS—has been a key witness to the events in the region and has made valuable contributions to overcome the development bottleneck in the region by playing an active role.

Without a doubt, the events of the last five years have undermined political stability and security in many Arab countries, and brought into question the effectiveness of traditional development schemes that relied mostly on rent economies. Prolonged armed struggles resulted in loss of lives, destruction of infrastructure and failure of economies. It also created fundamentalist pacts trying to position themselves as legitimate representatives of their countries. It was obvious that the current development schemes would not work; they had to be improved or perhaps completely overhauled, given the continuously deteriorating human conditions, something that ultimately hampered fulfilment of the millennium goals in 2015.

With these conditions, it was no surprise to find the Arab region lagging behind in the field of Sustainable Development. Moreover, the uncertainty in the region has complicated the launch of the 2030 Agenda that was adopted by world leaders in September of 2015

The LAS quickly realized the need for an Arab Sustainable Development Guiding Framework that puts the well-being of people as the ultimate goal. We thought of a framework focusing on eradication of poverty, illiteracy, preservation of resources and environmental protection. The Guiding Framework had to be created by competent researchers and in collaboration with stakeholders representing youth, women, private sector and civil society. It also had to be well rounded, realistic, with clear milestones and a system for measuring performance; after all, what cannot be measured cannot be evaluated.

We also realized that achieving the SDGs under Agenda 2030 will require massive efforts. Stakeholder empowerment, excellent regional and international collaboration for efficient use of opportunities and resources should be cornerstones of these efforts.

Accordingly, the LAS organized several meetings and workshops with member states to advance their existing development programs. Experts were called to analyze the situation and come up with recommendations; and currently, we are developing programs to support officials and policy makers in taking decisions based on genuine needs of their community. This will ensure continuity of initiatives and solutions as well as improve effectiveness and quality of deliverables.

The Arab Sustainable Development Guiding Framework respects the specific and special nature of the needs and priorities of individual member states., which is why the LAS secretariat was keen on creating partnerships with regional and international organizations like the World Bank, UN agencies, EU, and many other reputable global entities.

During the workshops and meetings with representatives of Arab countries, we felt their genuine interest in working collectively to fulfill their own sustainable development plans. I believe that together we can make the Arab region a beacon that is capable of negotiating and collaborating as one entity, in cooperation with the international community for the benefit of all ■

Belt and Road Initiative: Implications for 2030 Agenda

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Shamas ur Rehman Toor

Senior Policy and Strategy Officer at the Asian Infrastructure Investment Bank (AIIB)

Belt and Road Initiative (BRI) has been a much, talked about project in recent years. Its scale both in terms of ambition to connect regions and investments in infrastructure is unprecedented. The initiative will not only improve intra-Asia connectivity but also enhance connectivity between Asia, Europe and Africa. The initiative will impact 65 countries (or more) that are home to nearly 60% of the world's existing population, representing nearly 40% of Global GDP and have vast natural resources. BRI will cost hundreds of billions of dollars in investments over the coming years.

In a world where increasing protectionism is causing countries and regions to drift apart, BRI will bring them closer together by improving economic integration through trade and movement of goods and ideas. This mega infrastructure project, if realized as conceived, could have an even broader impact on our future world and help in achieving the 2030 Agenda in the following ways:

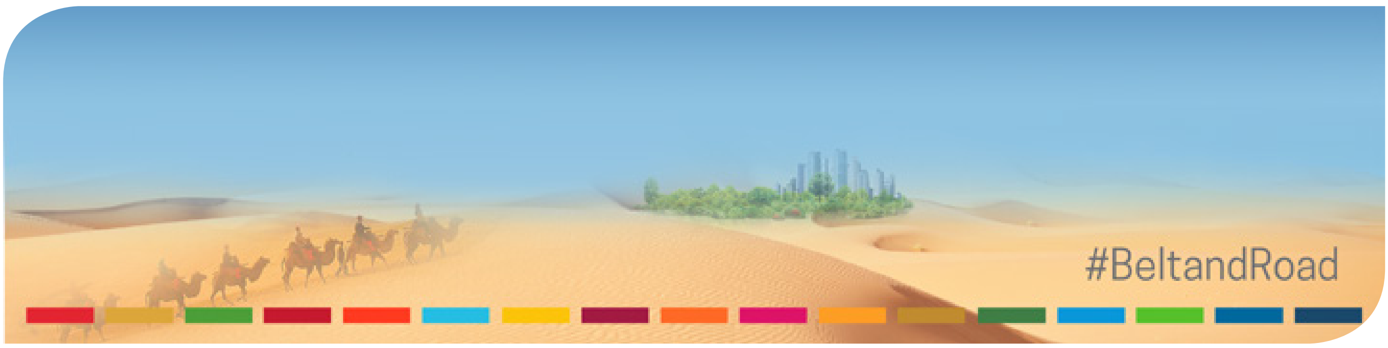
1. **Filling the Funding Gap for SDGs by Enhanced Resources Mobilization:** Many BRI countries in Asia and Africa have a long way to go to achieve their targets under SDGs that need trillions of dollars in investments in infrastructure, human development, industry, climate and governance. Much of these investments will need to be made through domestic mobilization of resources. Countries with increased economic activities through BRI will be able to raise more taxes and hence be in a better position to make necessary investments for SDGs.

2. **More Jobs for Future Youth (SDG 8):** According to the UN, global population is expected to increase to 8.6 billion in 2030 and nearly 85% of world's population will be living in Asia, Africa and Europe. BRI will directly and indirectly create millions of new jobs as well as business opportunities across Asia and Africa that will absorb future youth in work and, in turn, improve socio-political stability across the regions.

3. **Peace, Stability and Controlled Economic Migration (SDG 16):** History has taught us that economic interdependence leads to peace and stability in countries and regions. Peer-pressure, connectivity and interdependence will also motivate countries to solve their long-standing frictions with next-door neighbors. Opening up of countries to each other will also enhance people-to-people contacts and exchanges – and these are critical elements to solving disputes. Moreover, since there is tremendous pressure on European economies to import young skilled labor (because its populations continue to shrink and age) BRI will help improve flow of skilled labor between countries and regions and ease pressure on developed nations in terms of skilled labor.

4. **Enhanced Multilateralism (SDG 17):** With increased connectivity, trade and economic interdependence, BRI is likely to integrate Asia, Africa and Europe into a mega economic zone that history has never seen before. Just as the Marshal Plan paved the way for several multilateral arrangements, BRI will likely result in more multilateral institutions and arrangements that will need to address political as well as economic challenges of the countries involved. Six major multilateral financial institutions have already signed an MOU with Chinese Ministry of Finance for collaboration on matters of common interest under BRI. This early involvement of all major multilateral financial institutions will help introduce best practices in preparing, designing and implementing BRI projects, especially in countries with weak capacity. With enhanced multilateralism in the BRI region, imagining an Asian Union or Euro-Asian Union that will integrate more countries into political and economic fabric may not be a far-fetched dream.

BRI is a mega infrastructure initiative with multiple dimensions. While it will have major economic impact, its socio-cultural and political implications are also significant. As President Xi Jinping of China said in his keynote in Boao Forum 2018, "economic globalization is an irreversible trend of the time", the world needs to prepare itself with investments in hard and soft infrastructure that would be needed to share the benefits of the next wave of globalization. BRI will be a catalyst in ensuring that a shared future is created that binds countries and civilizations ■



SDGs and Islamic Finance

Dr. Humayon Dar

Director General, Islamic Research & Training Institute

IRTI strongly believes that faith should be recognised as an important factor contributing to sustainable development. In this respect, we have undertaken research to map SDGs with Maqasid al-Shari'a. In fact, a lot more needs to be done in this respect to understand whether faith itself can feature in the SDGs.

There is nothing biblical about the 17 SDGs as developed and advocated by the United Nations. Therefore, it is imperative that these goals and the associated practices, processes and achievements are not only monitored and evaluated continuously but are also assessed on methodological grounds.

Despite comprehensive sectoral coverage, the SDGs rather importantly exclude relevance of faith to the development process. It is a well-established fact that culture (faith and language) plays an important role in the determination of social behaviour. However, it has yet to be established unambiguously whether faith (as an important cultural pillar) plays a role in the economic choice and preference ordering. Islamic economists would like to argue in favour of a relationship between faith and economics. This is, however, something I may address on another occasion.

It is a legitimate question to ask whether faith can play a role in achieving SDGs or in fact it should be one of the goals itself.

Whatever be the causal relationship between faith and development, it is observed that Muslims (living in the 57 member countries of IsDB and OIC and even in the West) trust Islamic institutions and organisations the most. It should also not surprise the observers that most of the relief organisations and charities in the West, with a focus on development, are deeply rooted in faith-based communities. This is true across the board whether these organisations stem from Christian, Jewish or any other religious background.

We, at IRTI, strongly believe that faith should be recognised as an important factor contributing to sustainable development. In this respect, we have undertaken research to map SDGs with Maqasid al-Shari'a. In fact, a lot more needs to be done in this respect to understand whether faith itself can feature in the SDGs. Promotion of faith (of all denominations and religions), culture and ethical values should be helpful in promoting sustainable development. Exclusion of these important factors must be probed to see how their incorporation can enrich the framework.

This presents Islamic Development Bank with an opportunity to play a thought leadership role in this niche area of development. There is no need to re-invent the wheel, as the existing 17 SDGs are comprehensive as to address most of the development issues facing countries and communities in different parts of the world. However, it will certainly enrich the SDGs, if these are augmented with faith, culture and ethical values.

As a think-tank, IRTI specializes in Islamic development, and as such is playing its role in supporting achievement of SDGs through Islamic financial tools. Also, IRTI supports efforts of member countries by way of capacity building for measurement and/or reporting of progress in the SDGs.

IRTI's forthcoming Global Report on Islamic Finance 2018 highlights the role of Islamic finance in financing long-term investments. IRTI has also committed to promoting SDGs through its contributions to SDG1 and SDG11 on poverty reduction and shared prosperity, by way of knowledge management and advocacy.

IRTI has also led a collaborative effort with the UNDP to develop two training programs for [1] development professionals on the use of Islamic finance for structuring financing deals for development; and [2] impact investing with a focus on alignment of the objectives of financiers and investors, using Islamic finance ■

UNDP and IRTI Collaborate on Islamic Finance Trainings for the International Development Community

Nihat Gumus
Policy Specialist at UNDP and
Assistant Professor of Finance

Dr. Dawood Ashraf
Senior Researcher at IRTI

The United Nations Development Programme (UNDP) and IsDB's Islamic Research and Training Institute (IRTI) have joined forces to better leverage Islamic finance to advance implementation of the Sustainable Development Goals (SDGs). This new collaboration focuses on capacity-building activities for development professionals to help them harness the potential of Islamic finance towards mobilizing and catalyzing Islamic finance for the SDGs.

In May, UNDP hosted their first-ever Islamic finance capacity-building workshop, in collaboration with IRTI, the knowledge arm of IsDB, providing its renown Islamic Finance training experience and expertise. The workshop, which brought together representatives from a dozen UNDP country offices, UN agencies, IsDB, national government partners, and the academic community, included both theoretical sessions on the foundations of Islamic finance, and hands-on exercises to apply Islamic finance instruments towards development projects.

The collaboration between UNDP and IRTI responds to the convergence between the gap in financing for SDGs - currently estimated at US$ 2.5 trillion every year – and the growing financing opportunities provided by Islamic Finance, whose core principles and social tools - such as Zakah, Sadaqah and Waqf - are highly aligned with the spirit of the SDGs.

Over the last decade, IRTI has expanded its capacity and niche expertise in Islamic social finance (ISF) and published three flagship ISF reports highlighting its potential in combating poverty, improving health and providing better education. IRTI has also led on the development of Model Waqf Law, Core Zakat Principles and Core Waqf Principles.

UNDP is also uniquely positioned to have a global impact on Islamic finance, with a presence in all 57 OIC member countries. UNDP has already started to apply and engage Islamic finance tools and partners around the world. In Indonesia, for example, UNDP has begun to partner with BAZNAS – the national Zakat collection body – to apply Zakat funds, for the first time ever, towards local SDG plans, beginning with renewable energy projects in underserved communities. In Palestine, UNDP is facilitating the mobilization of funds for SMEs through Islamic microfinance, thanks to the generous support of the IsDB.

IsDB and UNDP have also jointly launched the Global Islamic Finance and Impact Investing Platform, which promotes market-based solutions to sustainable development challenges, with the aim of positioning Islamic finance and impact investing as leading enablers of global SDG implementation through private sector engagement.

Considering the scale of opportunities, following the success of the first training, UNDP and IRTI will replicate the workshop in Istanbul, Turkey in late August for UNDP country offices in Central Asia, the Middle East and Africa.

These workshops will feed into the UNDP and IRTI's next ambitious initiative – to develop an online training platform for all development partners (public and private) interested in mobilizing the potential of Islamic finance to meet the Global Goals.

While Islamic finance continues to expand globally, the platform will enable development practitioners to leverage new sources of financing for the SDGs and leave no one behind ■

The Role of Private Sector Interventions in Peace Building in Fragile Settings:

The Example of the BRAVE Project in Yemen

Bakkar Maasher

Program Manager, Industry and Business Environment Support (IBES)

Conflict and crisis situations have increased during the last two decades across the world. About 1.4 billion people (20% of the world population) currently live in fragile states. A lack of global concerted efforts in peace - and state building in the Millennium Development Goals (MDGs) era is believed to have "compounded the slower rates of relative progress in development outcomes in fragile states"(OECD, 2015). On the other hand, in the era of Agenda 2030, Sustainable Development Goal (SDG)16 on "Peace Justice and Strong Institutions", highlights the interdependence between peace and business. "Businesses thrive in peaceful environments with effective institutions where operating costs are predictable and working environment is stable"(SDG Compass.org). A question is whether businesses can be a driver for peace? This question could be affirmatively answered if income and employment opportunities can be viewed as 'peace dividends' for those victims suffering from the conflict. Moreover, the present focus on incentivizing Small Medium Enterprises (SMEs) goes beyond their contribution to job creation, income and much needed products and services in conflict zones. SMEs plays key role in building social cohesion, fostering good economic governance and restoring community resilience.

The Business Resilience Assistance for Value-adding Enterprises (BRAVE) Project was designed with the purpose of using the private sector as a vehicle for achieving, amongst others, stability and social cohesion. The project is being implemented in Yemen through a collaborative framework between IsDB/ICD, a local SME development agency and three local banks. The first and second phase of BRAVE were funded by G7 and GCC countries (under Deauville Partnership) for total of USD 9 million. The objective was to enhance the resilience of the private sector, as the engine of sustainable growth, against the impact of ongoing conflict. To date, 528 firms sustaining more than 15,600 jobs across the country were supported with specialized business continuity trainings. Among them, 285 firms including 270 Micro Small and Medium Enterprises (MSMEs) were qualified for financial assistance in the form of matching grants to invest in sustaining or growing their business during conflict. The design of BRAVE was aimed at facilitating market interactions across conflict lines by fostering value chain linkages and business network activities and other interactions on business trainings and banking services.

The project's governance structure and delivery mechanisms were inclusive, neutral and transparent. Furthermore, the BRAVE design and its implementation arrangement included meso and micro level elements of promoting (business) communication between a wide ranges of stakeholders across the country's conflict zones. The stakeholders, who are from multiple sectors, include: SMEs, value chain lead firms, business associations, business development services providers and financial institutions.

In the context of open and sustained violence, SMEs, the lead firms and their highly skilled laborers are more likely to have more leverage to continue their business than feeble micro-entrepreneurs, as they are often the main target for pro-poor or humanitarian interventions. Furthermore, it is important to also consider that sectors can have an economic potential that extends beyond war times, especially their incentive to operate in conflict. In phase one, BRAVE targeted the support of five vital sub-sectors that impact the livelihood of Yemeni households: agribusiness, food processing, fisheries, health care and clothing. The sector prioritization enabled the spill-over and the consolidation of impact on a critical mass of businesses and their linkages within regions and across the value chains.

The BRAVE project demonstrated that private sector development (PSD) has the potential to contribute beyond economic impact by affecting various aspects of peace building. However, such evidence is mostly anecdotal because a majority of PSD programs in fragile contexts do not systematically monitor and evaluate impact of their interventions on peace and stability compared to the economic and social indicators agreed upon at design stage. The BRAVE midterm evaluation will address additional aspects of trust building among impact group beyond the project log-frame. Moreover, the BRAVE WOMEN program is planned to be implemented in Yemen, Nigeria and Mali under joint supervision of the Resilience and Social Development Department (RSD) and ICD and will embed the design of a broader M&E framework using Randomized Control Trial method to measure peace-related outcomes alongside the economic indicators ■

Achieving SDG 15: Life on Land – What it Takes

Bashir Jama Adan
Lead Agricultural Specialist

The research and development community is tasked with, more than ever before, to address the twin challenges of food insecurity and land degradation that is threatening land and livelihoods in Africa. Over 200 million people, nearly a third of the population in Africa, are estimated to be hungry and malnourished. And the number is increasing with the high frequency of droughts and floods in some cases, that are closely associated with climate change.

The Islamic Development Bank is actively engaged, along with its development partners, in addressing the twin challenges in its 27-member countries through solutions that are scalable and sustainable. These are highlighted in a recent publication of the bank, Change for Impact , that highlights the lessons learnt from the bank's investment in the agriculture and rural development sector over the past 40 years. This article highlights five key interventions that are relevant to achieving the Sustainable Development Goal 15 (Life on Land).

First is the need for sustainable solutions than can increase the productivity of smallholder agriculture that is generally not productive in sub-Sahara Africa. Yields of staple food crops are typically less than one third global levels. Because of the low yields of land currently under production, efforts of farmers to raise more to meet their needs often involves bringing marginal lands into production, thus exacerbating the land degradation process. Towards reversing this situation, targeted investments are made by the member countries with the support of IsDB and its development partners in scaling up the uptake of integrated soil fertility management (ISFM) technologies. ISFM, by necessity, involves the judicious use of mineral fertilizers with manure (both livestock and compost), soil and water conservation measures, cover crops including grain legumes that can obtain nitrogen biologically from the atmosphere, and agroforestry technologies that may include leguminous trees such as Faidherbia albida. In addition to this soil-related interventions and agronomic practices, member countries are supported to expand and improve existing irrigation systems. Less than 7% of Africa's potential agricultural land is currently irrigated. Improving irrigation systems, including harvesting water that would otherwise cause erosion and land degradation, is key to increasing food security, land and ecosystem productivity.

ISFM practices also require the use of high-yielding and locally adapted crop seeds and planting materials. To this end, both the public and private sectors are facilitated to increase the supply of improved seeds and fertilizers.

Second is the need for interventions to improve access to structured markets. This is key to sustaining farmers investments in the interventions to intensify production mentioned above. Improved market access could reduce post-harvest losses that are high under smallholder condition in Africa, typically 30-40% of the produce is lost before it targets to the markets. With support of the bank, member countries are investing in rural access roads that connect farmers to input and output markets. Investments are made in establishing rural grain storage facilities that allow farmers, through their cooperatives and associations, aggregate produce for sale collectively and at better prices. This is evident in many projects such as Sierra Leone's one on Linking farmers to markets (Box 2).

Third is the need for innovations to improve access to affordable financing. Two approaches are deployed to this end. One is through the private sector, under certain conditions, could do value chain financing of the inputs and buy back the produce through contractual agreements. Although difficult to construct, this is probably sustainable financing of smallholder agriculture in Africa. The second one is improving access to Islamic micro-financing in rural areas. The unique features of this financing mechanism,

including its our principle of joint ownership of the benefits and risks by the lender and borrower, makes it particularly attractive to farmers and rural agribusinesses. Success stories are fast growing and is exemplified particularly by one in Benin where women groups have deployed the use of Islamic micro-financing to grow their production and marketing activities.

Fourth is the need for sustained investments in the national agricultural research and development systems. This is particularly important in this era of climate change, and the urgent need to increase the adaptation and resiliency farmers and their farming systems to it. National agricultural (including forestry and agroforestry) institutions need to be innovative and forward looking in developing and facilitating the uptake of technologies at scale by farmers that can enhance their productivity and mitigate land degradation. The ability of many national research, however, to do this well is currently low because of inadequate funding. Their connectivity with international research and development organizations in weak. To this end, the bank continuously invests in strengthening the agricultural delivery systems of its member countries. A key intervention to this end is promoting south-south cooperation and exchange of expertise and knowledge through programs such as reverse linkage. This facilitates the transfer of knowledge from one member country to another in need. Strong national institutions are critical to bringing on board innovations and seize opportunities that address current and future problems of the agricultural sector, and in ways that generate jobs and cut on runaway poverty in many of our rural agricultural communities. One such opportunity is a US$0.5 billion Transform Fund that IsDB established in 2018 to promote the generation and use of science, technology and innovations (STI) to leapfrog the achievement of the sustainable development in its member countries. Many projects related to SDG 15, indeed, stand to benefit from the Transform Fund in the coming years.

Fifth is commitment to develop and sustain strong partnership with all key stakeholders, including the private sector, the civil society and the local community. All can contribute to achieving the SDGs as articulated in Goal #17. This is much needed in SDG 15 (Live on Land) given its cross-cutting nature. As part of its development strategy, IsDB supports its member in crowding in development partners for many reasons. An important element is to increase the resource envelop. A second one is to improve projects delivery by supplementing national capacities. Increasingly, the civil society is playing a significant role in this area. For example, the Federal Republic of Nigeria accepted to out-source a major component of agro-pastoral development project in Kano State that is funded by the IsDB to a local non-governmental organization, Babban Gona , that has demonstrated effective delivery of agricultural programs in the country. Elsewhere (Mali, Uganda, Sudan, Senegal, Guinea and Chad), the MDG Centre for West and Central Africa that is based at Dakar (Senegal) has partnered with the national program in the delivery integrated agricultural and rural programs that have strong land productivity and rehabilitation components. These partnerships have helped significantly in setting sound monitoring and evaluation systems, as well as communication mechanisms. They have also helped set up stakeholder platforms that facilitate the sharing of information and experiences in this complex area that is critical for sustainable development.

From the foregoing, it is evident that lessons from IsDB-supported programs and others can be used to accelerate national efforts towards achieving the SDGs, and in particular SDG 15 (Life on Land). The key challenge is sustaining the gains made. Key to this is forging strong partnership with the private sector through value chains that allow development of input and output markets, some of which could be regional and international. For this succeed, governments and their development partners should focus on creating enabling environments that allow the private sector (including farmers and their associations) to make the commensurate investments and minimize their risks, including those associated with climate change. This is perquisite for achieving SDG 15, one that we collectively are committed to achieving by 2030 ■

Aamir Ghani Mir
Manager, Operation Quality & Results (OQR)

2018 is the 3rd year of the implementation of an ambitious and challenging global developmental agenda of SDGs. The implementation is gaining momentum with commitments from national governments, private sector and development partners. Initial results are modest but expected to increase with the consolidation of efforts globally.

Development, globally, continues to shift towards a more inclusive and sustainable agenda and countries are making progress in adopting and implementing relevant SDGs ranked high on their priority list.

During the past 3 years (2016-2018), countries have presented 111 Voluntary National Reviews (VNRs) at the High-Level Political Forums at the United Nations. The VNRs highlights SDGs implementation progress at national and sub-regional levels based on country's own assessment. They also highlights the challenges and recommendations on the way forward to implement the SDGs.

SDGs are inherently challenging considering the vast array of issues they cover spanning economic, social, security-related and environmental aspects, as well as the resources required in coordinating and implementing related interventions at the national, sub-national and global levels. These challenges are compounded by the diverse setting and contexts in which the SDG agenda is being implemented. These settings are marked by varied differences across the countries, different national realities, varied geographies, demographics, size of economies, levels of resource availability and capabilities. Furthermore, some issues can only be addressed through strong international collaboration, including climate change, fostering international trade, stability of global economy and financial markets, conflicts and migration etc. In this sense, a more coherent global partnership and approach is necessary to deliver SDG commitments.

What is Needed to Realize Sustainable Development Goals (SDGs)?

With this realization, all the stakeholders, public and private, national and international community, needs to focus on the following key issues to ensure success in treading this complex journey over the remaining 12 years.

1.Mitigating Conflicts and Global Economic Shocks :

Progress on SDGs is held back due to current systemic and emerging economic challenges facing both the developed and developing countries. These include ongoing conflicts, increasing fragility, rising protectionism in trade and labor markets, unexpected economic shocks in the global economy, turbulent financial markets and uncertainties about future economic and financial conditions. These economic vulnerabilities and continuous humanitarian crisis require political-will and global leadership to ensure smooth implementation of SDG.

2. Scaling-up Development financing:

It is evident that the current level of development finance is insufficient to meet even 10% of the financing requirements of developing countries for SDGs. Annual resource requirements for developing countries alone is estimated to the tune of over US$ 2 trillion. This requires a fundamental shift in development financing models. New development financing mechanisms are required, to capitalize on diverse sources of financing including domestic finance, private sector finance, public finance, sovereign wealth funds, philanthropists, and international capital markets. A number of non-traditional sources for resource mobilization are being developed, to direct private sector and capital markets finance for development purposes. More efforts are needed to gain the confidence of the private sector and international markets to support the SDGs.

3. Enhancing Inclusiveness and Effectiveness of Development Financing:

The underlying objective of SDGs is to make growth and development more inclusive and sustainable by reaching out to people left behind and address the needs of the marginalized segment of the society. Eradicating poverty and hunger, reducing income disparities and providing opportunities to the poorer segment of the society with improved access to education, health, housing, clean water and sanitation facilities, and availability of decent jobs require more targeted approach for development.

Providing additional financial resources alone will not be effective, unless parallel efforts are deployed for effective use of available resources for SDGs. Development effectiveness of interventions should be regarded as the core principle by countries to achieve SDG objectives. Ensuring implementation of key agreed principles of country-led and country-owned development, greater predictability of outcomes of development finance, more transparency and improving governance, and bringing all actors including new and emerging donors and Southern partners in discussions relating to development financing, is critical. Furthermore, avoiding duplication and fragmentation of development finance and strengthening country systems to ensure effective use of available financing are key elements for achieving SDGs targets.

Essential Elements for Successful Implementation of SDGs

4. Harnessing Science, Technology of Innovation to Achieve SDGs:

The scale of current and emerging development challenges call for innovative, STI and knowledge based solutions. This is more so given the rising population, emergence of new digital economies and integrated world, and to ensure sustainability of development in face of rising environmental challenges. This requires more sustainable production and consumption patterns and ensuring sustainable exploitation of natural resources while respecting the planetary boundaries. This transformation would entail greater reliance on technological advancements and finding innovative solutions to developmental challenges.

5. Enhancing International Development Cooperation:

More cohesive, determined and sustained efforts are needed at local and international level to enhance coordination in delivery of development financing and solutions. All stakeholders, public and private, need to complement and support each other efforts in an integrated manner for achieving SDGs. The countries are expected to lead, drive and coordinate the SDGs implementation with all partners and stakeholders. Country can divide responsibility among development partners based on their niche and comparative advantage to charter a solid course of action together with a realistic roadmap that will lead to the achievement of SDG targets ■

Integrating the Learning Perspective into IsDB Operations and Business Processes

Dr. Mustafa Yagci

Learning Specialist (YPP),
Knowledge Management and Institutional Learning Division

Multilateral Development Banks (MDBs) are tempted to adapt and respond proactively to the transformation of economic, social, political and environmental challenges at the national and international level. However, this requires the improvement of their operations and business processes continuously. Likewise, achieving Sustainable Development Goals (SDGs) in our Member Countries (MCs) challenges the Islamic Development Bank (IsDB) to be a knowledge-based, proactive and adaptive institution that is on the front lines of all aspects of development. To meet this challenge, the IsDB needs to institutionalize the "learning perspective" in its operations and business processes.

The academic research on learning in the organizations posit that not all organizations are learning organizations. Organizations with capability to embed the learning perspective as a continuous process to their organizational culture, operations and business processes are expected to be proactive, fast in adapting to the changing environment and more likely to be the innovators in their area of business. From that perspective, transforming IsDB to a knowledge-based, proactive, innovative, frontier organization in international development efforts necessitates integrating the learning perspective to operational and business processes.

Knowledge Management and Institutional Learning (KMIL) division aims to accomplish this task with its new strategy. In the context t of the organizational learning framework organizational and individual learning should be analyzed separately because organizations have their own norms and values which preserve certain behavior among the employees (Hedberg 1981: 6).

Goh and Richards (1997: 577-578) identify five necessary elements for organizational learning to ensue: clarity of purpose and mission, leadership commitment and empowerment, experimentation and rewards, transfer of knowledge, teamwork and group problem solving. Similarly, Garvin et al. (2008: 110) identify three building blocks of organizational learning: a supportive learning environment, concrete learning processes, practices and leadership that reinforces learning. According to them, a supportive learning environment has four features: psychological safety, appreciation of differences, openness to new ideas and time for reflection (Garvin et al., 2008: 111).

The Role of KMIL Division in Fostering the Learning Friendly Environment

Integrating the learning perspective into the operational and business processes is prerequisite for incentivizing continuous

Five necessary elements for organizational learning to ensue: clarity of purpose and mission, leadership commitment and empowerment, experimentation and rewards, transfer of knowledge, teamwork and group problem solving

improvement and adaptation at the organizational level. Thus, KMIL's strategy aims to enhance institutional learning framework at IsDB with a knowledge management orientation. KMIL's work plan emphasizes integrating the knowledge management and learning prospects into IDB's operations and business processes. For this purpose, preparing, sharing and disseminating relevant knowledge products and services can be instrumental in paving the way for a learning organization. KMIL's strategy embraces three layers of knowledge dissemination and learning: individual, organizational (corporate) and Member Countries (MCs). With the new organizational structure and the need to improve IDB operations and business processes in a continuous manner, KMIL activities will concentrate on building technical competencies through institutional learning and streamlining the learning perspective for IDB operations and business processes ■

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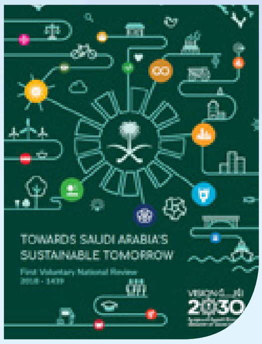
Highlights from KSA's Voluntary National Review (VNR)



- Saudi Arabia's Voluntary National Review to the 2018 United Nations High-Level Political Forum (H.L.P.F) on Sustainable Development is the Kingdom's first attempt to conduct a comprehensive review of the status of the SDGs, their alignment with Vision 2030, and the actions taken by national entities, the private sector, and NGOs to fulfill the 2030 Agenda.
- It highlights the progress that has been made in all 17 areas and describes concrete plans that are either in place or in the planning phase to further the Kingdom's position in each of these areas. Key highlights in the report are Saudi Arabia's determination to dramatically raise the living standards of its people, improving food and water security in an environment where the endowment of both is scarce, enhancing health services and targeting the elevation of educational institutions ranking, developing an extensive energy infrastructure and planning heavy investments in renewable energy, aiming at improving the business climate and to invest in the latest technologies, drawing roadmaps for a better infrastructure.
- The VNR report establishes a baseline for tracking progress on the implementation of the goals and identifies some priorities for concentrated action in the implementation process. It also identifies opportunities, challenges and lessons learned and outlines the next steps in the implementation process.
- Last Thursday (13th of September) H.E Ms. Haifa Al-Mogrin, Assistant Deputy Minister for Sustainable Development Affairs and G20 Affairs at the Ministry of Economy and Planning in the KSA, has delivered a presentation on "Experience of the Kingdom of Saudi Arabia (KSA) in implementing the SDGs" to all IsDB staff and met with H.E the president of the Islamic Development Bank (IsDB) Group.
- In her presentation to IsDB stafF, H.E Ms. Haifa Al-Mogrin had shown how KSA government is fully committed to SDGs, how SDGs is part of the national planning process at the Ministry of Economy and Planning, and how they will serve as the sustainable development reporting platform. "The SDGs alignment was conducted between KSA's Vision 2030 (and other approved national strategies) and the SDGs Targets, not only the general SDGs!" said by Ms. Haifa Al-Mogrin ■

4th Regional Networking Forum

The Islamic Development Bank (IsDB) has been co-organizing, together with the UN Office of South-South Cooperation, the Regional Networking Forum (RNF), which brings together South-South partners in the MENA, Eastern Europe as well as Commonwealth of Independent States (CIS) regions every six months.

The 4th Regional Networking Forum was held in Istanbul, Turkey on 28th June with the theme: "Innovative Solutions for the Engagement of the Private Sector in Achieving the 2030 Agenda and Promotion of Entrepreneurship through South-South and Triangular Cooperation".

During the 4th RNF, participating organizations shared their contributions to achieving Agenda 2030 (SDGs) through the South-South Cooperation mechanism, and how they are engaging with the private sector in their initiatives. The IsDB contributed to this meeting by sharing its experience with Reverse Linkage project, and how the private sector plays a role in mobilizing expertise and resources to solve development challenges ■

SDGs Events:

4th Open Dialogue: Seminar on "The Importance of Trade in Achieving the SDGs & the Relevance of the Value Chain Approach", presented by Br. Hani Salem Sonbol (CEO at ITFC) and Dr. Ahmed Alkhodary (Director of Strategy & Transformation at IsDB) on 23 May 2018.

Participation with the Arab Bank for Economic Development in Africa (BADEA) in its brainstorming for the alignment with the SDGs for its future strategy in the next ten years, on 25- 26 June.

IsDB Interventions in the 2018 High Level Political Forum (HLPF) meetings, on 09- 19 July, UN HQ

Brown Bag Lunch (BBL) Presentation for the UN Professional Staff at the UN Plaza, on 12th of July.

IsDB participation in the High-Level Roundtable on "Technology and innovation for sustainable development: regional experiences to promote youth employment and address inequality". Co-hosted by the Chairmanship of G77 and the Regional Commissions of the United Nations, on 17th of July

Round table discussion on " Financing the SDGs in Asia and the Pacific". Co-hosted by UNDP, Asian Development Bank and the Government of Bangladesh, on 18th of July

A capacity-building workshop on tapping the potential of Islamic finance for achieving the SDGs has been organized jointly by the Islamic Research and Training Institute (IRTI) of the IsDB Group and the UNDP in Istanbul, Turkey from 28 to 30 August 2018.

ADFMI: Dr. Rami Ahmad, the Special Envoy on SDGs at IsDB, had delivered a presentation on "The Important Role of SMEs in Achieving the SDGs" on 11 of September in ADFMI International Development Forum in Istanbul.