



## IsDBG's PARTICIPATION IN G20 2022 Under the Indonesian Presidency

### **DEC 2022**





RECOVER TOGETHER RECOVER STRONGER

## 









## IsDBG's PARTICIPATION IN G20 2022 Under the Indonesian Presidency

## "Recover Together Recover Stronger"

December 2022



02 IsDBG's Participation in G20 2022 Under the Indonesian Presidency 🔀 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 🎇 🔶 🎘 🎸

#### Prepared by IsDBG G20 Sherpa Team:

Rami Ahmad IsDBG Sherpa, Senior Advisor to the President and Special Envoy on SDGs

Salah Jelassi IsDBG Resident Representative in Jakarta

Houssem Eddine Bedoui IsDBG Sous-Sherpa, Ag Manager Strategy Management & Policy

Bassem Haikal Senior Strategy Specialist



## CONTENTS

Acr	onyms & Abbreviations	04
Message from the President		
Exe	ecutive Summary	08
IsD	BG Staff contributing to G20 Engagements	10
01	Introduction	16
02	Finance Track Engagements	22
	<ul> <li>2.1 Global Partnership for Financial Inclusion (GPFI)</li> <li>2.2 Sustainable Finance Working Group (SFWG)</li> <li>2.3 International Financial Architecture Working Group (IFA WG)</li> <li>2.4 Framework Working Group (FWG)</li> <li>2.5 Infrastructure Working Group (IWG)</li> </ul>	27 31 35 38 39
	2.6 Joint Finance-Health Task Force (JHFTF)	42
03	Sherpa Track Engagements	44
	<ul> <li>3.1 Development Working Group (DWG)</li> <li>3.2 Employment Working Group (EWG)</li> <li>3.3 Agriculture Working Group (AWG)</li> <li>3.4 Trade, Investment &amp; Industry Working Group (TIIWG)</li> <li>3.5 G20 Empower</li> <li>3.6 Health Working Group (HWG)</li> <li>3.7 Tourism Working Group (TWG)</li> <li>3.8 Digital Economy Working Group (DEWG)</li> <li>3.9 Anti-corruption Working Group (ACWG)</li> </ul>	50 56 58 61 63 64 67 69 70
04	Engagement Groups (EGs) participation	72
	<ul> <li>4.1 Youth Engagement Group (Y20)</li> <li>4.2 Business Engagement Group (B20)</li> <li>4.3 Think Engagement Group (T20)</li> <li>4.4 Women Engagement Group (W20)</li> <li>4.5 Research &amp; Innovation Initiative Gathering (RIIG)</li> </ul>	73 74 75 76 77
05	IsDBG Participation in the G20 Bali Summit	79
Annexes		



## ACRONYMS & ABBREVIATIONS

AATB ACFTA	Arab Africa Trade Bridges Program Africa Continental Free Trade	EEA EGs	Economic Empowerment Approach Engagement Groups
	Agreement	EIB	European Investment Bank
ACG	Arab Coordination Group	EWASME	Empowering West African Small and
ACWG	Anti-corruption Working Group		Medium Enterprises program
ADB	Asian Development Bank	EWG	Employment Working Group
AfDB	African Development Bank	FAO	Food and Agriculture Organization
Aftias	Aid for Trade Initiative for the Arab	FCBD	Finance and Central Bank Deputies
	States	FIAP	Financial Inclusion Action Plan
AIFC	Annual Islamic Finance Conference Asian Infrastructure Investment Bank	FiCS	Finance in Common
AIIB AMIS		FIF	Financing Intermedian (Fund
AIMIS	Agricultural Market Information System	FIF	Financing Intermediary Fund Finance Ministers and Central Bank
APIF	Awqaf Properties Investment Fund	FINCEG	Governors
AWG	Agriculture Working Group	FSRP	Food Security Response Package
B20	Business Engagement Group of the	FWG	Framework Working Group
Bappenas	G20 the Indonesian Ministry of National Development Planning	G20 Empower	G20 Alliance for Empowerment & Progression of Women's Economic Representation
BI	Bank Indonesia	GFSN	Global Financial Safety Nets
Bn	Billion	GI Hub	Global Infrastructure Hub
BRAVE	Business Resilience Assistance for	Gol	Government of Indonesia
	Value-Adding Enterprises program	GPFI	Global Partnership for Financial
BRIN	The Indonesian National Research and Innovation Agency		Inclusion
C20	Civil-Society Engagement Group of the G20	H.E.	His/Her Excellency
020		HLPs	High-Level Principles
CAF	Capital Adequacy Frameworks	HWG IaDB	Health Working Group Inter-American Development Bank
CBVT	Community-Based Vocational		Islamic Corporation for the
CEB	Training Council of Europe Development Bank	ICD	Development of the Private Sector
CoP	Conference of the Parties of the UN	IFA WG	(IsDBG Entity)
	Framework Convention on Climate Change		International Financial Architecture Working Group
DEEP	Families Economic Empowerment	IFC	International Finance Corporation
	Program	IFIs	International Financial Institutions
DEWG	Digital Economy Working Group	IFSD	Islamic Solidarity Fund for Development
DFI	Digital Financial Inclusion	IMF	International Monetary Fund
DFSs	Digital Financial Services	lOs	International Organizations
DSSI	G20's Debt Service Suspension Initiative	IsDBG	Islamic Development Bank Group
DWG	Development Working Group	ISEF	Indonesian Sharia Economic Festival
EBRD	European Bank for Reconstruction	ITFC	International Islamic Trade Finance
	and Development		Corporation (IsDBG Entity)



ITU	International Telecommunication	SHS	Solar Home System	
	Union	SIDS	Small Island Developing States	
IWG JFHTF	Infrastructure Working Group Joint Finance Health Task Force	SMEs	Small and medium-sized enterprises	
KADIN	The Indonesian Chamber of	SSTrC	South-South and Triangular Cooperation	
KSA	Commerce and Industry Kingdom of Saudi Arabia	STEP	Skills, Training & Education for Refugees Program	
L20	Labor Engagement Group of the G20	STI	Science, Technology, and Innovation	
LDCs	Least-Developed Countries	T20	Think Engagement Group of the G20	
LICs	Low-Income Countries	TIIWG	Trade, Investment & Industry Working	
MAF	Modernized Accountability		Group	
	Framework	TVET	Technical Vocational Education and	
MCs	Member Countries		Training	
MDBs	Multilateral Development Banks	TWG	Tourism Working Group	
MSMEs	Micro, Small, and Medium	U20	Urban Engagement Group of the G20	
	Enterprises	UAE	United Arab Emirates	
MTS	Multilateral Trading System	UK	United Kingdom	
NDB	New Development Bank	UN	United Nations	
NGO	Non-governmental Organization	UNCTAD	UN Conference on Trade and	
OECD	Organisation for Economic Co-		Development	
OTL	operation and Development Operations Team Leader	UNDP	United Nations Development Programme	
P20	Parliament Engagement Group of the G20	UNESCAP	UN Economic and Social Commission for Asia and the Pacific	
PPR	Pandemic Prevention, Preparedness,	VOLIP	Vocational Literacy Program	
	and Response	W20	Women Engagement Group of the	
PWD	Persons with Disabilities		G20	
QII	Quality Infrastructure Investment	WBG	World Bank Group	
RHJ	IsDBG's Regional Hub of Jakarta Research & Innovation Initiative	We-Fi	G20's Women Entrepreneurs Finance Initiative	
RIIG	Gathering	WFP	World Food Programme	
S20	Science Engagement Group of the	WGs	Working Groups	
020	G20	WHO	World Health Organization	
SAI20	Supreme Audit Institutions	WTO	World Trade Organization	
	Engagement Group of the G20	YES	Youth Employment Support program	
SAMA	Saudi Monetary Authority (Saudi Central Bank)			
SDGs	Sustainable Development Goals			
SDR	Special Drawing Rights			
SESRIC	Statistical, Economic & Social Research & Training Centre for Islamic Countries			

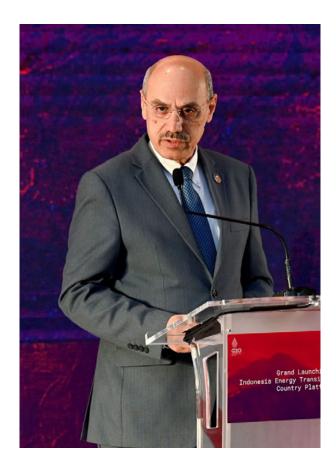
SFFSustainable Finance FrameworkSFWGSustainable Finance Working Group



# MESSAGE FROM THE PRESIDENT

Since its inception half a century ago, IsDB Group has made a commitment to supporting the development efforts of its 57 member countries. In today's interconnected world, national development is inseparable from the global development context. Supporting our member states' national development therefore necessitates a proactive presence on the international development arena.

 $\mathsf{S} \diamondsuit \mathsf{S} \diamondsuit \mathsf{S}$ 



The G20 is one of the most prominent international fora that shape the global development agenda. Over the past few years, IsDBG has been engaged in the G20, particularly in 2015 and 2020, under the presidencies of the Republic of Türkiye and Kingdom of Saudi Arabia.

This year, the G20 was led by the Republic of Indonesia, one of the Bank's largest member countries in terms of both GDP and population size. Despite the multiple global challenges, the Indonesian G20 Presidency has remarkably succeeded in advancing an ambitious development agenda titled "Recover Together and Recover Stronger." Through this agenda, Indonesia has proactively led the G20 to focus its work on three crucial and pressing issues: Global Health, Digital Transformation, and Energy Transition. This was in full harmony with the new Realigned Strategy adopted by the IsDB last June by the Board of Governors. IsDB group's new strategic framework was realigned to achieve three overarching and interconnected goals: Boosting recovery; tackling poverty and building resilience and driving green economic growth.

With this harmony and a firm commitment to supporting the Indonesian presidency in such a prominent forum, IsDBG has been actively engaged in the G20 throughout the year. IsDBG's top management and technical experts from different practices and business units have worked hand in hand in coordination with their Indonesian counterparts to ensure the efficiency and effectiveness of IsDB's support of the G20 presidency.

IsDB has contributed to almost all the work streams of the G20 and provided remarkable support to the different initiatives and diligent efforts of Indonesia's G20 Presidency. The Bank has participated in 87 official meetings on the technical and ministerial level, as well as 12 side events, seminars, and workshops. During those engagements over 60 of IsDBG staff were involved. about 60 interventions delivered, and about 52 presentations or written contributions were produced, sharing IsDBG's technical expertise and field experience with the G20. Additionally, IsDBG has successfully partnered with different Indonesian government entities to organize 12 technical side events in both Finance and Sherpa tracks. IsDBG was proud to witness Indonesia's leadership guiding the G20 through a year full of economic and geopolitical crises, all the way to the successful conclusion of the G20 leaders' summit in Bali last November.

I would like to thank the Republic of Indonesia for inviting IsDB Group, and to congratulate the Indonesian Government on this historic achievement. I would also like to acknowledge and applaud all the IsDB group staff members who contributed to the Bank's efforts in supporting the Indonesian G20 Presidency and agenda to ensure that all our member countries Recover Together and Recover Stronger.



**Dr. Muhammad Al Jasser** President, Islamic Development Bank Chairman, Board of Executive Directors



# executive SUMMARY

The Group of 20 (G20) is considered the most prominent international forum to develop global policies addressing the most critical issues of the global economic and financial agenda. The G20 is led by the heads of state and governments of the world's twenty largest economies, namely: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Türkiye, the United Kingdom, the United States, and the European Union. Indonesia was handed over the group's presidency from Italy during the G20 Rome summit which was held on the 30<sup>th</sup> and 31<sup>st</sup> of October 2021 to lead the group – for the first time – throughout 2022, leading up to the Bali summit (15-16 November 2022).

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

The Indonesian G20 Presidency adopted an ambitious agenda titled "Recover Together, Recover Stronger", which focused on three primary topics: i) Global Health, ii) Digital Transformation, and iii) Energy Transition. The agenda was founded on 3 main pillars: 1) promoting global productivity towards a balanced recovery of the global economy, 2) supporting the resilience and stability of the global financial and monetary system, and 3) ensuring sustainable and inclusive economic growth. The G20 presidency has embraced global partnership and digitalization as core values to be respected throughout this agenda's different priority issues.

Although only three IsDBG member countries (MCs) are G20 members: Indonesia, Saudi Arabia, and Türkiye. IsDBG has been active in supporting



various G20 working groups (WGs). IsDBG was particularly active under Saudi Presidency of G20 in 2020. IsDBG's activity in 2020, later led to invitation of the Italian presidency of the G20 in 2021 to IsDBG to participate in many WGs. In 2022, IsDBG has been committed to supporting the Indonesian G20 Presidency by engaging in the group's different work streams.

For instance, the Bank was actively engaged in the G20's finance track particularly under the Global Partnership for Financial Inclusion (GPFI) WG, where IsDB participated as an affiliate partner co-leading one of the group's main deliverables. Also, the Bank has actively contributed to the work of other finance track WG's covering a wide range of topics such as International Financial Architecture (IFA), Infrastructure, and Sustainable Finance. Similalry, IsDB has actively participated in most of the WGs of the G20's Sherpa track. As a Multilateral Development bank, IsDB was heavily involved in all the activities of the development WG, but also actively present in other WGs that address technical development related issues such as Agriculture, employment, Trade, Investment, and Industry, etc.

This report aims to shed light on the engagement of IsDBG in the works of the G20 under the Indonesian

presidency. This engagement was led by the G20 Sherpa Team and supported by the G20 Task Force team which consisted of members from the group's different entities and departments.



This report aims to shed light on the engagement of IsDBG in the works of the G2O under the Indonesian presidency. This engagement was led by the G2O Sherpa Team and supported by the G2O Task Force team which consisted of members from the group's different entities and departments.



## ISDBG STAFF CONTRIBUTING TO G20 ENGAGEMENTS

 $\langle \diamond \otimes \langle \diamond \otimes \rangle$ 



Rami Ahmad IsDBG Sherpa, Senior Advisor to the President & Special Envoy on SDGs

#### IsDBG Sherpa Team



**Salah Jelassi** IsDBG Resident Representative in Jakarta



Houssem Eddine Bedoui IsDBG Sous-Sherpa, Ag Manager Strategy Management & Policy



**Bassem Haikal** Senior Strategy Specialist



Areef Suleman Director IsDBG Institute

#### IsDBG G20 Task Force Members



Nasser Al-Thekair General Manager, Trade & Business Development, ITFC



Osman Buyukmutlu Director, Strategy, Policy & Research, ICD



Mohamud Hussein Khalif Senior Manager, ICIEC Underwriting department



Idrissa Dia Director Economic & Social Infrastructure



**Zine Elabidine Bachiri** Director Financial Policies Planning and Analytics



**Syed Husain Quadri** Director, Resilience and Social Development



**Riad Ragueb** Director, Cooperation and Capacity Development





Idris Elnau Officer, Communications and Outreach Department

#### IsDBG G20 Task Force Members



Zaki Mansoer IFSD



Yehia Amin Investments Specialist



Oussema Trigui OTL Economic Infrastructure, RH Türkiye



Zamir Iqbal Vice President Finance



Hani Sonbol CEO ITFC



Sami Al Suwailem Director, IsDB institute



Mohamed Hedi Mejai Director, Investment



**Mohamed Abida** Head of IsDBG Malaysia Center of Excellence



Nabil Ghalleb Director, Economic Empowerment



Hamza Alsaktawi Head, ICD, Innovation & Knowledge Management



Abdourabbih Abdouss Director, Risk Management



Elvin Afandi Head, Economic Policy and Research, ICD



Mohamed Alyami Director, Development Effectiveness, ICD



Mohammed Alwosabi Principal Executive Assistant



#### IsDBG G20 Contributing Team



Abdulgader Shukri Principal Front Officer

#### IsDBG G20 Contributing Team



Nur Abdi Principal, Global Agriculture



Mabroor Choudhury Principal, ICD, Infrastructure & Corporate Finance



Hamdi Ahmedu Senior Manager, ITFC Monitoring & Evaluation



**Zakky Bantan** Manager, Capital Markets, Treasury



Mohamed Ali Chatti Manager, Investment



Mohammed Alsayed Manager PPP



Syed Hassan Alsagoff Manager STI



Abdouramane Diallo Manager, ITFC, Trade & Business Development



Marouan Abid Manager, ITFC, CEO office & Corporate Secretariat



Ahmed Bin Abdul Khalid Unit Head, ICD



Enamulrahman Malkawi Lead Global Youth Empowerment Specialist



Rami Abdelkafi Lead Knowledge Specialist, IsDB Institute



Jalal Khan Lead Litigation Counsel



Mohamadou Gamdji Lead Compliance Counsel



Hilal Hussain Lead Knowledge Solutions Specialist



IsDBG G20 Contributing Team



**Hussein Mogaibel Global Lead Energy** Specialist



Jawara Gaye Lead Education Specialist



Ammar Abdo Ahmed Lead Global Health Specialist



**Imed Drine** Lead Regional Integration & Trade specialist



Abdimajid Abdullahi Head, Social Development



Yerzhan Jalmukhanov **Operations Team Leader** RHJ



**Fatih Turkmen** Operations Team Leader, Social Infrastructure, RHJ



Hasan Hilmi Samancioglu Senior Strategy Associate, ICD



Shaharyar Jawaid Senior ICT Specialist



Olatunji Yusuf Senior Climate Change Specialist



Principal Investment Officer



Zain Al-Emam Senior Investments Specialist



Senior Tech coop coordinator



Cheikh Diop Senior Economist, IsDB Institute



**Chahir Ben Halima** Senior Fund Management Specialist



**Ahmed Faruk Diken** Senior Tech Cooperation Coordinator



 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 



**Rafif Alam** Gender Specialist, RSD

#### IsDBG G20 Contributing Team



Yoseph Ataa Alsawady Awqaf Investment Specialist



**Deni Fauzi** Project Management Specialist



Mohsin Sharif Capital Market Officer



Supinah Yusup Head of administration RH Jakarta



**Syed Muhammad Abdullah** Admin Coordinator



Adel Alshotairy Administration Officer, ISDB



Mahmoud Dader Digital Media officer



Audiva Navisha Executive Assistant RHJ



Fathu Rahmatulloh Regional Coordinator ITFC



Ahyahudin Sodri RH Jakarta



Iqbal Reza Fazlurrahman Consultant, RH Jakarta



Abdikadir Abdi Regional Press Officer

#### **Special Acknowledgement and Condolences:**

With heavy hearts and immense sadness, IsDBG announces that its family has lost its beloved brother Zaki Mansoer who passed away on Friday 19 August 2022. Brother Zaki tirelessly served IsDBG since 2004, and remarkably contributed to IsDBG's engagements in the 2022 G20 as an active and diligent member of the IsDBG G20 Taskforce team. This work would not have been possible without his remarkable contributions. May Allah SWT grant him Jannat-ul-Firdaus and grant his family and loved ones with the fortitude and patience to bear his loss... Amen!





# 01 INTRODUCTION

The G20 was born out of the G7 Finance Ministers and Central Bank Governors (FMCBG) meeting in 1999. Today, G20 is considered the most prominent international forum to develop global policies to address the most critical issues of the global economic and financial agenda. The group engages in priority issues across the full spectrum of government and society, under the leadership of the heads of state and governments of the world's twenty largest economies, namely: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Türkiye, UK, the US, and European Union (the only non-state member of G20).

Combined, G20 members comprise about 80% of the global economy, as measured by GDP, and host about two-thirds of the world's population. The G20 economies are responsible for about 75% of the world trade movement and about 80% of global investments. This reflects the critical role the G20 plays in forming the international economic and financial agenda.

The G20 has an annual rotational presidency. The host country "G20 Presidency" leads the group from December until November of the following year, when the G20 summit is usually held at the level of presidents and heads of state. The current, previous, and following presidencies of the G20 usually work closely as a "troika".

#### THE INDONESIAN PRESIDENCY OF THE G20

Indonesia assumed the presidency of the G20 throughout 2022, leading an ambitious agenda titled "Recover Together, Recover Stronger". Indonesia was officially handed over the G20 presidency during the G20 summit that was held in Rome on the 30<sup>th</sup> and 31<sup>st</sup> of October 2021. Italy, the previous G20 presidency, and India, which will assume the group's presidency in 2023, were the two troika members that supported the Indonesian G20 presidency in leading the group throughout

2022, leading up to the G20 Bali summit, which was held on the  $15^{th}$  and  $16^{th}$  of November 2022.

Indonesia, being the G20 president for the first time, has successfully adopted an ambitious agenda titled "Recover Together, Recover Stronger", which focused on three main primary topics: i) Global Health, ii) Digital Transformation, and iii) Energy Transition. The agenda was founded on 3 main pillars, namely: 1) promoting global productivity towards a balanced recovery of the global



Indonesia, being the G2O president for the first time, has successfully adopted an ambitious agenda titled "Recover Together, Recover Stronger", which focused on three main primary topics: i) Global Health, ii) Digital Transformation, and iii) Energy Transition.





economy, 2) supporting the resilience and stability of the global financial and monetary system, and 3) ensuring sustainable and inclusive economic growth. The Indonesian G20 Presidency adopted global partnership and digitalization as core values to be respected throughout the agenda's different priority issues.

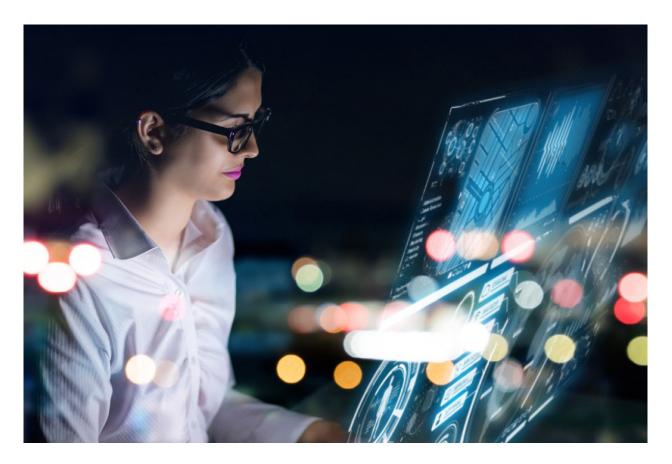
In terms of internal leadership of Indonesia's G20 Presidency, in May 2021, Indonesia's President H.E. Joko Widodo appointed Indonesia's Minister of Economic Affairs H.E. Dr. Airlangga Hartarto as the Coordinating Minister to lead the Sherpa Track, assisted by the Minister of Foreign Affairs H.E. Mrs. Retno Marsudi. Also, Indonesia's Finance Minister H.E. Dr. Sri Mulyani Indrawati was appointed to lead the Finance Track, in coordination with H.E. Dr. Perry Warjiyo, the Governor of Bank Indonesia.

#### STRUCTURE OF THE G20 2022:

Under the Indonesian G20 Presidency, over 150 meetings and side events were held, at the Working Group-, Sherpa-, Ministerial-, and



Indonesia's President H.E. Joko Widodo appointed Indonesia's Minister of Economic Affairs H.E. Dr. Airlangga Hartarto as the Coordinating Minister to lead the Sherpa Track, assisted by the Minister of Foreign Affairs H.E. Mrs. Retno Marsudi. Also, Indonesia's Finance Minister H.E. Dr. Sri Mulyani Indrawati was appointed to lead the Finance Track, in coordination with H.E. Dr. Perry Warjiyo, the Governor of Bank Indonesia.



## 

Finance Deputies levels, in preparation for the G20 leader's summit. The activities of the G20 under the Indonesian Presidency were handled by a number of thematically specialized WGs, that were categorized under two main tracks: The Finance track and the Sherpa track.

The Finance track handled financial policy issues and was comprised of seven WGs, namely: International Financial Architecture (IFA), Global Partnership for Financial Inclusion (GPFI), Infrastructure, Framework, Sustainable Finance, Africa Advisory Group, and the newly introduced Joint Finance-Health Task Force (JFHTF).

The IFA WG worked to enhance the stability and cohesion of the international financial system, by addressing challenges related to debt



IsDBG has been engaged in different working and engagement groups in all the work streams of the G2O, providing technical support to the Indonesian G20 Presidency. The bank participated in 87 official meetings on the technical and ministerial level, as well as 12 side events, involving over 60 staff members. During those engagements IsDB delivered 60 interventions and produced 52 presentations or written contributions, sharing the Bank's technical expertise and field experience. Additionally, IsDBG partnered with different Indonesian government entities to organize 12 technical side events.

sustainability, global financial safety nets, capital flows, financing for development, and coordination between international financial institutions. The GPFI aimed at advancing financial inclusion globally as a means of increasing well-being and achieving a sustainable and inclusive growth. The Infrastructure WG advised on policies to improve the preparation, financing and management of quality infrastructure investments to assure global provision of inclusive, sustainable and resilient basic infrastructure services. The Framework WG monitored the evolution of the global economic outlook, and coordinated policies aimed at achieving a strong, sustainable, balanced, and inclusive growth. The Africa Advisory Group led the G20 Compact with Africa, with the aim of improving the environment for private investment in African countries and fostering growth and sustainable development in the continent. The Sustainable Finance WG was concerned with mobilizing sustainable finance to ensure global growth and stability, and promoting the transition towards greener, more resilient, and inclusive societies and economies. Finally, the JFHTF was established in October 2021 to achieve 3 main objectives, namely: Enhance collaboration between G20 Finance and Health Ministries; 2) Build a stronger Global Health Architecture; and 3) Address Pandemic Prevention, Preparedness, and Response (PPR) financing gap.

On the other hand, the Sherpa track was concerned with economic, human and social development issues. It encompassed 13 WGs, namely: Academics, Agriculture, Anti-Corruption, Culture, Development, Digital Economy, Education, Employment, Energy Transition, Environment, Health, Tourism, and Trade, Investment & Industry.

In addition to the Finance and Sherpa tracks, the G20 had 10 Engagement Groups (EGs). These EGs are autonomous and work independently from governments, yet they submit formal recommendations to the G20 Presidency before each summit. EGs address many areas of key relevance for the work of the G20 by engaging the G20 in the dialogue with civil society, NGOs, business, and unions, as well as with scientists and women's and youth groups. The 10 EGs under the Indonesian Presidency were: Business 20 (B20), Civil Society 20 (C20), Labor 20 (L20), Parliament 20







(P20), Science 20 (S20), Supreme Audit Institution (SAI20), Think 20 (T20), Urban 20 (U20), Women 20 (W20), and Youth 20 (Y20).

#### IsDBG'S ENGAGEMENTS IN THE G20:

Only three out of 57 IsDBG MCs are G20 members, namely: Indonesia, Saudi Arabia, and Türkiye. However, IsDBG has been actively engaged in various G20 WGs over the past years. IsDBG has been particularly active under KSA Presidency of the G20 in 2020, on all three G20 tracks. The Bank participated as an invited regional organization in 120 sessions, events, and proceedings, where IsDBG staff delivered 58 interventions and produced 56 presentations or written contributions, adding value with expert knowledge and field experience to the G20 discussions. IsDBG's activity in 2020, later led the Italian G20 Presidency in 2021 to invite IsDBG to participate in many WGs.

Yet, IsDBG's engagement in the G20 has been the most active in 2022. The Indonesian G20 agenda was very much aligned with IsDBG's new strategic



IsDBG's Board of Governors in its 47<sup>th</sup> Annual Meeting held on June 3, 2022, endorsed the group's realigned strategic framework for the period 2023-2025. The group's new strategic framework is centered around three focus areas: i) Boosting recovery; ii) Tackling poverty and building resilience; and iii) Driving green economic growth.





framework, that was officially endorsed during IsDBG's Board of Governors in its 47th Annual Meeting held on June 3, 2022, endorsed the group's realigned strategic framework for the period 2023-2025. the group's new strategic framework is centered around three focus areas: i) Boosting recovery; ii) Tackling poverty and building resilience; and iii) Driving green economic growth. Under the new strategy, the Bank's interventions are driven by two key pillars. The First Pillar aims at supporting Green, Resilient and Sustainable infrastructure, and covers 6 critical infrastructure sectors: 1) Clean and Renewable Energy; 2) Sustainable Multi-model Transport; 3) Agriculture and Rural Development; 4) Information and Communication Technology & Digitization; 5) Social Infrastructure; and 6) Urban Development, Water and Sanitation. The Second Pillar aims at promoting inclusive human capital development by focusing on 5 complementary sectors and thematic areas, namely: 1) Universal Healthcare/Services; 2) Resilient and Quality Education; 3) Nutrition and Food Security; 4) Social Protection; and 5) MSMEs and Job Creation.

In line with its new strategic framework and given its commitment to supporting the Republic of Indonesia as one of its most active MCs, IsDBG has been engaged in different working and engagement groups in all the work streams of the G20, providing technical support to the Indonesian G20 Presidency. For instance, the Bank has participated in 87 official meetings on the technical and ministerial level, as well as 12 side events, seminars, and workshops, engaging over 60 IsDBG staff members. During those engagements IsDBG staff delivered about 60 interventions and produced about 52 presentations or written contributions, sharing the Bank's technical expertise and field experience. Additionally, IsDBG has successfully partnered with different Indonesian government entities to organize 12 technical side events in different WGs in both Finance and Sherpa tracks.

#### **REPORT OUTLINE:**

This report aims to shed light on the engagement of IsDBG Groups within the works of the G20 under the Indonesian Presidency, which was led by the IsDB G20 Sherpa Team and supported by the IsDBG G20 Task Force team that consisted of staff members from IsDBG's different entities and departments. Sections 2, 3, and 4 below showcase the Bank's engagements within the different areas of the G20's Finance track, Sherpa track, and Engagement groups, respectively. Section 5 provides a detailed outline of IsDBG's participation in the G20 Bali Summit and its side activities. Section 6 provides a due acknowledgement to all IsDBG staff who have contributed to the Bank's engagement in the G20 throughout the year. Finally, section 7 provides some technical annexes related to the different subsections of sections 2, 3, and 4.

#### IsDBG'S G20 PORTAL:

Beyond this report, IsDBG staff could learn more about the details of IsDBG's engagements within the G20 activities under the Indonesian Presidency by accessing the IsDBG's G20 portal. This portal is a knowledge-sharing platform, powered by "Effective Knowledge Transfer and Sharing Platform" (EKTASP, الكتسب), that is dedicated to raising awareness among IsDBG staff about the Bank's G20 activities over the past 3 years. Below is the portal's link: <u>https://g20.isdb.org/</u>



# 02 FINANCE TRACK ENGAGEMENTS

IsDBG has been heavily engaged in the Finance track to support the Indonesian presidency of the G20. At the early stages of the G20 2022, H.E. IsDBG president was keen to conduct his first country visit to Indonesia during the period from 23-35 March 2022. One of the main goals of this high-level visit was to affirm IsDBG's support to the Indonesian presidency of the G20. To demonstrate this support IsDBG's organized a welcoming gala dinner during this visit that was attended by over 100 high level Indonesian participants including H.E. Indonesia's Minister of Finance and H.E. BI Governor and other ministers and government officials. During this event, H.E. IsDBG president gave a speech in which he stressed IsDBG's commitment to supporting and assisting the efforts of the Government of Indonesia (GOI) throughout its presidency of the G20 under the different Working and Engagement Groups. He also pointed out that the Indonesian G20 presidency's agenda titled "Recover Together, Recover Stronger" is in harmony with the Bank's new strategy.

 $\mathbf{3} \diamond \mathbf{1} \diamond$ 

On the sidelines of this visit, IsDBG Sherpa held a number of G20 coordination meetings with Indonesia's G20 co-Sherpas and the G20 presidency's high-level officials within the Indonesian Ministry of Foreign Affairs, Ministry of National Development Planning (Bappenas), Ministry of Finance, Coordinating Ministry of Economic Affairs, and Bank Indonesia. In those meetings, IsDBG Sherpa discussed IsDBG's engagements within the different G20 WGs in both the Sherpa and Finance tracks as well as the engagement groups and introduced IsDBG's initial plan to provide support to the Indonesian G20 Presidency.

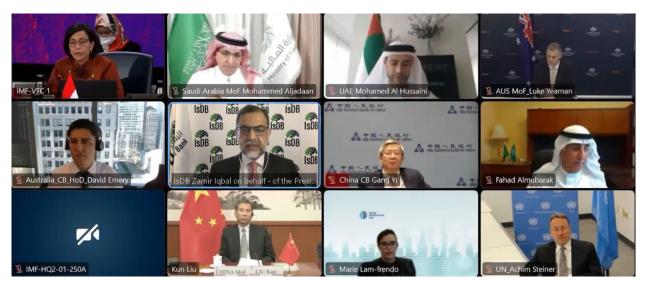
In addition, the **IsDBG president was keen to participate in all the G20 FMCBG** meetings under the Indonesian G20 Presidency. In all FMCBG meetings, IsDBG was keen to emphasize the Bank's support the Indonesian G20 Presidency and to promote the Bank's Islamic financing initiatives and model.

On 17-18 February 2022, the IsDBG president participated virtually in the 1<sup>st</sup> G20 FMCBG Meeting held under the Indonesian presidency in Jakarta. He gave a statement in the sustainable finance session expressing IsDBG's support to the Indonesian G20 Presidency and recognized the importance of scaling up sustainable finance as an innovative tool to support sustainable recovery and to drive green growth. In his statements, the IsDBG president stressed the major role of MDBs in adopting green financing, citing the example of IsDBG's Sustainable

Finance Framework which avails financing models in tailored green projects, creating green assets to back up the issuance of Green Sukuk, forming a "virtuous cycle" of greening the financial system.

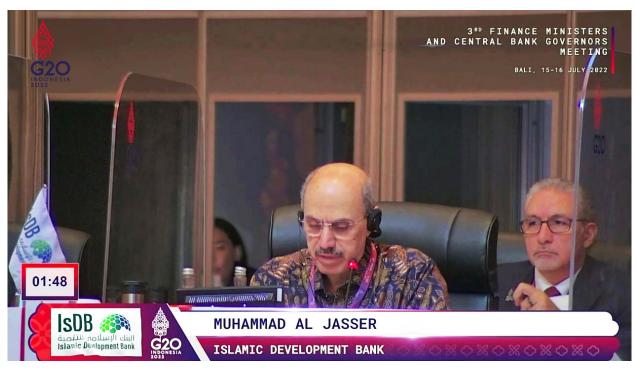
Similarly, on 20 April H.E. IsDB President delegated his Vice President Finance to virtually represent the Bank in the 2nd G20 FMCBG meeting which was held on the sidelines of the IMF-WB Spring meetings in Washington D.C. During the meeting's session on sustainable finance, and upon request from the Indonesian G20 Presidency's finance secretariat, the IsDBG official gave a lead speech expressing the group's commitment to support the Indonesian presidency's agenda and commending the efforts of the G20 Sustainable Finance Working Group (SFWG) towards the progress of the G20 Sustainable Finance Roadmap. The speech also emphasized support for the SFWG agenda priorities such as establishing a transition finance framework, improving the credibility of the financial institutions' transition commitments, and scaling up existing sustainable finance instruments.

Moreover, H.E. IsDBG President participated physically in the **3<sup>rd</sup> G20 FMCBG meeting**, which was held in Bali on 15-16 July 2022. He made two interventions on sustainable finance and infrastructure. In the first intervention, he emphasized the importance of scaling up sustainable finance, expressed support for the related G20 agenda, and highlighted IsDB's success in promoting Green and



IsDBG's VP of Finance attending the G20 FMCBG conference on behalf of H.E. IsDBG's President (April 20)





H.E. IsDBG President participates in the 3rd G20 FMCBG meeting (16 July, Bali)

Sustainable Sukuk (raising more than US\$ 5 billion to-date) as well as innovative Islamic finance. In this context, the IsDBG President called upon the G20 to leverage on the success of the Green Sukuk and accommodate it as an innovative financing instrument.<sup>1</sup>

In his second intervention, he pointed out the impact of the ongoing global economic crisis on infrastructure development and energy markets in IsDBG MCs, especially LDCs, stressing IsDBG's commitment to support MCs' energy security and promote digital transformation, and calling for a global action to close the digital divide.<sup>2</sup>

Additionally, in the meeting's first session discussing the global economy, IsDBG's Sherpa gave a speech on behalf of H.E. IsDBG President, stressing the Bank's concern over food security in MCs and showcasing the Bank's efforts to address this challenge including the Bank's extensive agriculture and food security portfolio (with total financing of over US\$ 20 billion since inception), ongoing efforts to adopt an ambitious Food Security Response



H.E. IsDBG President emphasized the importance of scaling up sustainable finance, expressed support for the related G2O agenda, and highlighted IsDB's success in promoting Green and Sustainable Sukuk (raising more than US\$ 5 billion to-date) as well as innovative Islamic finance. In this context, the IsDBG President called upon the G2O to leverage on the success of the Green Sukuk and accommodate it as an innovative financing instrument.

1 Media: https://twitter.com/isdb\_group/status/1548160848404697089?cxt=HHwWgsCihdqFlvwqAAAA

2 Media: https://twitter.com/isdb\_group/status/1548980584080445441?cxt=HHwWgsC84czoiv8qAAAA



Package (FSRP), and recent contribution to the Arab Coordination Group (ACG)'s initiative to Launch Food Security Action with an Initial US\$10 billion response package.<sup>3</sup>

It is worth noting that on the sidelines of the 3<sup>rd</sup> G20 FMCBG meeting, IsDBG co-organized with BI's G20 team one of the G20 Presidential Side Events titled "High-Level Discussion on Financial Inclusion: Optimizing Endowment Fund for Sustainable Financial Inclusion".

The two-hour seminar was held physically in Bali, moderated by IsDBG Sherpa, and led by keynote speeches from H.E. IsDBG President, and H.E. BI Governor. Moreover, the event hosted a highlevel technical panel that included H.E. Minister of Economy, Planning and Cooperation Republic of Senegal; H.E. UN FAO President; and H.E. the Special Adviser to the UN Secretary-General. Also, the seminar featured a video presentation by the President of Global Growth & Opportunity Division of the Bill & Melinda Gates Foundation, and was attended by a large audience, physically and virtually.

The seminar was held as a part of the Road to 9th Indonesia Shariah Economic Festival (ISEF) 2022

- an international platform that facilitates various productive activities to promote the development of Shariah economy and finance at both domestic and global level. The seminar provided an excellent opportunity to discuss Islamic endowments (awqaf) as a widely recognized alternative for development funding, and a viable option for realizing sustainable development and strengthening financial inclusion. The event also discussed the increasing need for cross-border sustainable endowments and awgaf, especially for developing countries, and elaborated on the related past experiences and success stories of various countries as well as UN's experience in using Islamic social finance tools including endowments. The event provided a platform to explore the potential collaboration opportunities between G20 members and non-G20 partners in this field.

In his keynote speech during the event, H.E. IsDBG's President stressed IsDBG's commitment to use Islamic social financing to mitigate the impact of the pandemic and overcome financial constraints, funding gaps, and financing inequities. He also underscored the importance of IsDBG's Awqaf Properties Investment Fund (APIF) in promoting awqaf as a social/finance-based instrument for development while observing the relevant principles



 $\langle \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x} \rangle \otimes \mathbf{x} \rangle \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x} \rangle \otimes$ 

IsDBG's Sherpa addresses 3rd FMCBG meeting on behalf of H.E. IsDB President (16 July, Bali)

3 Medial: https://twitter.com/isdb\_group/status/1548156423149785090?cxt=HHwWhMCoqY-ElPwqAAAA



H.E. IsDBG President participates as a keynote speaker in high-level discussion on financial inclusion

of Islamic jurisprudence and cited examples of some flagship projects that the fund supported.

Furthermore, H.E. IsDBG's President actively participated in the 4<sup>th</sup> G20 FMCBG meeting, which was held on 12-13 October 2022, in Washington D.C., on the sidelines of the IMF/WB annual meetings. In the meeting's 1st session dedicated to discussing the global economy, H.E. IsDBG President gave a speech pointing out to the ongoing challenges facing development namely the triple shock of COVID-19, geopolitical crisis, and climate change - and their impact on food security, while commending the Indonesian presidency for the remarkable success and strong leadership provided to the G20 in such a challenging time. Additionally, he showcased IsDB's efforts to address those challenges - such as IsDB's \$4.6 billion special program addressing COVID-19 recovery, \$10.5 billion FSRP, and IsDB's contribution to the \$10 billion ACG's initiative for Food Security Action - emphasizing the urgency for a prompt and collective G20 action to tackle the food security concerns.

Also, in the meeting's 5th session, H.E. IsDBG President emphasized the urgency for all relevant stakeholders to scale up sustainable financing to support a sustainable recovery, and to drive green economic growth, and showcased IsDB's efforts to promote Islamic financing tools (such as Sukuk) to scale up innovative and sustainable finance, while encouraging G20 stakeholders to leverage on the success of Green and Sustainability Sukuk to promote them as innovative financing instruments.

Obviously, in preparation for all the G20 FMCBG meetings outlined above, IsDBG has participated in the preceding G20 FCBD meetings. IsDBG participated in the 1<sup>st</sup> and 2<sup>nd</sup> FCBD meetings (which were held on 9-10 December 2021 in Bali and on 15-16 February 2022 in Jakarta, respectively) on the level of Vice President for Finance. During the first meeting, IsDBG took note of the technical details and priorities of the Finance track of the G20 presidency's agenda, particularly in the six focus tracks of 2022, namely: 1) the Exit Strategy to Support Recovery; 2) Addressing the Scarring Effects to Secure Future Growth; 3) The Payment System in Digital Era; 4) Sustainable Finance; 5) Digital Financial Inclusion; and 6) International Taxation.

In the second meeting, IsDBG Sherpa team shared their technical inputs into the draft FMCBG Communiqué that was discussed. The comments stressed on crucial areas for IsDBG such as: 1) bridging the "Vaccine Divide"; 2) mobilizing inclusive infrastructure investments, both public and private, to enhance social inclusion and address subnational disparities in, particularly in developing countries and LDCs; 3) exploring the experience of Indonesia and other developing countries in promoting sustainable finance through innovative tools such as Retail and Green Sukuk; 4) exploring asset-based modes of finance to enhance financial resilience in developing countries; and 5) exploring alternative financing mechanisms and instruments to complement the conventional financing system toward promoting financial inclusion and providing banking services





H.E. IsDB President's participation in  $4^{\rm th}\,G20$  FMCBG meeting (12-13 Oct, Washington D.C.)

access to a wider segment of the population in developing countries

Then on 12 April, IsDBG participated in the virtual Informal FCBD Meeting at the Sherpa level. During this meeting, IsDBG commended Indonesia's leadership of the G20 during such a difficult time, emphasized commitment to supporting Indonesian G20 Presidency's agenda and efforts toward a successful conclusion of G20, and stressed a dire need for a coordinated global action led by the G20 to overcome the ongoing economic and financial crisis and avoid fragmentation of the global multilateral system. IsDBG was also engaged at the Sherpa level in the 3rd and 4th G20 FCBD meetings - which were held on 13-14 July in Bali, and on 4-5 October virtually, respectively - to contribute to the G20 FMCBG communiqué drafting process, which led to reflecting IsDBG's views in both meetings' chair's summaries.

In addition to those engagements, **IsDBG has** been actively involved on the technical level in the different Finance track WGs. As outlined earlier, the Finance track of the G20 handles global financial policy issues and is comprised of seven WGs. The sub-sections below provide a detailed outline of IsDBG's engagements in each of these WGs groups.

## 2.1 Global Partnership for Financial Inclusion (GPFI)

<u>GPFI Team</u>: Nabil Ghalleb, Syed Hassan Alsagoff and Zain Al-Emam

GPFI is the platform for G20 members, invited countries, and Implementing Organizations to carry forward G20's work on financial inclusion globally as a means of increasing well-being and achieving a sustainable and inclusive growth. Towards this goal, GPFI acts as G20's arm for the implementation of the Financial Inclusion Action Plan (FIAP), which was endorsed at the G20 Summit in Seoul in 2010.

Under the Indonesian 2022 G20 Presidency, GPFI aimed at delivering four main outcomes, namely: 1) Implementation Framework for the G20 High-Level Principles (HLPs) on Digital Financial Inclusion (DFI); 2) Stocktaking database and analysis of financial products and services for MSMEs beyond credit; 3) SME Digital Financial Services (DFSs) Regulatory Diagnostic Toolkit (draft, final version to be delivered in 2023); and 4) Progressing the agenda on MSMEs data harmonization framework.

Viewing GPFI as a new platform to learn and contribute to the Global Poverty Alleviation agenda, IsDBG started participating in the GPFI of KSA's 2020 and Italy's 2021 G20 presidencies. The bank continued its active role under the 2022 Indonesian G20 presidency as an Affiliate Partner working with other prominent organizations.<sup>4</sup> Since then, IsDBG has played a pivotal role in promoting Economic Empowerment as its strategic methodology when mainstreaming Financial Inclusion with Economic Inclusion as its home-grown approach to poverty alleviation.

4 IsDBG works in GPFI as an affiliate member working with international organizations such as the Alliance for Financial Inclusion of the World Bank, the International Finance Corporation (IFC), the International Fund for Agricultural Development (IFAD), the Organization for Economic Co-operation and Development (OECD), the SME Finance Forum, the Better Than Cash Alliance and the Consultative Group to Assist the Poor (CGAP), etc.



In 2022, IsDBG provided strong support to the Indonesian presidency's GPFI agenda through co-leading the stocktaking database deliverable (second deliverable) of the GPFI. In this context, IsDBG has actively worked on database coordination, gathering and presentation, selection of panelreview and providing logistical support, among other things. Additionally, IsDBG has contributed to GPFI's work with four case studies, advocating the success stories of Economic Empowerment approach interventions in Sudan, Tunisia, Egypt and Palestine, and shared other lessons learned that the Bank has accumulated over more than two decades of field experience on creating job opportunities in its Member Countries via various initiatives supporting vulnerable populations and enterprises, some of which are currently being undertaken predominantly by local financial institutions, cooperatives, unions, social enterprises, village saving and loan association, etc.

In this context, IsDBG participated in the 1<sup>st</sup> **GPFI plenary meeting**, which was held virtually on 3-4 February 2022. During this meeting, IsDBG reiterated its commitment to be an active partner during Indonesia's G20 Presidency, expressing appreciation of GPFI's invitation for IsDBG to colead its second outcome (see figure below), and emphasized that IsDBG has already started to work closely with partners on different related activities, including: contributing to case studies to the database; promoting the database to IsDBG partners to contribute case studies; participating as database panel reviewer to review and clear the submitted case studies; and supporting GPFI workshops and events such as the Annual Islamic

2020 FIA	P for 2022		Potential
Priority Action Areas	Deliverables	Presidency Proposed Agenda	Key IPs
Identify and promote national and global policy options (and support the ensuing	Develop a stocktaking report on the financial products and services for SME beyond credit	Topic: Stocktaking report on financial products and services for MSME beyond credit products to facilitate the leveraging of those financial products and services from formal financial institutions including fintech, Enhancement of FIAP Agenda:	World Bank Group/IFC, IsDB
mplementation p ifforts) that a acilitate the a expansion and n liversification p of financial a vervices, including for everaging digital a inancial services, a o SMEs in G20 v ind non-G20 to considering the financial services, p considering the financial services, including the proad economic a ind industry journeal services in a acid industry journeal services in a a acid industry journeal services in	products such as insurance and other risk- management products), with a particular focus on digital and innovative approaches with the aim to decrease possible financial fragility of SMEs and stimulating job creation, investment, innovation and inclusive economic growth globally.	1. Overview of digital and innovative financial products/ services from formal financial institutions including fintech, that provide faster and cheaper access to finance to increase financial resilience and mitigate risk, such as digital payment, social/community-based financing and digital securities crowd funding as the alternative of SMEs financing.	
		2. In the digital payment, there is possibility to <b>showcase</b> <b>QRIS</b> as a <b>digital payment Instrument to be leveraged</b> <b>Into digital financing</b> , while for <b>social/community-</b> <b>based financing</b> will be directed toward the <b>economic</b> <b>empowerment</b> .	
		Objective:To suggest policy options to leverage digital financial services and to lessen possible financial fragility and stimulating job creation, investment, innovation and inclusive economic growth globally.Timeline:Q1 (Issue note) - Q2 (First draft, preliminary findings) - Q3 (Final report).	

Figure1 : GPFI 2022 2nd outcome co-led by IsDBG



Finance Conference organized by the Government of Indonesia.

IsDBG had also participated virtually in the **2<sup>nd</sup> GPFI plenary meeting**, which was organized in a hybrid format in Bali on 11-13 May 2022. During this meeting, IsDBG's GPFI team gave feedback on their review of several reports, including: 1) OECD review of the G20 High Level Principles on SME financing; 2) Implementation Framework for the G20 High Level Principles on Digital Financial Inclusion; and 3) MSME Digital Financial Services Regulatory Toolkit Working Outline.

Moreover, IsDBG participated physically in the **3**<sup>rd</sup> **GPFI plenary meeting**, which was held on 4-5 October 2022 in Yogyakarta to contribute to the discussions and finalization of the GPFI deliverables. Under the IsDBG co-led Outcome 2, there were 60 case study submissions covering diverse geographical locations including the UAE, the Philippines, Türkiye, China, Indonesia and Argentina. The case studies highlighted solutions on Cash Management, Credit Guarantee, Factoring, Financial Education, Payments etc. highlighting how these innovations could improve the work of banks, fintechs, and governments alike to better serve those most in need.

In addition to the above contributions made during the three GPFI plenaries, IsDBG has successfully organized three side events on the sidelines of the G20 GPFI, in cooperation with Indonesian G20 Presidency made during the three GPFI plenaries.

On March 2<sup>nd</sup> 2022, ISDBG'S Economic Empowerment Department co-organized a two-hour virtual Workshop on "Digital and Innovative Financial Products and Services for MSMEs Beyond Credit". The workshop was co-organized by the Indonesian presidency of the G20, the GPFI Co-Chairs, the SME Finance Forum, Women's World Banking, and Better Than Cash Alliance. The workshop aimed at showcasing examples of innovative non-credit financial products and services helping MSMEs recover from COVID-19 and advance in digital financial inclusion, especially cases targeting women entrepreneurs, youth entrepreneurs, startups, and social finance recipients.

During the workshop, IsDBG presented one of the four case studies that were submitted -Financing Poor Women through a Partnership with Incubator: Digital and Innovative Financial Products and Services Beyond Credit. The presentation introduced IsDBG's Economic Empowerment methodology, citing the example of IsDBG's Ard El Kheir initiative<sup>5</sup> in Egypt to support female youth in cattle fattening under the Youth Employment Support (YES) program.<sup>6</sup> The presentation outlined the success factors, lessons learned and highlighted the importance of partnership in replicating the incubator business model. The presentation also



IsDBG presenting its case-studies during an IsDBG co-organized virtual workshop (2<sup>nd</sup> March)

<sup>6</sup> IsDB Youth Employment Support (YES) Program is an effort to help IsDB member countries in the Arab region that are affected by chronic youth unemployment. The program is a realization of a support facility that was approved by IsDB Board of Executive Directors in its meeting No. 274. The facility amounts to USD 250 million under special terms and conditions.



<sup>5</sup> Ard El Kheir is a successful NGO that has strong linkages to the market who decided to seek financial support to develop an incubator that would train mostly poor women (80%) workers in cattle fattening. Through a tri-partite agreement with the financier and end beneficiary, Ard El Khair developed an incubator program for the poor young women for a period of about 9 months to develop their capacity in cattle fattening.



IsDBG advocating its "Economic Empowerment Approach" in an IsDBG co-organized virtual seminar (April 20)

included an introduction about IsDBG's work model and technical discussion on economic empowerment beyond access to finance.

On **20 April 2022**, IsDBG collaborated with BI to coorganize a **G20 seminar titled "Financial Inclusion and Sustainable Economy**". The seminar was held in conjunction with the 9th Annual ISEF and was attended by around 300 participants.

IsDBG participated as a key speaker in the second session on showcasing financial inclusion programs through Islamic finance. IsDBG's intervention showcased the Bank's innovative approach to development, termed the "Economic Empowerment Approach (EEA)" - that aims to transform aidrecipients and poverty-stricken individuals into empowered productive members of society that have the ability and capacity to take control of their economic destiny. IsDBG also explained its methodology, business model, success stories, and knowledge products and tools, under IsDBG EEA framework.

In addition, IsDBG participated in the "International Seminar on Digital Transformation for Financial inclusion of Women, Youth & MSMEs to promote inclusive growth" that was organized by the GPFI on 11 May 2022. The main objective of the seminar was to share best practices and showcase policies,



IsDBG calling for a paradigm shift from financial to economic inclusion (GPFI Seminar, May 11)

programs, as well as financial products and services related to the subject matter to support COVID-19 recovery. In this regard, IsDBG emphasized the importance of promoting a paradigm shift from financial inclusion to Economic Empowerment, suggesting that financial institutions need to go beyond providing financial support and to provide non-financial support to the excluded segments as business partners.

Furthermore, IsDBG co-organized with the G20 presidency the 6<sup>th</sup> Annual Islamic Finance Conference (AIFC)<sup>7</sup> 2022, which was held virtually on 24-25 August. H.E. IsDBG President, invited as a keynote speaker by H.E. Indonesia's Minister of Finance, was represented by IsDBG's Vice President of Finance who gave a keynote speech expressing IsDBG's support for the G20 presidency, particularly on issues related to promoting innovative finance and Islamic financing tools towards achieving the SDGs.

In addition, IsDBG's technical experts actively participated in two of the conference's panels, namely, the 'MSMEs Empowerment: Concept, Challenge and Strategy', and 'Islamic Finance Role in Improving MSMEs' Asset and Capabilities through Digitization and Technology'. In the first panel, the bank's representatives discussed the landscape of MSMEs and key dimensions of critical MSMEs

<sup>7</sup> The Annual Islamic Finance Conference (AIFC) is an international event organized annually by the Ministry of Finance of Indonesia. The conference brings together policy-makers, economists, academics, and private sector representatives to discuss various key Islamic finance, economic and development issues, particularly in relation to Indonesia. The purpose of the AIFC is to discuss and exchange new ideas and information among experts and stakeholders. The conference held its 6th edition on 24-25 August 2022 with the theme "Islamic Finance Role in MSMEs Empowerment: Boosting Capability and Fostering Inclusiveness for Sustainable Future". The main objective of this edition was to promote discussion on the application of theory, models, Islamic business spheres and instruments of Islamic finance to empower MSMEs and achieve expected outcomes. The conference discussed the contribution and collaboration between Islamic finance and MSMEs empowerment framework from international entities. Further information is available on the conference's website: https://fiskal.kemenkeu.go.id/webinar/event/430/link





IsDBG technical experts participate in panel discussions on MSMEs Empowerment during the 6th AIFC (August 25)

empowerment concept and effort, whereas in the second panel the technical experts shared how the impact of Islamic financial transactions through data collection and partnership with fintech firms could be monitored. The examples and indicators were taken from the "Economic Empowerment Monitoring and Evaluations Toolkit" that was published by IsDBG. It is worth noting that this event was attended by more than 400 participants.

Moving forward, IsDBG will continue to engage G20 GPFI as an implementing partner. IsDBG will capitalize on this engagement to learn and contribute to shaping Policy and Implementation Guidelines serving the action areas of the GPFI. The bank will aim to mainstream at the highest level the ethical and underlying teachings of Islamic Finance while proactively proposing innovative developmental models leveraging principles organically rooted in IsDBG's interventions like the Economic Empowerment Approach. It is foreseen that this undertaking will allow IsDBG to firmly position itself as a proactive actor and main contributor to the G20 GPFI outputs and a prominent avenue for strongly advocating the Bank's Economic Empowerment Approach.

### 2.2 Sustainable Finance Working Group (SFWG)

<u>SFWG Team</u>: Syed Husain Quadri, Zakky Bantan, Mohsin Sharif, and Olatunji Yusuf

Established in April 2021 as an heir of the Green/ Sustainable Finance Study Group that served G20 since 2016, G20 SFWG is concerned with mobilizing sustainable finance to ensure global growth and stability, and to promote transition towards greener, more resilient, and inclusive economies. Towards this SFWG is tasked to identify institutional and market barriers to sustainable finance and to develop options to overcome such barriers, while contributing to a better alignment of the international financial system to the objectives of the 2030 Agenda and the Paris Agreement.

This year, SFWG worked on advancing the implementation of G20 Sustainable Finance Roadmap (The Roadmap) which sets the priorities of the Sustainable Finance Agenda towards scaling up sustainable finance and improving access of international financing facilities for sustainable development. In line with this, SFWG agenda focused on three areas of work: 1) developing a framework for transition finance and improving the credibility of financial institution commitments; 2) enhancing accessibility and affordability of sustainable finance instruments; and 3) discussing policy levers that incentivize financing and investment towards transition activities.

IsDBG considers sustainable finance a critical tool to achieve an inclusive, green, and sustainable global economic recovery, which is a key component of IsDBG's new strategic framework that was launched in June 2022. As an MDB tasked with promoting Islamic finance models, IsDBG believes that innovative Islamic financing tools such as Green and Sustainability Sukuk could contribute significantly to scaling up sustainable finance, and thus provide efficient solutions for the green transition. For instance, in December 2019, IsDB committed to a 5-Year Climate Action Plan with an



ambitious climate finance target of 35% of overall annual financing (measured by volume of financing) by 2025. Also, the Bank has made extensive progress on Paris Alignment of its operations targeting to be fully aligned by the end of 2023. Against this backdrop, IsDBG has actively engaged in all the 2022 SFWG activities.

Early on, IsDBG participated in the 1st SFWG meeting, which was held virtually on 25 January 2022, and took note of the 2022 SFWG workplan and its 3 focus areas and expected deliverables. Also, IsDBG participated in the 2nd SFWG meeting which was held virtually on 30-31 March 2022, and contributed to discussions on the sustainable finance market accessibility and affordability in developing countries, especially for SMEs operations, and the role MDBs could play to scale up sustainable finance markets

During the 2<sup>nd</sup> SFWG meeting, IsDBG took note of the group's efforts to update the G20 Sustainable Finance Roadmap document particularly the stock taking exercise led by SFWG Secretariat and UNDP as part of reporting on IFI's progress made to address the priorities and actions in the Roadmap.

Consequently, on 8 April, IsDBG technical experts provided a comprehensive update report on IsDBG's work to achieve progress on the 19 actions of the Roadmap during the current year. The update report served as IsDBG's input to the Roadmap document by focusing on IsDBG's sustainable finance actions progress specifically on Actions number 5, 11, 14, 15, 16, and 19. <sup>8</sup>(Full update report in available in Annex 1 Below).

Moreover, IsDBG participated in the **3rd SFWG meeting** which was held in Bali on 14-15 June 2022. During this meeting, IsDBG delegation gave a statement emphasizing the Bank's support to the Indonesian presidency's proposed SFWG initiatives, expressing support to the Finance in Common



IsDBG delegation addressing the  $3^{\rm rd}$  SFWG meeting (14-15 June, Bali)

(FiCS)<sup>9</sup> platform, and calling for a larger role of FiCS in the SFWG agenda. IsDBG intervention also shared the Bank's technical expertise on promoting Islamic finance, and showcased IsDB's efforts related to Green Sukuk and sustainable/innovative Islamic finance tools.

It is worth noting that immediately after the SFWG 3rd meeting, on June 25 2022, IsDBG experts in Treasury and Climate Change Practice provided the SFWG Secretariat with the Bank's written feedback. comments, and notes on the first version of the 2022 G20 Sustainable Finance Report, which was circulated before the meeting. IsDBG's input captured the Bank's progress on the work related to the three key topics of SFWG agenda in 2022 outlined above. The comments also argued for promoting Islamic finance as an inherently sustainability-oriented value system and pointed out the promising role of Sukuk as possible alternate debt instruments that have proven to drive significant capital flows (noting that IsDBG has mobilized more than US\$ 5 billion worth of Sukuk to-date) towards green investments and social development projects and could do the same for transition-linked programs/projects. IsDBG's input therefore encouraged the enabling of Green/Transition Sukuk issuances (further details on Sukuk are available in Box 1 below).

<sup>9</sup> The Finance in Common "FiCS" forum is a global coalition of Public Development Banks (PDBs) that was established in 2020, headquartered in Paris within the French Development Agency "AFD". The coalition's main objective is to set a financial roadmap to serve the SDGs and the objectives of the Paris 2015 climate agreement, by discussing policies for regional, national and subnational PDBs to scale up sustainable investment, exploring a large number of themes such as: Climate; Local financing; Social investment; Gender; Agriculture; Adaptation and resilience; SMEs in Africa; Biodiversity; Public equity; and Fragilities. The forum held its 1st summit in Paris in November 2020, the 2<sup>nd</sup> Summit in Rome in October 2021, under the theme "Agriculture, Agribusiness, and Food Security", and the 3rd Summit in Abidjan in October 2022, under the theme "Green and Just Transition for a Sustainable Recovery". It is worth noting that IsDBG is one of the eight MDBs that has a permanent membership in the forum's Executive Committee.



<sup>8</sup> Details about the roadmap, its five focus areas, and 19 action items are available here: <u>https://g20sfwg.org/wp-content/uploads/2022/01/RoadMap\_Final14\_12.pdf</u>

#### Box 1: On IsDBG's Green and Sustainability Sukuk:

- IsDB believes that innovative Islamic financing tools could contribute significantly to scaling up sustainable finance. As part of the IsDB Sustainable Finance Framework, IsDBG aims to boost its commitment towards sustainability and green financing through the issuance of Thematic Sukuk to finance sustainable investments. This issuance enables the Bank to diversify its sources of funding, while enhancing IsDB's sustainability profile as well as helping the Bank to continue to deliver environmentally sustainable growth in a socially responsible and transparent manner.
- Sukuk, which is Arabic for "Certificates", provide "beneficial ownership" of an underlying asset to the investor. Sukuk are generally known as the Islamic equivalent of the conventional bonds, with the main difference being that a real economic asset is mandatory as an underlying for a Sukuk, which is not always in the case for bonds. Green and Sustainability Sukuk require an underlying pool of assets that are in line with the eligibility criteria of international green and social bond standards.
- Over the past 3 years, IsDBG has successfully issued more than \$5 bn worth of Green and Sustainability Sukuk, with best-in-class returns and a significant development impact (including €1 bn Green Sukuk in 2019 and a US\$ 2.5 billion Sustainability Sukuk in 2021, the largest of its kind). The path-breaking Green Sukuk is the only AAA-rated in the capital markets to date. Its proceeds were fully allocated to eleven green projects across IsDBG Member Countries, in alignment with the Climate Change Mitigation and Climate Change Adaptation environmental objectives. These include projects for renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable management of natural living resources and land use and sustainable water and wastewater management projects.
- Under IsDB's Sustainable Finance Framework, the proceeds of our Green and Sustainability Sukuk are dedicated to supporting green, climate-friendly, and social projects in our member countries. Under this framework, IsDB aims to boost its commitment towards sustainability and green financing through the issuance of Sukuk to finance sustainable investments. This issuance enables the Bank to diversify its sources of funding, while enhancing IsDB sustainability profile as well as helping the Bank to continue to deliver environmentally sustainable growth in a socially responsible and transparent manner. The IsDB's Sustainable Finance Framework seeks to unleash climate-friendly operations by availing financing models in tailored green projects in our member countries. These green projects/assets are then utilized to back up the issuance of Green Sukuk to sustain the momentum of this "virtuous cycle" of greening the financial system.
- It is worth noting that based on careful analysis of portfolio and past approvals, in December 2019, the IsDBG has committed to a 5-Year Climate Action Plan from 2020 to 2025 with an ambitious climate finance target of 35% of overall annual financing (measured by volume of financing) by 2025.
- Finally, it is worth noting that IsDBG has used the G20 platform to share technical expertise on Islamic finance and to showcase how innovative Islamic financing tools demonstrate effectiveness and can provide solutions to expand transition finance and sustainable finance in emerging markets and developing economies and worldwide. Throughout our engagements within the G20 SFWG and other finance track activities, IsDBG has repeatedly called upon the G20 to leverage on the success of Green Sukuk and accommodate it as an innovative financing instrument by providing regulatory support to allow more Sukuk issuance to ultimately help scaling up the sustainable finance globally.



Besides, IsDBG contributed to the 2022 G20 Sustainable Finance report with a case study on Innovative Finance through Islamic finance modality. The case study focused on the crowdfunding platform supported by IsDBG to mobilize resources for sustainable energy access in communities across Uganda and Nigeria. The case study showcased the partnership between IsDB and TRINE (a crowdfunding platform that facilitates sustainable investments to accelerate energy access in developing countries) to support developing countries on Solar Home System (SHS) through crowdfunding financing mechanisms, including "Murabaha" financing, also referred to as cost-plus financing.<sup>10</sup>

Furthermore, IsDBG participated virtually in the 4<sup>th</sup> SFWG meeting which was held in Bali on 26-27 September 2022 to contribute to the discussions on blended finance for scaling up climate and nature investments and the operationalization of the principles for sustainable finance alignment approaches. IsDBG delegation stressed the importance of the role of MDBs and IFIs in advancing these action areas and aligned itself with the position of other financiers on the need to have more opportunity for blended finance resources and the right taxonomy especially for global south-focused institutions to increase support for sustainable development and climate action.

In addition to the SFWG official meetings, **IsDBG** has also been actively participating in the side events that were organized under the 2022 SFWG. For instance, IsDBG was actively engaged in the "2022 G20 Sustainable Finance Private Sector Roundtable", which was held on 27-28 April 2022, as one of the outcomes of the 2<sup>nd</sup> SFWG meeting. The roundtable was an opportunity for IsDBG's experts to share their views on several issues related to the mobilization of private capital flows for a sustainable green transition, and to engage with private sector stakeholders in discussion on policy tools to improve MSMEs' access to sustainable finance.

Also, IsDBG climate financing experts participated as speakers in the "Opportunities and Challenges in Green Sukuk" webinar which was organized by the Indonesian Ministry of Finance and the UK Treasury on July 6. The webinar was an opportunity to share views on the important role innovative



Director of Resilience and Social Development, IsDBG, participates as a speaker in the subject webinar.

10 IsDBG's case studies could be found on pages 119-120 of the final version of the G20 Sustainable Finance Report issued in October 2022, which is accessible on this link https://g20sfwg.org/wp-content/uploads/2022/10/2022-G20-Sustainable-Finance-Report-2.pdf



financing instruments such as Green Sukuk could play in achieving the SDGs through and Net Zero targets funding renewable energy projects, solid waste management, sustainable land use, and biodiversity conservation. IsDBG experts also pointed out some of the challenges facing green Sukuk issuances such as lack of classification of green assets and projects by financial institutions preventing the pooling of green assets for green Sukuk issuances. IsDBG also stressed on the Bank's commitment to the Paris alignment as well as cooperation with international organizations in areas related to transition financing.

#### 2.3 International Financial Architecture Working Group (IFA WG)

**IFA WG Team**: Abdourabbih Abdouss, and Zine Elabidine Bachiri

Since its reestablishment in 2015, the G20 IFA WG works to enhance the international financial system's stability. Towards this, the group addresses challenges related to debt sustainability, transparency, and restructuring; global financial safety nets (GFSN); capital flows and associated risks; financing for development in low-income countries (LICs); and coordination between IFIs, including MDBs, regarding mobilization of resources.

Under the Indonesian G20 Presidency, IFA WG engaged in enhancing the resilience of the international financial architecture as the world exits the pandemic and devising concrete actions to improve financial stability to support economic recovery towards a strong, sustainable, balanced, and inclusive growth worldwide. In this context, IFA WG's 2022 agenda focused on the following five key areas: 1) Debt-related issues, including the implementation of the Common Framework; 2) Following-up on the IMF's general SDR allocation<sup>11</sup>; 3) Strengthening the GFSN, including IMF governance reform; 4) Development finance and coordination among IFIs, including an independent



IsDBG technical experts provided a comprehensive update report on IsDBG's work to achieve progress on the 19 actions of the G2O Sustainable Finance Roadmap during the year. The update report served as IsDBG's input to the Roadmap document by focusing on IsDBG's sustainable finance actions progress.

review of the MDBs Capital Adequacy Frameworks (CAF); and (v) Strengthening financial resilience by discussing issues related to capital flows and currency systems, including digital currencies.

As an MDB with its constituency drawn entirely from developing countries, most of which suffer debt distress issues, IsDBG has been keen to actively engage in all the activities of the IFA WG throughout 2022.

Since the beginning of IFA WG activities, IsDBG participated in the 1<sup>st</sup> **IFA WG meeting** which was held virtually on 27-28 January 2022. During this meeting, IsDBG took note of the IFA WG 2022 agenda and expected deliverables and participated in the discussion particularly on SDR allocation and channeling and the implementation of the Common Framework for debt treatment.

11 In August 2021, IMF provided its members with an unprecedented USD 650 billion in unconditional liquidity via SDR allocation. In 2022, IFA WG discussed and monitored the impacts of this allocation, to better assess how countries can optimally use their allocations and to evaluate their effectiveness.



Moreover, IsDBG participated in the **2<sup>nd</sup> IFA WG meeting** which was held virtually on 24-25 March 2022. During this meeting, IsDBG, along with 11 other MDBs, contributed to technical discussions on issues related to the Independent Review of MDBs' CAF and MDBs implementation of the G20 Recommendations on the use of Policy-Based lending.

IsDGB also contributed to this meeting by engaging in the assessment of the G20 Debt Service Suspension Initiative (DSSI). For instance, before the meeting, IsDBG's financial statistics experts provided IsDBG's data on the total Commitment, Gross Disbursement, and Net Transfers, for all DSSI-Eligible IsDBG Member Countries, which contributed – along with similar data from AfDB, AIIB, ADB, CEB, EBRD, EIB, IaDB, NDB, WBG (including IFC) - to the preparation of aggregate MDB Effort for DSSI Countries during the period from April 2020 to December 2021.

Also, on March 16<sup>th</sup> ISDBG experts provided the IFA WG secretariat with the Bank's comments and inputs on the revised version of the **"Taking stock of the DSSI" document**. IsDBG's comments pointed out that nearly one-third of the 73 eligible countries have not participated in the initiative. On the other hand, some lower-middle income countries, and small developing states, that needed debt relief were not eligible. The comments explained that this paradoxical situation raises questions about the eligibility criteria, which may require further consideration for a more effective implementation of debt relief initiatives, notably in the context of the G20 Common Framework for Debt Treatments.

Furthermore, on 16-17 June IsDBG participated virtually in the **4th IFA WG meeting** which was held in Bali. Following the meeting discussions, on June 30th, IsDBG submitted written **feedback on the survey circulated by the IFA WG Secretariat following up on the meeting's discussion on the Expert Panel report on the Independent Review of MDBs' CAF**. The survey aimed to collect IFA WG members' views on the recommendations presented in the report and to prepare the G20 3<sup>rd</sup> FMCBG meeting. IsDBG's input responded to

the survey's 17 technical questions on this issue, highlighting the Bank's risk policies which are quite different to other MDBs, as none of IsDB shareholders is AAA rated and the Bank's AAA rating is key towards supporting the development in MCs in a sustainable manner. IsDBG's input also discussed, among other things, the Bank's risk transfer mechanisms to improve financing headroom, and emphasized that rating agencies and MDBs should work together to develop common standards for evaluating the risk weights of ESG-related assets on MDB balance sheets. It is worth noting that on July 6th, IsDBG also submitted input to the related benchmarking table, which contains information on G20 CAF Review, related to factors influencing capital adequacy and determining capital headroom as well as primary constraints to operational growth. (Both inputs are available in Annex 2 below). Also, Box 2 below presents an overview of the position of IsDBG vis-a-vis the MDB's CAF review exercise and expert's report.

Finally, IsDBG also participated virtually in the **5th IFA WG meeting** which was held on 22-23 September 2022 in Seoul to take stock of the final outcomes of the 2022 agenda of the IFA WG.



IsDGB also contributed to this meeting by engaging in the assessment of the G20 Debt Service Suspension Initiative (DSSI). For instance, before the meeting, IsDBG's financial statistics experts provided IsDBG's data on the total Commitment, Gross Disbursement, and Net Transfers, for all DSSI-Eligible IsDBG Member Countries.



#### Box 2: On the Review of MDB's CAF and IsDBG's position:

In July 2021 G20 Finance Ministers and Central Bank Governors agreed to launch an Independent Review of MDBs CAFs, an action consistent with G20's interest to explore new measures to maximize the MDBs development impact, given the increasing financing needs of developing countries. In 2022, IFA WG established an independent Expert Panel to undertake the review, with the following objectives: (i) provide benchmarks on how to evaluate MDB CAFs, (ii) enable shareholders, MDBs and credit rating agencies to develop a consistent understanding of MDB CAFs, (iii) and identify potential adaptations of the current MDB CAFs in order to maximize MDBs' financing capacities, while preserving their credit ratings, preferred creditor status and long-term financial sustainability.

Consequently, in July 2022, the expert panel presented its report and recommendations to G20 members. The final report is accessible here: <a href="https://www.g20.org/indonesia-g20-presidency-publishes-the-g20-independent-review-of-multilateral-development-banks-capital-adequacy-frameworks/">https://www.g20.org/indonesia-g20-presidency-publishes-the-g20-independent-review-of-multilateral-development-banks-capital-adequacy-frameworks/</a> and here: <a href="https://g7g20-documents.org/fileadmin/G7G20\_documents/2022/G20/Indonesia/Finance%20">https://g7g20-documents.org/fileadmin/G7G20\_documents/2022/G20/Indonesia/Finance%20</a> Track/3%20Miscellaneous/Boosting%20MDBs%E2%80%99%20Investing%20Capacity%20-%20</a> An%20Independent%20Review%20of%20Multilateral%20Development%20Banks%E2%80%99%20</a> Capital%20Adequacy%20Frameworks\_2022.pdf

The report was developed following a consultative approach with various MDBs, credit rating agencies and other supervisory institutions. IsDBG actively participated in all IFA WG meetings and bilateral meetings with the Expert Panel, providing detailed input of the Bank's CAF, credit rating methodologies and the constraints experienced by IsDBG and the MDBs industry.

The report provides five main recommendation with a total of 17 sub-recommendations along with an optimistic action plan that require strategic shift to maximize the impact of MDB capital, namely, (1) Redefine the approach to risk appetite for MDB CAFs, (2) Incorporate uplift from callable capital into MDB CAFs, (3) Implement innovations to strengthen MDB CAFs, (4) improve credit rating agency assessment of MDB financial strength and (5) Improve the enabling environment for capital adequacy governance.

While the IsDBG is largely in support of the recommendations particularly in areas of enhancing collaboration with credit rating agencies and increasing access to MDB data and analysis, IsDBG believes there is a need to conduct a thorough analysis on the implications of each of these recommendations particularly those proposed under 1 and 2 above, related to the Bank's credit ratings and the long-term financial sustainability, taking into consideration IsDBG's unique business model and governance structure. Furthermore, the implementation timeline of 1-2 years for all recommendations except two is not feasible for IsDBG and some other MDBs. The overall assessment of the recommendations by the peer MDBs is aligned with that of the IsDBG.

The G20 IFA WG co-chairs proposed that the MDBs discuss with shareholders and Executive Board to evaluate the potential to adopt the recommendations, particularly on those that do not require coordinated approach between MDBs. The co-chairs suggested that the G20 members prior to the IFA WG meeting in January 2023 agree on format to provide implementation update on recommendations and subsequently prepare a progress report to G20 in July or October 2023. In the interim, the co-chairs proposed that G20 could take concrete action on some specific deliverables such as data sharing and transformation of the GEMs platform (the Global Emerging Markets Risk Database Consortium) in a stand-alone entity by the end of 2023.

Going forward, IsDBG will continue to participate actively in G20 IFA working groups' activities in 2023 and will also continue to engage on CAF with sister MDBs at the level of the CFO and/or CRO forums to ensure a coordinated action plan and joint position among MDB peers.



#### 2.4 Framework Working Group (FWG)

**FWG Team**: Osman Buyukmutlu, Areef Suleman, Elvin Afandi, and Cheikh Diop

The G20 FWG monitors the global economic outlook and coordinates policies aimed at achieving a strong, sustainable, balanced, and inclusive growth. As the world struggled to achieve a sustained economic recovery from the COVID-19 pandemic in 2022, the FWG set its primary goal to provide expert views on the global economy and to recommend evidencebased economic policies to support the recovery. Towards this goal, the Indonesian G20 Presidency has set two priority discussion areas for FWG, namely: i) devising an exit strategy to support the recovery; and ii) addressing scarring effects to secure future growth. Under these two areas, the 2022 FWG agenda focused on three priority issues: 1) Maintaining a strong, sustainable, balanced and inclusive recovery while managing risks of spillovers, supply chain disruption, and inflationary pressures; 2) Identifying global economic risks over the short- and medium-term, including geopolitical risks as well as financial vulnerabilities and high indebtedness in the sovereign and nonfinancial sectors; and 3) Monitoring climaterelated macroeconomic risks and implications for macroeconomic policy. The conflict in Ukraine and

its deep impact on the global economic outlook, especially through the commodity markets channel, were also reflected in the agenda, with discussions focusing on compound global risks and the related macroeconomic policy challenges, energy and food security.

These three priority areas were in full harmony with the IsDB Group's Strategic Realignment 2023-2025. Given the common goal of the G20 FWG and the IsDBG, the Bank has actively engaged in the activities of the FWG. The collaboration between the Bank and the FWG has resulted in meaningful discussions on addressing the recovery challenges of developing and least developed countries most of which are IsDB MCs that suffered the most from the pandemic and consequent global economic downturn.

On 13-14 January 2022, IsDBG participated in the 1<sup>st</sup> **G20 FWG virtual meeting** where it took note of the FWG workplan and risk list, as well as the priorities on exit policies and scarring effects, and FWG's proposed deliverables. Based on the topics discussed in this meeting, IsDBG consolidated its workplan to contribute to the FWG works.

Moreover, IsDBG participated in the **2<sup>nd</sup> G20 FWG** meeting which was held in Jakarta on 24-25





May 2022. During this meeting, IsDBG delegation expressed concern over the macro-economic impacts of the converging COVID-19 and Russia-Ukraine crises on the Bank's MCs, with particular focus on downside risks to the global economy and proposed some policy recommendations going forward. IsDBG delegation highlighted the resulting "perfect storm" of three crises - food, energy crisis, and financial market - resulting from the turbulent global geopolitical situation and echoed the call for global collective action to reduce scarring from the converging crises. Moreover, IsDBG delegation emphasized the urgency of international cooperation and provided policy recommendations towards improving it such as: Keeping markets open; promoting humanitarian food assistance; reinvigorating emergency commodity buffers and financing facilities to reduce the risk of severe food insecurity and famine; preemptive multilateral debt-restructuring and relief initiatives to provide essential fiscal space; urging swift release of funding to vulnerable economies; acceleration of deployment of renewable energy; and exploring opportunities to diversify and build more resilient value chains especially regarding food security.

Post the 2<sup>nd</sup> G20 FWG Meeting, on 15 June 2022, IsDBG provided the FWG co-chairs with its written comments on the Zero Draft of the "G20 Note on Policy Setting on Exit Strategy to Support Recovery and Addressing Scarring Effect to Secure Future Growth." IsDBG experts noted six relevant discussion areas, whose addition shall benefit the draft. First is the discussion of the impact of the acceleration of adoption of Industry 4.0 technologies and the corresponding labor market implications. Second is the impact of the crisis on Ukraine on the rising inflation, particularly in the prices of essential commodities, reinforcing the already-elevated prices because of postpandemic recovery. Third is the call to accelerate the projects to build capacity for renewable energy, as part of the medium-term response. Fourth is the promotion of diversification of export destinations and import sources to develop more resilient supply chains. Fifth is a discussion on the negative impact of the quick shift to online learning on the quality of education especially in countries with limited access to broadband internet. Last is the emphasis on the role of multilateral institutions in facilitating collaboration across economies, mitigating spillover effects of the convergent crises.

Furthermore, on 29-30 September 2022, IsDBG participated virtually in the **3rd G20 FWG meeting** which was held in Bali to discuss the increase in compound macroeconomic risks in the backdrop of the conflict in Eastern Europe, and the macroeconomic implications of two intertwined risks: High food prices; and climate change risks.

#### 2.5 Infrastructure Working Group (IWG)

<u>IWG Team</u>: Idrissa Dia, Mohammed Alsayed, Hussein Mogaibel, and Shaharyar Jawaid

The G20 IWG advises on policies to improve the preparation, financing and management of quality infrastructure investments to assure global provision of inclusive, sustainable and resilient basic infrastructure. The 2022 Work Program for the IWG reflected the widespread impact of the COVID-19 pandemic on infrastructure development, including digital infrastructure, private sector investment in infrastructure projects, and the sustainability aspects of infrastructure projects.



IsDBG's infrastructure technical experts contributed to the G2O Compendium, on the theme of Digital Infrastructure Innovative Finance, with a case study on IsDBG Financed Digital Infrastructure Projects in Bangladesh and Djibouti.



In line with this, IWG agenda this year focused on four primary priorities, namely: 1) Scaling up sustainable infrastructure investment by leveraging private sector participation; 2) Enhancing social inclusion and addressing subnational disparities; 3) Increasing digital and InfraTech investments; and 4) Advancing transformative infrastructure post-COVID-19. Additionally, IWG activities focused on achieving progress on two legacy issues, such as, 1) Advancing the Quality Infrastructure Investment (QII) Indicators and 2) Renewing the governance of the Global Infrastructure (GI) Hub.<sup>12</sup>

Given the urgency and importance of such topics for IsDBG, the Bank has been actively participating in different activities of the IWG. For instance, IsDBG participated in **IWG's second meeting** which was held virtually on 17 March 2022, to follow up on the progress made on relevant IWG activities such as the G20 principles for QII, G20/OECD Policy Toolkit to mobilize financing mechanisms to enhance infrastructure investment in regions and cities, G20 Blueprint for Scaling up InfraTech financing and development, and GI Hub's options for expanding InfraTracker 2.0. Additionally, on 9 June 2022, IsDBG participated in the **"High-Level Seminar on Digital Infrastructure: Closing the Digital Divide"** which was organized by the Indonesian G20 Presidency and AIIB on the sideline of this meeting. During this seminar, experts shared their technical views on different challenges of the digital divide, particularly on issues related to the regulatory aspects, data privacy and cyber security, the role of the public and private sectors, as well as innovative financing structures in the development of digital infrastructure.

Furthermore, on 9-10 June 2022, IsDBG participated virtually in **IWG's third meeting**, to further contribute to the technical discussions of the relevant IWG deliverables. During the meeting, IsDBG took note of the call for proposed case studies to participate in the G20 Compendium on case studies on financing digital infrastructure development, and their selection criteria. Consequently, on 19 June 2022, IsDBG's infrastructure technical experts contributed to the G20 Compendium, on the theme of Digital Infrastructure Innovative Finance, with a case study on IsDBG Financed Digital Infrastructure Projects in Bangladesh and Djibouti.

<sup>12</sup> The Global Infrastructure Hub (GI Hub) is a not-for-profit organization whose headquarter is in Sydney, Australia. It was formed by the G20 in 2014 to advance the G20 infrastructure agenda through supporting the delivery of sustainable, resilient, and inclusive infrastructure. GI hub collaborates with the public and private sectors, acting as a knowledge-sharing hub, to produce data, insights, knowledge tools, and programs that inform both policy and infrastructure delivery. Since 2018, the GI hub has transformed from a start-up entity to a small, strong, and nimble organization that is a central source of knowledge on leading practice, innovation, and market trends for the infrastructure community as well as a G20 advisor and participant. More information is available here: <a href="https://www.gihub.org/">https://www.gihub.org/</a>



IsDBG's case study covered IsDBG's approved financing of Regional Submarine Telecommunications Project in Bangladesh in May 2015 for an amount of USD44 million by way of Installment Sale mode of Islamic finance allowing the country to connect to Southeast Asia-Middle East-Western Europe (SEA-ME-WE) submarine cable. The case study also covered IsDB's approval in January 2015 of financing for Djibouti's portion of the submarine cable which later joined the SEA-ME-WE cable system, allowing an additional capacity of 500 Gbps (from 35 Gbps in 2014) for Djibouti Telecom. The case study showcased the technical design, developmental objective, financial envelope, and developmental impact of each project.13

Additionally, IsDBG participated virtually in the **IWG out-of-session meeting** which was held on 1<sup>st</sup> September 2022 on the future of the Global Infrastructure Hub. IsDBG also participated virtually in **IWG's fourth meeting** which was held on 15-16 September 2022 in Yogyakarta to take stock of the final outcomes of the 2022 IWG agenda.



IsDBG's case study covered IsDBG's approved financing of Regional Submarine Telecommunications Project in Bangladesh in May 2015 for an amount of USD44 million by way of Installment Sale mode of Islamic finance allowing the country to connect to Southeast Asia–Middle East–Western Europe (SEA-ME-WE) submarine cable.

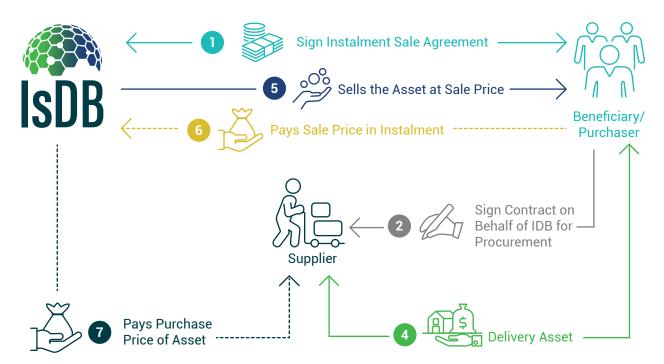


Figure 2: Installment mode of Islamic finance in infrastructure projects... Excerpt from IsDBG's contribution to the G20 Compendium of case studies

13 The final version of the compendium issue in September 2022 is available on this link (IsDBG projects on pages 41-45): <a href="https://www.g20.org/the-g20-endorses-the-g20-compendium-of-case-studies-on-digital-infrastructure-finance-issues-practices-and-innovations/">https://www.g20.org/the-g20-endorses-the-g20-compendium-of-case-studies-on-digital-infrastructure-finance-issues-practices-and-innovations/</a>



# 2.6 Joint Finance-Health Task Force (JFHTF)

JFHTF Team: Rami Ahmad, Saleh Jelassi, Ammar Abdo Ahmed, and Yehia Amin Sabri

The G20 JFHTF was established in 2021 to enhance collaboration between Finance and Health authorities towards building a stronger Global Health Architecture. Consisting of finance and health officials, the G20 JFHTF aims to enhance dialogue and global cooperation on issues related to pandemic PPR, promoting related exchange of experiences and best practices, developing coordination arrangements between Finance and Health Ministries, promoting collective action, assessing and addressing health emergencies with cross-border impact, and encouraging effective stewardship of resources for pandemic PPR, while adopting a "One Health" approach that engages governments and societies across social and economic systems.

ISDBG has been attributing a special importance to the health-finance work stream since the outbreak of the COVID-19 pandemic. This was manifested in IsDBG's new strategic framework, launched in June 2022, which has set "Boosting Recovery" as the first of the Bank's three strategic pillars over the period 2023-2025, gearing the Bank's interventions over the next three years towards promoting inclusive human capital development by focusing on Universal Healthcare services among other sectors. Against this backdrop, IsDBG has been keen to engage in the G20 JFHTF activities.

For instance, IsDGB participated in the **1**<sup>st</sup> **meeting** of the JFHTF which was held virtually on 20 December 2021 to engage in the discussions on the task force's work program, roadmap, and collective action throughout the Indonesian G20 Presidency. During this meeting, IsDBG has expressed support for the establishment of the Financing Intermediary Fund (FIF), hosted by the World Bank and run by WHO, as a financial platform to pool funds for PPR financing globally. Additionally, IsDGB participated in the **2**<sup>nd</sup> **G20 JFHTF meeting**, which was held virtually on 26 January, to contribute to the discussions on the pandemic PPR financing gaps and relevant public and private financing initiatives. Also, IsDGB participated in the **3**<sup>rd</sup> **G20 JFHTF meeting** which was held virtually on 1 April 2022 to engage in the preparations for the 2<sup>nd</sup> G20 FMCBG meeting that took place in April 20 in Washington D.C.

Furthermore, the IsDBG Sherpa team participated in the Bali-based **Joint G20 Finance and Health Deputies' Meeting** and took part in the technical discussion of the drafting process of the ministerial communique to be adopted by the G20 Joint Finance and Health Ministers.

Subsequently, and upon invitation from the Indonesian ministers of finance and health, IsDBG Sherpa participated in **the 2<sup>nd</sup> Joint G20 Finance and Health Ministers' Meeting** that took place on 12 November 2022. On behalf of IsDBG President,



IsDBG has been attributing a special importance to the health-finance work stream since the outbreak of the COVID-19 pandemic. This was manifested in IsDBG's new strategic framework, launched in June 2022, which has set "Boosting Recovery" as the first of the Bank's three strategic pillars over the period 2023-2025, gearing the Bank's interventions over the next three years towards promoting inclusive human capital development by focusing on Universal Healthcare services among other sectors.





IsDBG Sherpa addresses G20 Finance and Health Ministers meeting on behalf of IsDBG President (Bali, 12 Nov.)

IsDBG Sherpa gave an address showcasing IsDBG's efforts to address the COVID-19 pandemic, particularly the US\$ 4.67 billion SPRP launched in 2020, and the Bank's realignment of its strategic framework to strengthen its commitment to the operations aiming at augmenting global health architecture and ensuring sustainable and innovative financing. The address also pointed at IsDBG's readiness to work with other MDBs under the umbrella of the "Pandemic fund"<sup>14</sup> and congratulated Indonesian G20 Presidency for succeeding in the establishment of the fund.<sup>15</sup>

It is worth noting that IsDG Sherpa and Resident representative in Jakarta have also participated in in the subsequent **side event and launching ceremony of the Pandemic Fund** that was organized by the G20 presidency on 13 November 2022 in Bali, to support and congratulate the success of this ambitious initiative of the Indonesian G20 Presidency.

14 The G20 Financial Intermediary Fund (FIF) for Pandemic Prevention, Preparedness and Response (PPR), AKA "G20 Pandemic Fund" is a G20 initiative that successfully materialized under the Indonesian presidency. Established in September 2022, the fund aims to close the financing gap in global PPR, and to support PPR at the national, regional and global level. The USD 1.4 billion fund is managed and coordinated by WHO, hosted by the WBG. More details are available here: <a href="https://www.worldbank.org/en/programs/financial-intermediary-fund-for-pandemic-prevention-preparedness-andresponse-ppr-fif">https://www.worldbank.org/en/programs/financial-intermediary-fund-for-pandemic-prevention-preparedness-andresponse-ppr-fif</a>

 $\langle \mathbf{x} \otimes \mathbf{x} \diamond \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \langle \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \langle \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \langle \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \langle \mathbf{x} \langle \mathbf{x} \otimes \mathbf{x} \rangle \langle \mathbf{x} \otimes \mathbf$ 

15 Media: https://twitter.com/isdb\_group/status/1592055536090243072?s=20&t=a\_exVal0m3CuERQPTwKFZQ

# O3 SHERPATRACK ENGAGEMENTS

In addition to IsDBG's engagement in the finance track of the 2022 G20, the Bank has also been actively engaged in the Sherpa track, in close coordination with the Indonesian G20 co-Sherpas: Ambassador Dian Triansyah Djani, G20 co-Sherpa at the Indonesian Ministry of Foreign Affairs, and Dr. Edi Prio Pambudi, G20 co-Sherpa at the Indonesian Coordinating Ministry of Economic Affairs.

 $\mathbf{3} \diamond \mathbf{3} \diamond \diamond \mathbf{3} \diamond \mathbf{3}$ 



IsDBG's participation in the 1st G20 Sherpa meeting in Jakarta, on December 7, 2021

The IsDBG Sherpa team has been actively engaged in all the G20 Sherpa meetings and events conducted under the Indonesian G20 Presidency. On 7-8 December 2021, IsDBG Sherpa participated in the 1st G20 Sherpa meeting along with IsDBG's resident representative in Jakarta and IsDBG Sous-Sherpa<sup>16</sup>. During this meeting, IsDBG took note of the Indonesian presidency's technical agenda of all the Sherpa track WGs, and thus started planning IsDBG's engagements accordingly. In addition, the meeting offered an opportunity to IsDBG Sherpa team to express the Bank's support of the Indonesian G20 Presidency and agenda and emphasize the Bank's commitment to assist the related efforts of the government of Indonesia by actively participating in all G20 activities in line with the Bank's new strategy aiming at promoting social and economic development across its 57 MCs.

IsDBG Sherpa also participated in the 1<sup>st</sup> Informal G20 Sherpa Dialogue, which was held virtually on March 1<sup>st</sup>, to participate in the preparations of the launching of the initiative proposed by the G20 presidency's Sherpa team under the title "G20 Action for Strong and Inclusive Recovery"<sup>17</sup>. In this context, IsDBG Sherpa team took note of the presidency's call to submit proposals of concrete, impactful, and achievable projects. Based on the outcome of this meeting, IsDBG Sherpa team engaged in extensive internal preparations to coordinate with different IsDBG entities and business units to come up with a final a list of proposed IsDBG projects to participate in this ambitious initiative.

17 The "G20 Action for Strong and Inclusive Recovery" is an initiative that was proposed by the Indonesian G20 Sherpa team aiming to raise the relevance and visibility of the G20 forum. According to this initiative, G20 members, guest countries and international organizations were invited to propose concrete, impactful, and achievable projects in the three main priority areas of the Indonesian G20 Presidency – namely: Global Health, Digital Transformation, and Energy Transitions - as well as other areas such as: Employment, Agriculture, Women Empowerment, Climate Action, Green Industry, Financing for Development, and Investment in Quality and Sustainable Infrastructure. Proposed projects went through a fair selection process led by the Indonesian Sherpa team to form a final list of projects (Also known as the G20 Action document) which was endorsed by the G20 leaders and attached to the G20 Summit's leaders• declaration. The final list of G20 Action projects is available on the link below: <a href="https://web.kominfo.go.id/sites/default/files/G20%20Bali%20Leaders%27%20Declaration%22%2015-16%20November%202022%22%20incl%20Annex.pdf">https://web.kominfo.go.id/sites/default/files/G20%20Bali%20Leaders%27%20Declaration%22%2015-16%20November%202022%22%20incl%20</a> Annex.pdf



<sup>16</sup> Media: https://www.isdb.org/news/islamic-development-bank-attends-first-g20-sherpa-meeting-under-indonesian-g20-presidency



IsDBG Sherpa addressing the  $2^{nd}$  G20 Sherpa meeting (10-12 July, Labuan Bajo)



IsDBG's participation in the  $3^{rd}$  G20 Sherpa meeting (27-29 September, Yogyakarta)

During the **2<sup>nd</sup> G20 Sherpa meeting**, which was held on 10-12 July 2022 in Labuan Bajo, IsDBG Sherpa team submitted a list of seven proposed projects to participate in the "G20 Action for Strong and Inclusive Recovery" initiative. The technical details of the seven IsDBG proposed projects are listed in **Box 3** below.

Furthermore, IsDBG Sherpa made a couple of interventions during the meeting, where he reiterated IsDBG's full commitment in supporting the efforts of Indonesia throughout its presidency of the G20 under different Sherpa WGs. The interventions highlighted IsDBG's active engagements on different Sherpa track WGs particularly in the Development, Employment, and G20 empower WGs, and showcased the Bank's success in organizing a few side events in cooperation with Bappenas.<sup>18</sup>

#### Box 3: IsDBG Contribution to the G20 Action

During the 2<sup>nd</sup> G20 Sherpa meeting (10-13 July, Labuan Bajo), IsDB Sherpa team contributed to the "G20 Action for Strong and Inclusive Recovery" by proposing the following seven concrete projects, in coordination with different IsDBG departments and business units:

- 1- "Reverse Linkage project between Institut Pasteur, Dakar, and laboratories in Sub-Saharan Africa", which aims to develop the human capacities and medical equipment of national health laboratories in 11 of IsDBG's Least Developed Member Countries.
- 2- "Renewable Energy Cooperation Program to Power Africa", which involves several activities required to Generate, Transport, Distribute and Commercialize solar power to sustain electricity supply to about two million people in Africa.
- 3- "Egypt-Saudi Electricity Interconnection" project which aims to facilitate electricity exchange between both countries for a capacity of 3000 Megawatt, as a foundation for regional electricity interconnection.
- 4- "Supporting Rural Health Facilities with Reliable Electricity through Awqaf" project which aims at establishing Islamic endowments (Awqaf) dedicated to providing sustainable financing to equip remote healthcare facilities with electricity.
- 5- "The development of Financial Intelligence Platform" project, which aims to support better inclusion of individuals and MSMEs in the digital economy, mainly through capacity building programs.
- 6- "Women Empowerment and Climate Change in Fragile Contexts" project which aims to support gender mainstreaming in the State of Palestine's sector plans, through policy change, capacity building, supporting women's green enterprise activities, and providing insurance for women-owned MSMEs.
- 7- "Increasing Women's Access to Green Jobs" project which focuses on policy reforms to promote a genderresponsive green economy, building women and girls' capacity through education, skills development (re-skilling and up-skilling), and institutional support to women-led businesses, among other things.

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

18 Meeting's media coverage: https://www.isdb.org/news/isdb-attends-g20-second-sherpa-meeting\_

The meeting was also an excellent opportunity for IsDBG Sherpa team to strengthen coordination with all Sherpa track WGs, an effort that led to the successful invitation of IsDBG to actively engage in the Trade, Investment, and Industry WG (TIIWG), and the invitation of IsDBG to participate as an observer in the Digital Economy WG (DEWG). The most remarkable outcome of IsDBG's active participation in the 2<sup>nd</sup> G20 Sherpa meeting, however, was the successful selection of two IsDBG proposed projects to participate in the final list of projects of the "G20 Action for Strong and Inclusive Recovery" initiative. Technical details of the two selected projects are available in **Box 4** below.

#### Box 4: IsDBG's projects Selected in Final G20 Action

Below are the technical details of the two IsDBG projects that were successfully selected by the Indonesian G20 Sherpa team – during the 2nd G20 Sherpa meeting (10-13 July, Labuan Bajo) - to participate in the final list of project of the "G20 Action for Strong and Inclusive Recovery" initiative:

#### 1- Reverse Linkage project between Institut Pasteur, Dakar & laboratories in Sub-Saharan Africa

- Project area: Global Health Architecture Total budget: US\$ 4,500,000.
- Main objective: (i) develop the human capacities of the national public health laboratories; and (ii) equip the laboratories with the required medical equipment. In addition, the project will provide the laboratories with access to an e-learning platform, technical guidelines, and operational protocols to help accelerate action and easy detection of COVID-19 cases and other communicable diseases.
- Timeline: The project started the implementation in 2021 for a period of 2 years.
- The beneficiaries of this project are the public health laboratories belonging to the 11 IsDB African LDCs, namely: Benin, Burkina Faso, Chad, Gambia, Guinea, Mali, Mauritania, Niger, Senegal, Sudan and Togo.
- Some of the expected results are as follows: (i) 100 health workers trained and able to identify a range of emerging epidemic pathogens by using the full spectrum of basic laboratory testing methods, biosafety and biosecurity approaches (ii) An e-learning and knowledge-sharing platform for ongoing technical advice developed; (iii) The national public health network of laboratories strengthened and operationalized; (iv) Standard operating procedures manual developed, and software provided to allow for rapidly produced results to health districts and ministries in 10 countries; and (v) medical equipment acquired for better preparedness and response to pandemics including COVID-19

#### 2- Renewable Energy Cooperation Program to Power Africa (RE CPA)

- Project areas: Energy Transition / Gender Equality and Women Empowerment / Climate Actions / Financing for Development / Investment on Quality and Sustainable Infrastructure / Employment.
- The project components are articulated around the electricity supply spectrum, which involves all activities, services and actors required to Generate, Transport, Distribute and Commercialize electricity to the consumers and ensure proper Operation and Maintenance (O&M) of the assets to sustain the power supply.
- The program includes power generation: including mainly solar photovoltaic (PV) energy sources; electricity transmission (distribution, technical services, sector reforms and policy formulation), as well as identification of most appropriate financing modalities to be used for financing physical program and project components.
- After the implementation of the program, it is expected that at least 300,000 households and other beneficiaries will get access to electricity (about two million people).
- Budget: Estimated cost is USD 1 billion. About 10% will be dedicated to preparation and structuring phase.
- IsDBG contribution to the project preparation/structuring phase will be in the form of grant and/or loan directly provided to the beneficiary country. The remaining funds will be mobilized/leveraged through partnership with other institutions and funds.
- IsDBG will contribute USD 100 million to the total cost. The technical partners and provider of expertise will contribute about US\$ 22 million. Private sector partners under PPP scheme participation will reach 86% of the program cost representing. Beneficiary country will contribute about 2% of the program cost.

 $\langle \mathbf{x} \otimes \mathbf{x}$ 

During the meeting, IsDBG delegation addressed the G20 Sherpas emphasizing IsDBG's support for Indonesian's presidency, particularly as the G20 summit draws closer, and reiterating the need for a strong collective G20 action, and the importance of having a leader's communique to support this action.

Moreover, IsDBG Sherpa participated physically in the **4**<sup>th</sup> **and last G20 Sherpa meeting** which was held on 11-13 November 2022 in Bali, to put the final touches on the G20 Leaders' declaration. IsDBG, as an invited IO, followed closely the technical and geopolitical deliberations that took place among G20 members, and welcomed the successful adoption of a compromised final version of the declaration to be submitted at the Summit. It is also worth noting that IsDBG Sherpa also participated in the **Joint Sherpa and finance deputies meeting** that took place on the sidelines of this Sherpa meeting, to finalize the drafting of the finance related text in the G20 Leaders' Declaration.

Moreover, IsDBG Sherpa team has also been actively participating in all of **the three Informal Sous-Sherpa meetings**, which were held virtually on 11 February, 20 May, and 25 August 2022, respectively. IsDBG Sherpa team engaged in those meetings to share IsDBG's initial queries and views on different topics discussed at the Sous-Sherpa level, particularly the formation process of the "G20 Action for Strong and Inclusive Recovery" initiative.

In addition to IsDBG's engagement in the G20 Sherpa and Sous-Sherpa meetings outlined above, the **IsDBG Sherpa team has been actively engaged in raising awareness** on the Indonesian G20 Presidency's agenda on both the internal and external fronts.

Internally, IsDBG Sherpa team has led **the IsDBG G20 Task force** which held **20 internal meetings**, attended by about 50 professional IsDBG staff members from the group's different entities and business units. These meetings aimed at coordinating IsDBG's actions in different G20 WGs of all G20 Tracks, and building IsDBG's staff capacity in G20 activities in general. On the external front, IsDBG Sherpa team has been actively raising awareness on the Indonesian G20 presidency among IsDBG's different MCs and external partners. A remarkable example on this effort was during **IsDBG's 47<sup>th</sup> Annual Meeting** which was held on 1-4 June 2022 in Sharm El-Sheikh, Egypt. As the most prominent IsDBG gathering, IsDBG Sherpa team took advantage of the annual meetings by **organizing two in-person side events** to raise awareness about the G20 Indonesian Presidency's agenda.

The first event was a high-level seminar titled "The Indonesian Presidency of the G20 Throughout 2022: 'Recover Together, Recover Stronger' Agenda and Priorities".19 This seminar aimed at introducing and promoting the Indonesian G20 Presidency's agenda and its different priority areas and expected deliverables, and raising awareness, within IsDBG MCs, about the importance of G20 and its relevance to IsDBG work. The seminar highlighted the harmony between this agenda and IsDBG's strategic framework and explored the relevance of G20 efforts on climate change to Egypt's hosting of the CoP27 in November 2022. Additionally, the seminar advocated a larger representation of developing countries in the G20 forum, by proposing to invite the African Union - led by Senegal - to attend all subsequent G20 meetings, a proposal that was kindly embraced by the Indonesian G20 Presidency.



As the most prominent IsDBG gathering, IsDBG Sherpa team took advantage of the annual meetings by organizing two in-person side events to raise awareness about the G20 Indonesian Presidency's agenda.

19 A video recording of the seminar is available here: <a href="https://www.youtube.com/watch?v=KVVQMTV8cBk">https://www.youtube.com/watch?v=KVVQMTV8cBk</a>. Seminar photos available here: <a href="https://drive.google.com/drive/u/0/folders/1QtlSmGNCogao-nyi-lhAy8WGLkba3bg1">https://drive.google.com/drive/u/0/folders/1QtlSmGNCogao-nyi-lhAy8WGLkba3bg1</a>



The seminar featured opening remarks by H.E. IsDBG President expressing the Bank's support to Indonesian G20 Presidency's agenda and importance of commitment to international cooperation. H.E. Indonesia's Minister of Finance, and H.E. BI Governor, participated as keynote speakers to highlight Indonesia's G20 Presidency's agenda. In addition, the seminar had a technical panel consisting of the Deputy Governor of BI and Indonesia's Assistant Minister of Finance for Macroeconomy and International Finance, who delivered technical presentations on the finance track of Indonesian G20 agenda. Additionally, the seminar had prominent speakers from Egypt, namely H.E. Egypt's Minister of International Cooperation who spoke about Egypt's views on International Cooperation and Multilateralism, and H.E. Egypt's CoP27's "Climate Champion", who made the connection between G20's Agenda and CoP27.

The second side event organized by IsDGB Sherpa team was the **"IsDB Group's Governors Dialogue** with H.E. IsDB Governor of Indonesia on the 2022 Indonesian Presidency of the G20"<sup>20</sup>. The dialogue was held in the form of a casual talk-show type conversation between H.E. Dr. Sri Mulyani Indrawati

Indonesia's Minister of Finance, and IsDBG G20 Sherpa, focusing on the Indonesian Presidency of G20 matters as well as related aspects of IsDB bilateral cooperation with Indonesia. The dialogue witnessed a free flow of ideas on a number of main topics such as: IsDBG's MCPS Indonesia 2022-2025; the official preparation process for Indonesian G20 Presidency; the main priorities and expected outcomes of G20 presidency's agenda "Recover Together, Recover Stronger"; the benefits of the agenda to the country's national development goals and those of other IsDBG MCs; the impact of ongoing global geopolitical crisis on the proceedings of the G20 forum and its deliverables; Indonesia's efforts to contain the political disaccords inside G20 in isolation from the technical work; and policy recommendation for IsDBG to maximize the impact of its engagement in the G20 forum.

In addition to the Sherpa team engagements, IsDBG has also been heavily engaged **on the technical level within the Sherpa track's different WGs**. As noted earlier, the Sherpa track is concerned with the technical aspects of a myriad of issues related to economic-, human- and social-development. This track encompassed 13 WGs, namely: Development,



High-level seminar organized by IsDBG Sherpa team to raise awareness on Indonesian G20 Presidency (3 June, Sharm El-Sheikh).

20 Event photos available here: https://drive.google.com/drive/u/0/folders/19MpWh-G-eNl4fapwf7HH2qPBknX\_WMar\_





IsDBG Governors Dialogue with H.E. Indonesia's Minister of Finance (3 June, Sharm El-Sheikh)

Tourism, Education, Health, Digital Economy, Anti-Corruption, Employment, Environment, Culture, Academics, Agriculture, Energy Transition, and Trade, Investment & Industry. The subsection below outlines in detail the different IsDBG's engagements in several Sherpa track WGs.

#### **3.1 Development Working Group (DWG)**

**<u>DWG Team</u>**: Salah Jelassi, Syed Hussain Quadri, Areef Suleman, Bassem Haikal, Houssem Eddine Bedoui, Abdi Abdullahi, Riad Ragueb, Ahmed Diken, Oussema Trigui, Hamdi Ahmedu, and Mohamed Alyami.

The G20 DWG was created in 2010 to implement the G20 Development Agenda and report its progress to G20 leaders. The DWG has become an essential forum to discuss and promote actions on a wide range of issues directly affecting developing and least-developed countries. Additionally, in 2016, the G20 entrusted the DWG with coordinating and monitoring policy actions across all G20 countries related to the 2030 Agenda for SDGs. Since most IsDBG members are developing and least developed countries, IsDBG has been attributing special importance to engaging within the DWG.

Under Indonesia's G20 Presidency, DWG adopted an ambitious agenda that aimed to focus on devising coordinated and targeted responses to support inclusive, resilient, and sustainable global recovery from COVID-19, and accelerate SDGs' achievement.

Towards this, the DWG focused its work on four priority issues:1) devising a "G20 Roadmap" towards strengthening recovery and resilience to withstand a future crisis in developing countries, including LDCs and SIDS, by focusing on supporting MSMEs and informal sector, encouraging adaptive social protection systems, and promoting green economy, including blue economy, through low GHG emissions, low carbon and climate resilient development; 2) scaling-up the implementation of blended finance by adopting the "G20 Principles" on Scaling-up Blended Finance; 3) affirming G20's commitment to multilateralism for SDGs; and 4) coordinating G20's SDGs achievement by drafting the DWG's annual report on accountability and progress of G20 collective action, titled: "The 2022 G20 Bali Update", which provides an update on the action plan and deliverables of all G20 WGs on both the Sherpa and Finance tracks.

As an MDB, IsDBG has been actively engaged in all the DWG activities since the beginning of the year. On **24-25 February 2022**, the IsDBG actively participated in the 1<sup>st</sup> DWG meeting held in Jakarta. During the meeting, the IsDBG delegation took note of the 2022 DWG agenda, timeline and expected deliverables, and made interventions in three different sessions. Each intervention highlighted the Bank's commitment to support the DWG agenda in areas of enhancing climate resilience, supporting MSMEs, promoting social protection, innovative finance, Green Sukuk, and strengthening multilateralism through South-South and Triangular Cooperation (SSTrC).



During the interventions, IsDBG delegation shared technical experience by showcasing some of the Bank's flagship programs in related areas such as the IsDBG's (a) 2<sup>nd</sup> Resilience Report, titled "Pandemic Recovery and Preparedness"; (b) support to MSMEs in its member countries through the Business Resilience Assistance for Value-Adding Enterprises "BRAVE"<sup>21</sup> program and the initiative for Empowering West African Women SMEs in Rice Value Chains "EWASME" program<sup>22</sup>; (c) support to its member countries in the implementation of their national strategies that promote sustainable and climate resilient development; (c) Sustainable Finance Framework that supports climate-friendly green projects; (d) issuance of Green Sukuk, and efforts to promote innovative and alternative financing instruments, such as social Islamic financing and asset-based finance modalities; and (e) efforts to promote SSTrC as a pillar of multilateralism.

After the meeting, the IsDBG's technical experts reviewed and provided technical comments on the scoping notes provided by the UNDP and the OECD to inspire the DWG outcomes. IsDBG comments focused on supporting multilateralism and stressed the importance of recognizing MDBs as an important pillar in financing sustainable development (building on their report published in 2020). The comments also emphasized the need to empower MDBs and IFIs to strengthen the multilateral system and underlined the important role of SSTrC in this regard.

On **20 April 2022**, the IsDBG participated in the 1<sup>st</sup> DWG Steering Committee (SC)<sup>23</sup> meeting which was held virtually to discuss the (a) general structure of the 2022 G20 Bali Update to advance its writing process according to the G20 Modernized Accountability Framework of 2020 (MAF) and (b) the progress of the drafting process of the "Development Commitment Progress Report."

On **20 May 2022**, following the 1<sup>st</sup> DWG SC meeting, IsDBG provided the DWG secretariat with the Bank's updates on the G20's "Development Commitment Progress Report."<sup>24</sup> The IsDBG's input to the progress report included technical information on the progress the IsDBG has achieved over the past year in different areas such as (a) the G20 platform on SDG Localization and Intermediary



IsDBG's participation in G20 DWG's 1st Meeting (Jakarta, 24-25 February)

 $\langle \mathbf{x} \otimes \mathbf{x}$ 

<sup>21</sup> BRAVE (Business Resilience Assistance for Value-Adding Enterprises) is a program that was initially launched in Yemen in 2016 by IsDB and ICD to combine capacity building and a grant-matching scheme concept for MSMEs in addition to value chain support, all within an integrated framework that responds to private sector challenges in fragile contexts. The program was later expanded to include Nigeria and Burkina Faso and developed further components to provide targeted support to women-owned and led MSMEs.

<sup>22</sup> EWASME (Empowering West African Small and Medium Enterprises) is a program launched by the IsDBG in 2018 to empower about 1,000 womenowned and led SMEs within the rice value chain in Guinea, Niger, Senegal, and Sierra Leone. The program is fully funded by Women Entrepreneurs Finance Initiative (We-Fi).

<sup>23</sup> The DWG Steering Committee was created by the DWG and tasked to write the drafting process of the DWG's report on accountability and annual progress on collective action in the 2022 G20 Bali Update, which is one of the DWG's four main deliverables in 2022.

Cities; (b) the IsDBG's Transport Sector Policy and Strategy (2022 – 2026) and key infrastructure development contributions; (c) the IsDBG's Energy Sector Strategy; and (d) the IsDBG's efforts toward promoting SSTrC.

On 24-25 May 2022, the IsDBG delegation contributed to the drafting process of other DWG deliverables, by actively participating in the 2<sup>nd</sup> DWG meeting in Yogyakarta. As requested by the Indonesian DWG team, the IsDBG delegation made four interventions during this meeting, stressing the IsDBG's support to the DWG action agenda, particularly on MSMEs and blended finance. IsDBG delegation also showcased relevant IsDBG flagship initiatives and programs, outlining IsDBG's efforts to promote the green and blue economy through innovative and alternative financing instruments and climatefriendly activities. Additionally, IsDBG delegation emphasized the importance and potential of Islamic Finance to further promote innovative and blended sustainable finance, citing the example of the IsDBG's Green and Sustainability Sukuk. Additionally, IsDBG delegation affirmed the Bank's leadership in SSTrC and its importance to support multilateralism.

After the meeting, IsDBG technical team provided the DWG secretariat with written comments on

the G20 Roadmap and G20 Principles Zero-Draft Document. The comments suggested introducing some technical text edits to the G20 Roadmap Zero-Draft to make the document more cognizant of LDCs, the rural population, and the inclusivity of the green transition. The comments also pointed out the importance of asset-based and Islamic Finance modalities as potential tools for mobilizing and scaling up sustainable private finance and advised for their consideration in the G20 Principles final document.

It is worth noting that on the sidelines of the DWG 2<sup>nd</sup> meeting, **IsDBG Sherpa Team and Regional Hub of Jakarta jointly organized two side events** in coordination with the Indonesian G20 Presidency team of Bappenas, and UNDP's office in Jakarta.

The first side event was a hybrid interactive seminar on "Strengthening MSMEs Productivity, Competitiveness, and Resilience in Facing Future Shocks Post COVID-19 Pandemic in Developing Countries, LDCs and SIDS." The event had two sessions on "Responsive Policy Interventions Supporting MSMEs During Pandemics: Lessons Learned from COVID-19 Crisis" and "Preparing MSMEs for the Digital Economy and Solutions for Transitioning MSMEs to Adapt to and Tap into Industry 4.0." IsDBG's Resident Representative in Jakarta delivered the opening remarks at the event and the



IsDBG's participation, 2<sup>nd</sup> DWG meeting (Yogyakarta, 24-25 May)

24 The G20's "Development Commitment Progress Report" is a stock-take report that showcases the progress of the G20 active development commitments of different G20 members, invited countries, IOs, and MDBs, to be monitored in the 2022 G20 Bali Update.

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 



IsDBG presenting technical expertise on MSMEs' support during DWG seminar (Yogyakarta, 23 May)

Head of IsDBG Center of Excellence (CoE) in Kuala Lumpur, Malaysia, gave a presentation introducing IsDBG's experience on policy challenges facing entrepreneurship and MSMEs. The presentation highlighted the efforts and initiatives of IsDBG CoE Malaysia in supporting MSMEs by focusing on areas of Islamic Finance, Halal industry, and STI.

The second side event was an interactive workshop on "Scaling-up Blended Finance and Private Finance to Reach the Last Mile of Sustainable Development." The workshop included a discussion on how to find a nexus on the role and mandate among governments, local intermediaries, MDBs, and private sectors to work collectively and resolve SDG financing gap through a blended finance approach, exploring best practices and actionable policy recommendations of blended finance both at the policy and the field levels. IsDBG's Director of Resilience and Social Development participated as a panelist in the workshop where he discussed the current challenges of financing global development. He stressed the need for coordinated efforts to scale up innovative financing tools, including Islamic financing tools such as Green Sukuk and Takaful financing. Furthermore, he showcased some of IsDBG's good practices to mobilize innovative financing, including IsDBG's Sustainable Finance Framework (SFF).



IsDBG shares expertise on scaling up private and blended finance (Yogyakarta, 23 May)



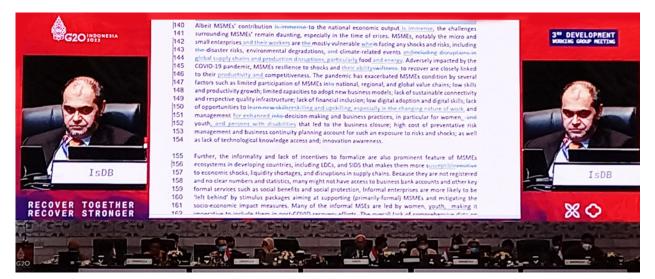
Additionally, IsDBG participated in the **3<sup>rd</sup> and last DWG meeting**, which was held in Bali on 10-12 August 2022, as well as in the subsequent virtual drafting sessions. In this meeting, IsDBG further contributed to the drafting process of DWG deliverables and made sporadic interventions to share technical expertise on Islamic Finance and Islamic financing tools, and their potential role in promoting innovative financing and supporting MSMEs.

Prior to the meeting, the IsDGB's technical team provided the DWG secretariat with written comments on the Zero Draft 2022 Bali Update, stressing the importance of considering innovative financing frameworks such as Islamic Social Finance resources (i.e., Zakat and Waqf) among the G20 Principles to Scale up Blended Finance in Developing Countries. The comments also provided the IsDBG's technical views on issues such as digital financial literacy, MSMEs support, financial inclusion, and economic empowerment.

Likewise, IsDGB's technical team provided written comments on the Zero Draft Ministerial Vision Statement document, stressing the key role MDBs can play in scaling up blended finance in developing countries. The comments advocated for a "leaveno-country-behind" approach to address the COVID-19 pandemic and highlighted the key role of the G20 in promoting global vaccine equity by facilitating distribution between countries where herd immunity has been met and those where it is significantly lacking. Moreover, IsDBG provided written comments on the 1<sup>st</sup> Draft of the G20 Roadmap document,



IsDBG's contribution to the works and drafting of the DWG has successfully led to the acknowledgement of IsDBG's views in the final outcomes of the DWG. Islamic Finance was recognized in the G2O Roadmap document among the financing tools that can unlock much larger amounts of private finance for alleviating MSME financial constraints. Islamic Finance was likewise counted in the G2O Principles document among the potential financing sources indispensable to broaden the impacts of blended finance



IsDBG's engagement in the drafting of DWG Deliverables during the 3rd DWG meeting (Bali, 10-12 Aug)





IsDBG's Participation in the G20 Development Ministers Meeting (Belitung, 8 September)

emphasizing the important role of MDBs in developing and supporting the G20 Roadmap, the role of green Islamic Finance in promoting MSMEs, and the potential of MDBs to play a leading role in promoting and facilitating SSTrC.

In addition, IsDBG also participated in the **G20 Development Ministerial meeting**, which was held in Belitung on 7-9 September 2022, represented by IsDBG resident representative in Jakarta on behalf of H.E. IsDBG President. During the meeting, IsDBG emphasized its commitment to supporting the efforts of the Indonesian G20 Presidency under different G20 WGs, particularly the DWG, and called upon all G20 members to join forces to support the DWG chair toward the successful accomplishment of all its deliverables, and to support the C20 Summit.

Finally, IsDBG participated physically in the **last DWG informal meeting, which was held on the** sidelines of the 7<sup>th</sup> annual workshop organized

and co-hosted by OECD and UNDP in Paris on 24-25 November 2022. During this meeting and workshop, IsDBG delegation showcased the Bank's contributions to the DWG throughout the year and provided IsDBG views on the proposed 2023 DWG agenda under the Indian Presidency, pointing out the importance of G20 commitment to accelerating the progress of the SDGs, and sharing IsDBG's technical expertise on issues related to financing the sustainable development transition and digital transformation.

It is worth noting that IsDBG's contribution to the works and drafting of the DWG has successfully led to the acknowledgement of IsDBG's views in the final outcomes of the DWG. Islamic Finance was recognized in the G20 Roadmap document among the financing tools that can unlock much larger amounts of private finance for alleviating MSME financial constraints.<sup>25</sup> Islamic Finance was likewise counted in the G20 Principles document among the potential financing sources indispensable to broaden the impacts of blended finance.<sup>26</sup> IsDBG's



<sup>25 &</sup>quot;G20 Roadmap for Stronger Recovery and Resilience in Developing Countries, including LDCs and SIDS" – Action 5 – Paragraph 3: "... Guarantee schemes, impact investing microfinance, Islamic finance where appropriate, and sustainability-related financial instruments, alternative risk models, and other promising blended finance initiatives provide evidence that public or donor funding can unlock much larger amounts of private finance towards alleviating MSME financial constraints...". Full document is accessible on the G20 DWG portal: dwgg20.org

<sup>26 &</sup>quot;G20 Principles to Scale up Blended Finance in Developing Countries, including LDCs and SIDS" – Paragraph 9: "For blended finance to achieve its full potential, its deployment must increase substantially... ... We also take note of the potential of other financing sources, such as Islamic finance among others as indispensable to broaden the impacts of finance". Full document is accessible here: dwgg20.org



IsDBG labor experts participate in G20 EWG meetings (Yogyakarta 10-12 May)

technical expertise and advocacy on Islamic Finance was key in such recognition by the G20.

#### 3.2 Employment Working Group (EWG)

**<u>EWG Team</u>**: Salah Jelassi, Deni Fauzi, En'amulrahman Malkawi, Hasan Hilmi, and Jawara Gaye

Recognizing that "employment must be at the heart of the actions and policies to restore growth" and, in line with G20's commitment "to renew efforts to combat unemployment and promote decent jobs, especially for youth and others who have been most affected by the economic crisis", the G20 Leaders established the Task Force on Employment (TFE) in 2011. Due to the importance of the TFE on growth, labor, employment and social challenges, the G20 Leaders agreed in 2014 to transform it into a fullyfledged WG. The EWG's mandate is to address priority labor, employment, and social issues to further develop strong, sustainable, balanced, inclusive and job-rich growth.

Under the Indonesian G20 Presidency, EWG has operated under the theme "Improving The Employment Condition to Recover Together" focusing its work on four priority issues: 1) Inclusive Labor Market and Affirmative Decent Jobs for Persons with Disabilities (PWD); 2) Human capacity development for sustainable growth of productivity; 3) Sustainable Job Creation Towards Changing World of Work; and 4) Adapting labor protection policies for more effective protection of all workers and increased resilience. In line with IsDBG's new strategy, EWG activities have drawn a very special attention of IsDBG's engagements within the G20 under the Indonesian G20 Presidency.

IsDBG started engaging in the EWG since its 1<sup>st</sup> **Meeting**, which was held virtually between 8-10 March 2022. During this meeting, IsDBG was engaged in different technical discussions on the progress of the G20 Behavioral Insight Knowledge Exchange Network; the inclusive labor market and affirmative decent jobs for persons with disabilities; best practices to strengthen Community-Based Vocational Training (CBVT); as well as the four mega trends that have a major impact on job markets namely: digitalization, climate change, globalization, and demographic changes.

On 10-12 May 2022, IsDBG participated in the **2<sup>nd</sup> EWG meeting** in Yogyakarta, where discussions were focused on issues related to sustainable job creation and labor protection policies, including the progress of the G20 Entrepreneurship Action Plan, best practices and lessons learned related to entrepreneurship, MSMEs support, effective protection, and increased resilience for all workers.

During the meeting's 1<sup>st</sup> session, IsDBG gave a lead presentation on the Bank's technical experience



IsDBG sharing technical expertise on entrepreneurship and MSMEs development (Yogyakarta 10-12 May)

related to the challenges and opportunities to entrepreneurship development and **MSMEs** support. IsDBG's presentation included highlights on the state of youth employment and challenges facing entrepreneurs and SMEs in IsDB MCs. The presentation also shared technical findings of IsDBG's report on "State of the Ecosystem for Youth Entrepreneurship in Indonesia," and showcased IsDBG flagship employment programs such as VOLIP, BRAVE Women, YES, DEEP and STEP Programs<sup>27</sup>, and the group's recent achievements related to SMEs support and job creation. Additionally, IsDBG intervention was concluded with lessons learned and recommendations to address issues in five key areas: 1) enabling and empowering the ecosystem (policy and regulatory; business development and market access), 2) access to finance and incentives, 3) human capital and entrepreneurship culture, 4) innovation and technology, and 5) business development support and infrastructure.

Furthermore, H.E. IsDBG president was invited by H.E. Indonesia's Minister of Manpower to participate in the **G20 Labor and Employment Ministers Meeting (LEMM)**, which was held on 13-14 September in Bali, as a briefer on the topic of "Global Labor Markets: the measures being taken



IsDBG gave a lead presentation on the Bank's technical experience related to the challenges and opportunities to entrepreneurship development and MSMEs support. IsDBG's presentation included highlights on the state of youth employment and challenges facing entrepreneurs and SMEs in IsDB MCs.

across the world to recover together on labor and employment sector". IsDBG resident representative in Jakarta gave a statement, on behalf of H.E. IsDBG President, where he reiterated IsDBG's commitment to supporting the Indonesian G20 Presidency and the "Recover Together, Recover Stronger" agenda towards promoting a sustainable global recovery and improving the employment conditions to recover together.

27 VOLIP. Vocational Literacy Program; BRAVE Women: Business Resilience Assistance for Value adding Enterprises; YES: Youth Employment Support Program; DEEP. Families Economic Empowerment Program; STEP. Skills, Training & Education for Refugees Program.





IsDBG's resident representative in Indonesia addresses G20 Labor Ministers on behalf of IsDBG President (Bali, 14 September)

The statement also showcased IsDBG's efforts towards mitigating the adverse impact of the pandemic and realization of SDGs, especially SDGs 8 (Decent Work and Economic Growth) and 10 (Reduced Inequalities) with a focus on supporting IsDBG MCs in areas of skills development for enhanced employability in productive jobs and marketable skills, with special attention to women and youth. The statement also pointed out IsDB Flagship Employment Programs citing the example of Indonesia - where IsDB completed a project to develop 11 Technical and Vocational Education and Training (TVET) facilities in nine provinces, contributing to graduation of over 100,000 students and enabling 20,000 people to develop SMEs and generate self-employment.

#### 3.3 Agriculture Working Group (AWG)

<u>AWG Team</u>: Nur Abdi, Yerzhan Jalmukhanov, and Shaharyar Jawaid

The G20 AWG (or Agriculture Deputies Group) was created in 2011 to support the preparation of the Agriculture Ministers Meeting. It has become an essential forum to strengthen cooperation on the issues of global food security, nutrition, sustainability and resilience of agricultural and food systems, and to address the need to promote the development of sustainable agriculture. Under the Indonesian G20 Presidency, the AWG adopted an ambitious agenda that focused on three areas, namely: 1) Building a resilient and sustainable food systems and agriculture by employing technology and innovation diversity food production and minimize waste; 2) advocating an open, predictable and transparent agricultural trade to ensure food availability and affordability; and 3) Promoting digital agriculture technology to improve productivity, market efficiency and enhance the welfare of small-holder farmers. These priority areas are important for the development of the agri-food sector in IsDBG MCs but also are relevant and timely to address the current and future global challenges and opportunities the sector faces.

The global agri-food system has been greatly challenged over the past three years. Agriculture production and the food industry were disrupted by the supply chain constrains caused by COVID-19. Farmers around the globe faced increasing input cost, particularly fertilizers. This has translated into higher consumer food prices. The conflict in Ukraine further aggravated global food supply chains. IsDBG MCs, across all regions, have felt the impact. To address these challenges, IsDBG has launched FSRP with a total financing package of USD 10.54 billion to support member countries address both shortterm and longer-term food security constraints MCs face. IsDBG has also revised its business



strategy covering the period 2023-2025 to intensify the Bank's interventions in Agriculture and Rural Development sector to support Green, Resilient and Sustainable infrastructure, as well as interventions related to Nutrition and Food Security. In line with this, IsDBG was committed to actively engage in the works of the G20 AWG throughout 2022.

IsDBG has been engaged in the AWG's activities starting from the 1<sup>st</sup> Agriculture Deputies Meeting under the G20 Indonesia Presidency, which was held Virtually on 30-31 March 2022. In this meeting, IsDBG took note of the AWG agenda and expected deliverables and followed the updates on the G20 Agricultural Market Information System (AMIS) platform which was created in 2011 to enhance food market transparency and policy response for food security. Also, IsDBG delegation expressed the Bank's support to the Indonesian G20 Presidency and the AWG agenda, pointing out its harmony with the Bank's new strategy which aims to assist MCs to build back better by focusing on investing in human capital development including agri-entrepreneurship development, and developing green, resilient and sustainable infrastructure including climate smart agriculture.

During the meeting, IsDBG delegation also emphasized the importance of G20 AWG's recognizing in its communique the need to support a) developing countries raise agricultural productivity (as precursor to achieving food security and resilient food systems), and b) smallholders' access to market and open and fair trade for food commodities. In this regard, IsDBG highlighted the importance of supporting the Africa Continental Free Trade Agreement (ACFTA) which is an important milestone for the economies in Africa where millions of smallholder farmers will have access to crossborder markets. IsDBG delegation also pointed out that global value chains post-pandemic are shifting to regional and sub-regional, hence, becoming shorter, less fragmented, and more concentrated, which provides opportunities but also challenges for the agriculture production-based economies of developing countries.

IsDBG also attended virtually and in person the 2<sup>nd</sup> AWG meeting held in Yogyakarta, on 27-29 July 2022, participating in discussions on the drafting



IsDBG launched FSRP with a total financing of \$10.54 billion to support member countries address both shortterm and longer-term food security constraints they face. IsDBG has also revised its business strategy for 2023-2025 to intensify the Bank's interventions in Agriculture and Rural Development sector to support Green, Resilient and Sustainable infrastructure, as well as interventions related to Nutrition and Food Security. In line with this, IsDBG was committed to actively engage in the works of the G20 AWG throughout 2022.

of the G20 Agriculture Ministers' communique on "Balancing Food Production and Trade to Fulfil Food for All". During the meeting, the Bank joined other delegations to a field visit of an integratedfarming system of cocoa plantation and goat milk at the Agriculture Techno Park (TTP) of Nglanggeran. Subsequently, the IsDBG participated in the Intersessional Agriculture Deputies Meeting that took place virtually on 30-31 August 2022 to continue drafting the ministerial communique.

Furthermore, H.E. IsDBG President was invited by H.E. the Indonesian Minister of Agriculture to participate in the **G20 Agriculture Ministers' Meeting (AMM)** which was held in Bali on 27-29 September 2022. IsDBG delegation delivered a statement on behalf of the president expressing the Bank's concern over rising poverty levels among low-income food-deficit IsDBG member countries, showcasing IsDBG efforts to address the food security crisis – such as IsDBG' USD 10.54 billion financing package known



as FSRP and its participation in the USD 10 billion funding for food security initiative announced by the ACG. IsDBG also reiterated its commitment to supporting the G20 Presidency in delivering the recommendations of the AMM's chair's summary.

In addition to this engagement, IsDBG has also been involved in the coordinated effort between the AWG and the G20 finance track.

On the 3<sup>rd</sup> of October 2022, ISDBG participated in the **G20 Joint Finance and Agriculture Deputies** Virtual meeting, to contribute to the drafting of the Concept Note on "Strengthening Global Collaboration to Tackle Food Insecurity" put forth by G20 AWG, which was endorsed by the G20 Finance and Agriculture Ministers in their joint meeting on October 11 as the "G20 Global initiative to tackle food insecurity". This initiative provided a two-pronged action plan that aims at conducting a mapping exercise (led by WB Group and FAO) to identify gaps in the food security response in addition to providing support for the IFI's Action Plans and encouraging additional support to GAFSP and other critical elements of the global response to food insecurity.

During this meeting, IsDBG delegation reiterated the Bank's support for the G20 presidency's agenda and for the proposed initiative and concept note. IsDBG delegation also showcased IsDBG's efforts to tackle food security challenges in the Bank's constituency and collaboration with partners, such as WFP, towards funding emergency food supply to address the humanitarian situations in most vulnerable countries.

H.E. IsDBG President also reemphasized this message during his participation in the G20 Joint Finance and Agriculture Ministers meeting, which was held on 11 October 2022 in Washington D.C., on the sidelines of the WBG-IMF annual meetings. In this meeting, HE the President reaffirmed IsDBG's commitment to work with all stakeholders to tackle the current food insecurity challenges, and showcased IsDBG's related efforts - such as the IsDBG FSRP, which aims to support MCs' immediate needs for food and fertilizer and structural challenges in building resilient and sustainable food systems in the medium to longer term. H.E. IsDBG President also stressed the importance of international coordination and working together to address the challenges of food insecurity, and commended the ACG for collectively announcing a minimum of USD 10 billion financing package for common member states.

Finally, it is worth noting that IsDBG has been actively participating in some of the technical side events of the AWG during 2022. For instance, IsDBG technical experts actively participated in the Global Forum on Digital Agriculture Transformation in Accelerating Women and Youth Entrepreneurship that was held on 27 September



**2022 in Bali**, under the patronage of H.E. Indonesia's Minister of Agriculture. The forum aimed to strengthen solidarity of G20, particularly on issues related to 1) Leveraging Digital Agriculture and Revitalizing the Role of Women and Youth towards Agriculture Entrepreneurship and 2) Sharing Current Perspectives and Initiatives to Increase the Participation and Capacities of Women and Youth in Implementing Digital Agriculture.

## 3.4 Trade, Investment & Industry Working Group (TIIWG)

TIIWG Team: Nasser Al-Thekair, Mohammed-Hedi Mejai, Fathu Hidayat, Hamdi Ahmedou, Yehia Amin, Abdouramane Diallo, Mabroor Choudhury, Imed Drine, Chahir Ben Halima, Marouan Abid

The G20 TIIWG was established in 2016 to address the major issues related to trade and investments and to work on coordinating the action of the G20 countries to strengthen trade and investments worldwide. Under the Indonesian G20 Presidency in 2022, TIIWG adopted an ambitious agenda that aimed to address six priority issues, namely: 1) Facilitating WTO Reform, especially on vaccines and pandemic PPR tools; 2) Advocating a stronger Multilateral Trading System "MTS" for a robust global recovery and SDGs achievement; 3) Formulating a trade and investment related Response to the Pandemic and Global Health Architecture; 4) Promoting digital trade to facilitate resilient economic recovery, and exploring solutions to make supply chains secure, resilient, fair and sustainable; 5) Spurring sustainable investment to accelerate global economic recovery; and 6) Promoting sustainable and inclusive industrialization by establishing a "G20 Dialogue on Industry 4.0" to act as a platform for Industry 4.0 stakeholders.

Such topics are of high importance to IsDBG, especially to the Bank's investment department and to the International Islamic Trade Finance Corporation (ITFC)<sup>28</sup> – IsDBG's entity specialized in trade promotion among member countries -



IsDBG delegation to TIIWG and TIIMM (19-23 September, Bali)

28 ITFC was established in January 2008 with the primary objective of advancing trade among Organization of Islamic Cooperation (OIC) member countries, which would ultimately contribute to the overarching goal of improving the socio-economic conditions of the people across the world. As an IsDBG entity, ITFC has provided more than US\$66 billion of financing to IsDBG member countries, making it the leading provider of trade solutions for these countries' needs. More details about ITFC are available here: <a href="https://www.itfc-idb.org/">https://www.itfc-idb.org/</a>

29 ICD was established in November 1999 to support the economic development of IsDBG member countries through the provision of finance for private sector projects, promoting competition and entrepreneurship, providing advisory services to the governments and private companies and encouraging cross border investments. ICD has an authorized capital of \$4 billion. Currently, the shareholders of ICD are the IsDB's 55 Member Countries and five public financial institutions. More details about ICD are available here: <a href="https://icd-ps.org/en">https://icd-ps.org/en</a>





ITFC CEO addresses G20 Trade, Investment, and Industry Ministers, on behalf of IsDBG's President (23 September, Bali)

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

and The Islamic Corporation for the Development of the Private Sector (ICD)<sup>29</sup> – IsDBG's entity specialized in promoting private investments. For this reason, IsDBG was keen to engage in TIIWG activities, despite the technical nature of the group that confines its participants to G20 members, and trade-related international organizations.

After rounds of coordination between IsDBG Sherpa team, the regional hub in Jakarta, and technical experts with their counterparts within the Indonesian Ministry of Trade (TIIWG chair), the group decided to invite IsDBG to participate in **the TIIWG's 3<sup>rd</sup> meeting**, **which was held on 19–20 September in Bali**. During this meeting, IsDGB took note of all the progress achieved by the TIIWG during its first two meetings in March and July as well as the group's outcomes and deliverables and contributed to the drafting of the G20 Trade and Investment Ministers' statement (which was adopted as a chair's summary).

Additionally, H.E. IsDBG's president was invited by H.E. Indonesia's Minister of Trade to participate in the **Trade**, **Investment**, **and Industry Ministerial meeting (TIIMM)**, which was held on 21–23 September in Bali. The CEO of ITFC, and Acting CEO of ICD participated in this meeting and delivered a statement on behalf of H.E. IsDBG president, stressing the importance of promoting inclusive and sustainable trade that is regulated for fairness and transparency to achieving growth and development.

The statement emphasized the importance of strengthening supply chains through regional integration and leveraging digital solutions to promote resilient and efficient supply chains, and showcased IsDBG's related efforts and initiatives such as IsDBG's US\$ 850 million "COVID-19 Vaccine Access Facility (IVAC)" - launched in 2020 to support vaccine development, manufacturing, procuring, and delivery to end beneficiaries - as well as the Arab Africa Trade Bridges (AATB) Program and the Aid for Trade Initiative for the Arab States (AfTIAS). Furthermore, the statement emphasized IsDBG's commitment to the SDGs and the green transition through issuance of Green Sukuk and investing in more than 20 investment funds in partnership with other MDBs and institutional investors. IsDBG remarks also insisted on the importance of multilateralism and partnerships, including through SSTrC, towards achieving the SDGs.

In addition to contributing to those TIIWG meetings, IsDBG has also actively participated in **the "High-**

Level Forum on Trade, Investment & Industry" which was organized by the G20 Presidency and TIIWG chair on 26-27 July 2022. During this forum, IsDBG technical experts engaged in technical discussion and shared IsDBG views on a number of topics, including: The role of the Multilateral Trading System (MTS) in achieving the SDGs; promoting Sustainable and Innovative Investment; ensuring Sustainable and Resilient Industry 4.0; and the role of digital economy in building a resilient global supply and value chains.

#### 3.5 G20 Empower

<u>G20 Empower Team</u>: Hamza Alsaktawi, Abdi Abdullahi, Ahmed Berthe, and Rafif Alam

The G20 Alliance for the Empowerment and Progression of Women's Economic Representation (G20 EMPOWER) is a G20 WG that aims at accelerating women's leadership and empowerment in the private sector across the G20 countries. The alliance brings together private sector and government leaders to jointly advocate for and enact women's advancement to leadership positions in the private sector. G20 EMPOWER is considered the most inclusive and action-driven alliance among business leaders and governments for women leadership and empowerment.

Under the Indonesian G20 Presidency, G20 EMPOWER followed the priority issues from previous Presidency by monitoring progress on female leadership in the private sector through three main actions: 1) Standardize across sectors, monitor and

compile the core G20 EMPOWER KPIs, measuring the female share of workforce, promotion, pay, executive roles, managerial positions, etc.; 2) Encourage public disclosure on the achievement of those KPIs by G20 companies and undertakings; and 3) Further drive change at a global level and to reinforce the centrality of women in leadership positions. Towards this, the 2022 G20 EMPOWER agenda focused on three main priority issues, namely: 1) Advancing accountability for G20 EMPOWER KPIs implementation; 2) Supporting women in SMEs as drivers of economic growth; and 3) Increasing women involvement in the economy and workforce through upskilling and digital enablement.

IsDBG is committed to promote women's empowerment throughout its 57 MCs. Mainstreaming women and other vulnerable groups at the strategic and operational levels has been given critical attention to ensure that IsDBG interventions contribute to promoting inclusive and sustainable development. The bank has endeavored to unlock the "untapped potential" of women and girls through better access and control of resources that can generate an increase of status and well-being. With this approach, IsDBG was keen to participate in the activities of the G20 EMPOWER under the Indonesian G20 Presidency.

IsDBG participated in the G20 EMPOWER 1<sup>st</sup> **Plenary meeting**, which was held virtually on 11 March. During this meeting, IsDBG took note of the G20 EMPOWER working agenda, priority issues, and KPIs. IsDBG delegation pointed out the importance of the inclusion of vulnerable groups while developing

#### Recap: Recommendations (to be shared to main room)

	Recommendations
1	Overall agree on the challenges & recommendations
2	Monitoring & target-setting to evaluate progress
3	Helping women confidence using MDBs and using public-private collaboration
4.	Enhancing crowd-funding and funding for WSMEs by rallying stakeholders and setting policies
5.	Networking & scholarships to support women
6.	Encouraging WSMEs across stakeholders (Role-modelling of successful WSMEs, signposting support)

IsDBG participating in G20 Empower Meetings (17-19 May)





policy and institutional frameworks and emphasized that tackling issues of poverty and inclusion requires comprehensive and multidimensional approaches that involve different actors, including the private sector, civil society, as well as multilateral and regional development banks.

Additionally, IsDBG participated virtually in the G20 EMPOWER 2<sup>nd</sup> Plenary meeting, which was held from 17-19 May, in Yogyakarta, to contribute to the discussion on the main challenges and obstacles faced by women in SMEs (access to finance; absence of key skills; limited access to a wider professional network, and lack of supporting technologies) and how to enhance women's entrepreneurship, role and leadership. During this meeting, IsDBG delegation emphasized the importance of involving MDBs (beside government and private sectors) in areas of women empowerment in MSMEs, especially when it comes to micro-finance and crowdfunding. IsDGB also suggested to have MDBs playing a greater role in this regard by introducing a digital financial services platform (such as ICD's FinLit Platform) to be sponsored and backed by interested MDBs to serve the unbanked and underserved SMEs, and by facilitating the establishment of a Venture Capital (VC) Fund to be founded by women, supported by MDBs, and fully dedicated to women-owned and women-led businesses.

Moreover, IsDBG participated virtually in the **3**<sup>rd</sup> **Plenary meeting** of the G20 EMPOWER, which was held on 26 July, to discuss Building Digital Resilience and Future Skills for Women and to share IsDBG's best practices and recommendations to enhance women's skills and adaptability within the digital sphere in areas such as technical design, programming, monitoring, control, evaluation, etc.

#### 3.6 Health Working Group (HWG)

<u>**HWG Team**</u>: Salah Jelassi, Ammar Abdo, and Deni Fauzi

Indonesia assumed the G20 Presidency in late 2021 on the backdrop of the culmination of the negative consequences of COVID-19 on the global economy. This context shaped the Indonesian G20 Presidency to make global health the first of three issues tackled under its agenda which revolves around recovery from the pandemic, as evident in its motto "Recover Together, Recover Stronger". It is against this backdrop, that the work of the HWG gained its importance among the G20 different workstreams throughout 2022.

Under the Indonesian G20 Presidency, HWG focused on three ambitious priority issues, namely: 1) Building Global Health System Resilience to respond to current and future global health threats by facilitating the pooling, accessing, and mobilizing the necessary medical and financial resources; 2) Harmonizing global health protocol standards for cross-border travel; 3) Expanding Global Manufacturing Hubs for vaccine, therapeutics, and diagnostics tools particularly in Low- and Middle-Income Countries while Improving Knowledge-sharing for Pandemic PPR.

The importance of global health issues is significant for IsDBG as well. In June 2022, the Bank officially adopted its new strategy which sets "Boosting recovery" as the first strategic pillar governing the group's strategic framework for the period 2023-2025. The strategy also attributes a special



The importance of global health issues is significant for IsDBG. In June 2022, the Bank officially adopted its new strategy which sets "Boosting recovery" as the first strategic pillar governing the group's strategic framework for the period 2023-2025. The strategy also attributes a special importance to promoting inclusive human capital development by focusing on Universal Healthcare and Nutrition among other objectives.





IsDBG's engagement in the 2<sup>nd</sup> G20 Health Ministers' meeting (27-28 Oct, Bali)

importance to promoting inclusive human capital development by focusing on Universal Healthcare and Nutrition among other objectives. Considering this, IsDBG has actively engaged in the activities of the HWG.

For instance, IsDBG participated in **the first meeting of the HWG, which was held virtually on 28-29 March 2022**, to participate in the technical discussions on harmonizing safe and healthy travel procedures, synchronization of health protocols, and the recognition of COVID-19 vaccine certificates worldwide.

Also, IsDBG participated in the **2<sup>nd</sup> G20 Health Ministers Meeting** under the Indonesian G20 Presidency, which was held in Bali on 27-28 October 2022, as well as in the preceding G20 **Health Deputies' Meeting** on 26 October, where IsDBG and WBG were the only two MDBs invited. During those meetings, IsDBG contributed to discussion, review and adoption of the four main components of the G20 Action to strengthen global health architecture and build resilience against future health crises.<sup>30</sup> During the meeting, IsDBG's resident representative in Jakarta delivered, on behalf of H.E. IsDBG President, the opening and closing remarks on the Action to Strengthen Global Health Architecture by highlighting IsDBG's support to the health sector, showcasing the Bank's commitment for its MCs' recovery from the pandemic through its COVID-19 SPRP<sup>31</sup>, and sharing the success of the Bank's polio eradication program for Pakistan. IsDBG delegation also showcased the re-alignment of the group's strategy, which is supporting procurement, production, and supply chain of preventive, diagnostic and therapeutic tools including rapid diagnostic tools, vaccines, and medicines.

Also, on the sidelines of the meeting, IsDBG's delegation was received by H.E. the Minister of Health of the Republic of Indonesia. The meeting

<sup>32</sup> https://twitter.com/isdb\_group/status/1585623463267532800?s=20&t=Nmhv3T8h7Tzeoqf8TIIEFA



<sup>30</sup> The G20 Health Ministers' "Action to Strengthen Global Health Architecture" was adopted during the 2nd G20 Health Ministers Meeting (HMM), which was held in Bali on 27-28 October, as part of the chair's summary of the meeting. This G20 Health Ministers' Action has four main components: 1) Building Global Health System Resilience through strengthening support for the establishment of the pandemic Prevention, Preparedness, and Response of the Financial Intermediary Fund (The Pandemics Fund); 2: Harmonizing Global Health Protocols; 3: Expanding Global Manufacturing and Research Hubs for Pandemic PPR; and 4) Side events on Tuberculosis, Antimicrobial Resistance, and Implementing a One Health approach.

<sup>31</sup> As a response to the COVID pandemic, in early 2020, IsDBG launched a US\$ 4.67 billion Strategic Preparedness Response Program (SPRP) to provide financial support to its member countries to face the direct and indirect impacts of the pandemic. The program adopted a 3R's short- to medium- and long-term approach to help member countries respond immediately to the challenges thrown by the COVID-19 pandemic, and then support to restore their efforts to bring them back up on their feet and help restart their economies.

included discussion on the ongoing health project initiatives by IsDBG in different areas of Indonesia and ways to enhance cooperation between the Bank and the Indonesian government in areas of neurology, cardiology, primary healthcare, and health manufacturing.<sup>32</sup> In particular the discussion focused on five main points: The assessment of the progress in the implementation of the Six Hospitals project in Maternal and Child Health Care; supporting the last stage of effectiveness of the ongoing oncology project, and involving the IAEA in the capacity building and nuclear equipment acquisition; potential cooperation to Improve Primary Health Care service delivery by focusing on Community Health Workers and public health laboratories at primary and secondary levels; needs assessment for Cardiology and Neurology services; and Health manufacturing including support to selected state-owned and private companies for producing the essential drugs and vaccines for Indonesia. A brief on IsDBG's health efforts in Indonesian is available in Box 5 below.



IsDBG delegation with HE Indonesia's Health Minister - G20 2<sup>nd</sup> Health Ministers Meeting (27-28 Oct, Bali)

#### Box 5: on IsDBG's health portfolio in Indonesia

### IsDBG's runs an active health portfolio and conducts a number of health cooperation projects in Indonesia Below is an outline of some of the top IsDBG health projects in Indonesia:

- Strengthening of National Referral Hospitals and Vertical Technical Units Project:

The total project cost of \$293 million with IsDB financing of USD 262 million and the Government of Indonesia (GoI) contribution of \$31 million. This project aims to increase the availability, accessibility, and quality of maternal and child health services through upgrading six National Referral Hospitals in five provinces across Indonesia. The project most important outcomes are: To reduce maternal mortality ratio (MMR) below 70 per 100,000 births; end preventable deaths in new-borns and toddlers; reduce neonatal mortality to less than 12 per 1,000 births; and reduce under-five mortality to as low as 25 per 1,000 births.

#### - Strengthening Of National Referral Hospital On Oncology Center Project:

The total project cost is approximately EUR 230.025 million, with IsDB financing amount of EUR 205.002 million and the GOI portion EUR 25.003 million. IsDB's financing will strengthen the oncology services for six National Referral Hospitals in 3 main islands of Indonesia, with a population of 110 million people. The Key Results Indicators are: (At least) 70.000m2 of oncology infrastructure will be built, 300 hospital beds will be added, 800 oncology workers will be trained and national cancer registry system will be improved. The Project will open access to additional 100,000 cancer patients annually.

#### - Improvement of Artificial Intelligence (AI) and advanced analytics for COVID-19 Containment:

The project is technical grant through Reverse Linkage project to the Ministry of Health, Digital Transformation Office with total package of \$560,000 and IsDB contribution of \$270,000 and provider's contribution of \$29,000. The overall goal of the project is to equip MoH-DTO with a robust and effective data center infrastructure able to effectively mitigate not only the COVID -19 pandemic but also future health crisis by providing the authorities with comprehensive and timely data analysis.





On the sidelines of the meeting, IsDBG's delegation was received by H.E. the Minister of Health of the Republic of Indonesia. The meeting included discussion on the ongoing health project initiatives by IsDBG in different areas of Indonesia and ways to enhance cooperation between the Bank and the Indonesian government in areas of neurology, cardiology, primary healthcare, and health manufacturing.

#### 3.7 Tourism Working Group (TWG)

TWG Team: Osman Buyukmutlu, Houssem Eddine Bedoui, and Lyal Mafaz Kurdi

The G20 TWG was created in 2020, considering the essential role that the sector plays at the global level in terms of economic growth, job creation, preservation of natural and cultural resources, and achievement of the SDGs. The work of TWG this year has been very vital to the G20, as the international tourism industry was among the sectors touched the most by the outbreak of COVID-19.

Under the Indonesian G20 Presidency, TWG focused its activities on coordinating and sharing policies and measures to be taken for a rapid recovery of international tourism. Towards this, TWG 2022 agenda focused on empowering people through the further development of MSME and communitybased tourism through five lines of action, namely: 1) developing Human Capital by improving skills,



# 

entrepreneurship, and education; b) promoting Innovation, Digitalization, and the Creative Economy; c) Women and Youth Empowerment; d) Climate Action, Biodiversity Conservation, and Circular Economy; and e) Improving Policy, Governance, and Investment Frameworks.

IsDBG views tourism as a driver of economic growth and development, an important source of employment, and an effective tool for job creation in MSMEs. This is particularly true in IsDBG MCs that have a strong tourism sector such as Saudi Arabia - the largest destination for religious tourism globally - and the Maldives - where tourism accounts for over 28% of the economy's GDP – as well as many other IsDBG states.



Against this backdrop, IsDBG was keen on supporting the TWG 2022 agenda. For instance, IsDBG participated virtually in the 1<sup>st</sup> TWG meeting which was held by the Indonesian Ministry of Tourism and Creative Economy (MOTCE) on 10-11 May 2022. During this meeting, IsDBG delegation took note of the TWG proposed agenda, and engaged in technical discussion on the importance of human and social capital as well as digitalization as prerequisites for the recovery of the post-pandemic tourism and the transformation towards a more quality and sustainable tourism.

After the meeting, IsDBG experts provided technical comments on the Zero Draft of the G20 Bali Guidelines, commending the TWG's focus on the five pillars (Human Capital: Jobs, Skills, Entrepreneurship, and Education - Innovation, Digitalization, and the Creative Economy - Women and Youth Empowerment - Climate Action, Biodiversity Conservation, and Circular Economy -Policy, Governance, and Investment Frameworks) and providing IsDBG views on each pillar. IsDBG inputs also showcased related initiatives - such as SSTrC and Reverse Linkage technical cooperation mechanism - and engagements - such as IsDBG chairing the MDBs Working Group on Gender (WGG) in May 2022.

Additionally, on **23-25 September**, **IsDBG participated virtually in the TWG 2<sup>nd</sup> meeting**, which was held in Bali, to contribute to the discussion on the links between tourism and cultural and creative sectors, the importance of cultural and creative sectors internationally, and the benefits and challenges of creating a more united approach to cultural and creative tourism policy.

Moreover, H.E. IsDBG President was invited by H.E. the Minister of Tourism and Creative Economy Head of Tourism and Creative Economy Agency of the Republic of Indonesia to participate in the **G20 Tourism Minister's meeting, which was held on 26-27 September** in Bali, as well as the accompanying Celebration of World Tourism Day. ICD participated virtually in this meeting, on

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 



 $\langle \mathbf{x} \langle \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x} \langle \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x}$ 

behalf of H.E. the President. During the meeting, IsDBG expressed support to the TWG outcomes to improve the efficiency and effectiveness of tourism salvage and to accelerate tourism transformation toward a more human-centered, inclusive, sustainable, and resilience.

# 3.8 Digital Economy Working Group (DEWG)

#### DEWG Team: Houssem Eddine Bedoui

Due to the technical nature of the DEWG discussions, IsDBG was invited as an observer at a late stage, and thus could not contribute much to the WG agenda. In fact, after deliberations on the Sherpa level during the 2<sup>nd</sup> Sherpa meeting, in July 2022, IsDBG was invited by the DEWG chair to participate as an observer member starting from the group's third meeting. This was IsDBG's first involvement in DEWG 2022, as the only invited MDB (The only IOs invited were: ITU, OECD, UNCTAD, and UNESCAP).

Upon invitation, IsDBG participated physically in the 3<sup>rd</sup> DEWG meeting which was held in Labuan Bajo on 20-21 July 2022. IsDBG delegation took note of the technical discussion on digital skills and cross border data flow.

IsDBG has also participated physically in the **DEWG 4<sup>th</sup> Meeting, which was held on 28-30 August 2022** in Bali. During this meeting, IsDBG took note of the technical points of discussion related to the DEWG's Ministerial Communique, which was adopted as the "G20 Digital Economy Minister Meetings 2022, Chair Summary", in particular: digital security, digital literacy, and cross-border data governance.

Following this meeting, IsDBG Sous-Sherpa participated physically, on behalf of H.E. IsDBG President, in the **G20 Digital Economy Ministers' meeting (DEMM)** which was organized on September 1<sup>st</sup> 2022, as well as in the **G20 Digital Innovation Network** (DIN) which was held on 2-4 September 2022 in Bali as one of the key initiatives of the DEMM.

## **3.9 Anti-Corruption Working Group** (ACWG)

ACWG Team: Jalal Khan and Mohamadou Gamdji

Since its inception in 2010, the ACWG has been acting as the G20's arm to address all forms of corruption. ACWG has been acting as G20's arm to improve the group's common commitment to embrace anti-corruption principles, and to advise the G20 Leaders on anti-corruption related issues. Under the Indonesian G20 Presidency in 2022, the ACWG focused on issues of transparency and accountability for both the public and the private sector. Towards this, ACWG focused its 2022 agenda on addressing four priority issues: 1) Enhancing the role of audit in tackling corruption; 2) Promoting public participation and anti-corruption education; 3) Developing best practices of professional enablers of money laundering (such as trust and company service providers, lawyers, accountants and real estate agents); and 4) Promoting anti-corruption in the renewable energy sector.

As an MDB that is actively involved in anti-corruption WGs of several international organizations - such as WBG, OECD, IMF, UNODC (UN Office on Drugs and Crime), and FATF (Financial Action Task Force) – IsDBG was keen to engage in the activities of the ACWG under the Indonesian G20 Presidency. IsDBG's engagement in the ACWG attached a particular attention to issues related to the professional enablers for Anti-money laundering and promoting public participation and anti-corruption education.

In this context, IsDBG's Compliance Division participated physically in the 2<sup>nd</sup> ACWG meeting held in Bali between 5-8 July 2022. During this meeting, IsDBG delegation was invited to give a lead presentation on IsDBG's Compliance Section's Anti-Corruption Related Activities and Work-Program. IsDBG delegation made a comprehensive presentation on the subject highlighting IsDBG's Compliance Division's key activities, work program relevant to the ACWG, and explained its function and mandate to deal with all of ex ante integrity and

IsDBG delegation was invited to give a lead presentation on IsDBG's Anti-Corruption Related Activities and Work-Program. IsDBG delegation made a comprehensive presentation on the subject highlighting IsDBG's Compliance Division's key activities, work program relevant to the ACWG, and explained its function and mandate to deal with all of ex ante integrity and compliance related matters, the group's business and activities, and its Governance Framework related to Anti-Corruption duties.

compliance related matters, the group's business and activities, and its Governance Framework related to Anti-Corruption duties, including: identification, prevention, monitoring & detection, resolution/mitigation,advisory,awareness&capacity development, and reporting. The presentation also touched upon IsDBG's Global Engagements related to Anti-Corruption, namely holding the observer status in various compliance related international organizations such as Asia-Pacific Group on Money Laundering (APG); the Inter-Governmental Action Group against Money Laundering in Western Africa (GIABA); and the Task Force on Money Laundering in Central Africa (GABAC), and seeking to obtain an Observer Status in the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and the Caribbean Financial Action Task Force (CFATF).





IsDBG's Compliance Division participating in G20 ACWG (5-8 July, Bali)

Furthermore. IsDBG's Compliance Division participated virtually in the third and final ACWG meeting which was held on 26-29 September 2022 in Canberra, Australia. During this meeting, IsDBG contributed to ACWG's Compendium of Good Practices on Public Participation and Anti-Corruption Education, Compendium of Good Practices on Regulatory Framework and Supervisory Measures for Legal Professionals to Mitigate Corruption-Related Money Laundering Risks, and Accountability Report progress review. During the meetings, IsDBG's delegation made interventions stressing the need for stronger partnerships between governments, multilateral organizations, private sector and civil society, to curtail the menace of corruption money laundering and other financial crimes, pointing out the links between the utilization of the proceeds of corruption and other financial

crimes such as money laundering and financing terrorism. IsDBG's delegation also emphasized IsDBG's commitment to fighting corruption within the Bank's financed projects and MCs in line with the Bank's commitment to implementing the ACWG's 2022 recommendation.



# 04

## ENGAGEMENT GROUPS (EGS) PARTICIPATION

In addition to the finance and Sherpa track, IsDBG has also been engaged in some of the G20's EGs. As previously explained, this year the G20 had 10 EGs that aimed to enhance dialogue with the different groups of society on a host of areas of key relevance to G20's work, particularly topics related to entrepreneurship, labor, youth, women's empowerment, urban policies, sustainable development, and the fight against inequalities.

The subsections below elaborate on IsDBG's engagements and interventions in some of the G20 EGs.

#### 4.1 Youth Engagement Group (Y20)

Y20 Team: Yehia Amin, and Iqbal Reza Fazlurrahman

Established in 2010, the Y20 is the official youth engagement group for the G20. The Y20 is a platform that brings together young leaders from across the globe, to discuss their thoughts and views on global challenges towards developing policy recommendations they would like to see G20 Leaders take forward. The list of policy recommendations of Y20 is captured in the group's communiqué, which is announced publicly at the Y20 Summit and consequently presented to G20 Leaders as part of the G20 summit.

Under the Indonesian G20 Presidency, the theme of the 2022 Y20 was titled "From Recovery to Resilience: Rebuilding the Youth Agenda Beyond COVID-19". Under this theme, Y20 Delegates and Observers were called to focus their activities to address four main priority areas: Youth Employment (YE), Digital Transformation (DT), Sustainable and Livable Planet (SLP), and Diversity and Inclusion (DI). The details of each priority issue were presented in Y20 Whitepapers that set the stage for the group's work across 2022.<sup>33</sup>

Given the special importance IsDBG attaches to youth development, the Bank was keen on actively engaging in the Y20 activities throughout 2022. Early on, the Y20 Organizing Committee placed IsDBG as an Observer within the group's Diversity and Inclusion Track.

IsDBG Observer, following his nomination in April 2022, submitted a policy proposal addressing two of the sub priority areas within DI track: 1) Inclusive and Quality Education; and 2) Creative Economy and the World of Work. Both policy proposals are available in **Annex 3 below**.

Subsequently, IsDBG Observer participated virtually in three different **Y20 Pre-Summit meetings** (on

23-24 April, 21-22 May, and 18-19 June 2022) to participate in the discussions and drafting process of the Y20 Communique.

Furthermore, IsDBG Observer participated physically in the **Y20 Summit** which was held during the period 17-24 July 2022 in Jakarta and Bandung. During the summit, IsDBG Observer contributed to the communique drafting process, and actively participated in the discussions and re-drafting of several Y20 policy proposals, particularly on the sub-priority areas related to Inclusive and Quality Education and the Creative Economy and the World of Work.

IsDBG's Participation in the Y20 Summit was an excellent opportunity to raise awareness among participating youth leaders about IsDBG's work scope, operations, developmental contributions, as well as the Bank's Islamic financing framework. Educating future leaders from different G20 countries about Islamic finance and Islamic development was a remarkable value added of IsDBG's contribution in the Y20. On the other hand, IsDBG's engagement in Y20 was also an excellent opportunity for IsDBG's young professionals to learn about the intricacies of G20's work, and to build their capacity through engaging in policy dialogues and reviewing policy proposals on a host of crucial developmental topics.



IsDBG's Participation in the Y2O Summit was an excellent opportunity to raise awareness among participating youth leaders about IsDBG's work scope, operations, developmental contributions, as well as the Bank's Islamic financing framework.

33 Y20 Whitepapers for each priority issue are accessible via the following links: YE: <a href="https://tinyurl.com/46yswnsm">https://tinyurl.com/46yswnsm</a>; DT: <a href="https://tinyurl.com/mw58uhpx">https://tinyurl.com/46yswnsm</a>; DT: <a href="https://tinyurl.com/mw58uhpx">https://tinyurl.com/mw58uhpx</a>; SLP: <a href="https://tinyurl.com/403r3r34">https://tinyurl.com/403r3r34</a>).



#### 4.2 Business Engagement Group (B20)

**B20 Team**: Osman Buyukmutlu, Ahmed Bin Abdul Khalid, Salah Jelassi, Iqbal Reza Fazlurrahman and Fatih Turkmen

The B20 is the official G20 dialogue forum with the global business community. Established in 2010, the B20 is tasked with formulating policy recommendations on business related issues and presenting them to the G20 leaders.

In 2022, the B20 was organized by the Indonesian Chamber of Commerce and Industry (KADIN) and was assisted by an international advocacy caucus consisting of CEOs from leading companies in G20 countries. Under the Indonesian G20 Presidency, B20 worked through Six Task Forces and one Action Council to deliver policy recommendations on seven topics, namely: Trade and Investment; Energy, Sustainability and Climate; Digitalization; Finance and Infrastructure; Future of Work and Education; Integrity and Compliance; and Women in Business. Given the relevance of such topics for IsDBG, and particularly to the group's private sector development arm, ICD, the Bank was engaged in many B20 activities this year. ICD participated virtually in the B20 inception meeting which was organized

on 27 January 2022 by "KADIN", supported by Indonesia's biggest companies - such as PT Astra International, PT Bayan Resources, PT Indika Energy and Sinar Mas Group, etc. -, and attended by several Indonesian ministers. During this meeting, IsDBG took note of the B20's agenda and workplan under the Indonesian G20 Presidency.

Additionally, IsDBG contributed to some B20 side events organized by B20 Finance and Infrastructure Task Force (F&I TF). For instance, IsDBG participated in a B20 seminar on "Blended Finance and Knowledge Exchange" which was organized in Jakarta on 29 September 2022. In this event, IsDBG's technical experts from the Bank's regional office in Jakarta participated as panelists in session on "The Challenges & Opportunities in Scaling Blended Finance". IsDBG experts introduced their views on how blended finance can mobilize private investment to expedite infrastructure development, stimulate economic growth, and facilitate the energy transition, and shared some of IsDB's hands on policy recommendations on utilizing blended finance in originating, arranging, and managing assets in IsDBG member countries, and assisting private sector stakeholders who seek exposure to MCs with rapid economic growth, such as Indonesia. Furthermore, IsDBG shared the Bank's approach to



IsDBG Regional Hub of Jakarta engages in B20 events





IsDBG sharing technical expertise with B20 on Blended Finance (Jakarta, 29 Sep)

infrastructure development with a focus on social benefit, attracting private sector investment, and ensuring project commercial viability and presented case studies on implementing blended finance in IsDBG projects in Indonesia.

#### **4.3 Think Engagement Group (T20)**

<u>**T20 Team**</u>: Sami Al Suwailem, Rami Abdelkafi, and Houssem Eddine Bedoui

The T20 is the official G20 EG bringing together leading think tanks and research centers worldwide. It serves as the "ideas bank" of the G20 and aims to provide research-based policy recommendations to the G20 Leaders. This year, T20 was co-chaired by the University of Indonesia's Institute for Economic and Social Research (LPEM FEB UI) and the "Center for Strategic and International Studies (CSIS)", a renowned Jakarta-based Indonesian think tank.

Under the Indonesian T20 Presidency, T20's work was orchestrated by the following nine task forces: TF1 : Open Trade and Sustainable Investment; TF2 : Meaningful Digital Connectivity, Cyber Security, Empowerment; TF3 : Governing Climate Target, Energy Transition and Environmental Protection; TF4 : Food Security and Sustainable Agriculture; TF5 : Inequality, Human Capital, and Well-being; TF6 : Global Health Security and COVID-19; TF7 : International Finance and Economic Recovery ; TF8 : Resilient Infrastructure and Financing ; TF9 : Global Cooperation for SDGs Financing . It is worth noting that IsDB Institute played a key role in the T20 in 2022 by co-chairing the TF9.

On 9-10 February 2022, **IsDB Institute participated in the T20 Inception Conference** which was held virtually under the title "Realizing Inclusive Recovery from the COVID-19 Pandemic" as T20's opening meeting. IsDB institute also participated in the Task Force Parallel Meeting held in preparation for the evaluation of different papers submitted to TF9, conducting thorough evaluation of the following three Policy Briefs: 1) Moving Beyond GDP to Achieve the SDGs; 2) Financing the Sustainable Blue Economy; and 3) Impact Investing: Fueling the SDGs.

It is worth noting that early this year T20's TF9 received 45 Policy Brief abstracts covering eight policy areas: 1) Framework on SDGs blended financing; 2) Enabling SDGs financing ecosystem; 3) SDGs debt swap and other innovative financing; 4) Private sector engagement for the SDGs: the implementation of ESG strategies; 5) Enhancement for financial institution to support SDGs financing; 6) Platform for multilateralism and multi-stakeholder partnerships for SDGs blended financing; 7) Strengthening MDBs' role in supporting SDG financing for developing countries; and 8) Philanthropies' contributions in SDGs blended financing. Out of these 45 abstracts received and evaluated by the TF9 members, 15 have been selected and authors were invited to develop the policy briefs.



#### It is also worth mentioning here that **IsDBG submitted the following two abstracts**: (full proposals available in **Annex 4** below)

1- "Scaling Islamic finance for enhanced climate action"  $^{\scriptscriptstyle 34}$ 

A policy paper about the role of Islamic financial products, and the unique window of opportunity they could provide to align elements of Islamic finance investments with low-carbon, climate resilient and green recovery agendas in this critical SDG's decade for action.

2 - "Recovery and Resilience Building Through Integrated, Transformative and Shock Responsive Social Protection" <sup>35</sup>

A policy paper stressing the need for investing innovatively – using digitalized options - in social protection to strengthen resilience of individuals, societies, economies, and countries to achieve equity, advance economic and job-rich recovery and at the same time strengthen resilience and prepare for future shocks at the individual, society, and country levels.

Moreover, on 4-6 September 2022, IsDBG participated physically in the T20 summit, in Bali, to contribute to the discussion of the researchbased policy advice and recommendations on the three main priorities of Indonesia's G20 Presidency, to ensure IsDBG's views are reflected in the T20 communiqué, and to learn from the Indonesian experience dealing with the compromise between the research results and political considerations.

Additionally, H.E. IsDBG President was invited by the Indonesian Lead Co-Chair of T20 TF9, and the Director of Indonesia's Central for Islamic Economics and Business "PEBS" in the University of Indonesia", to participate as a keynote speaker at the T20 webinar that was held on **21 September under the title "Rethinking the role of Islamic social finance in achieving SDGs"**. The director of IsDB Institute participated in this event on behalf of H.E. the President, where he shared IsDBG filed expertise from IsDBG member countries on the development of Islamic social finance sector; the impact of this sector on realizing the SDGs; and the opportunities and challenges faced by this sector in achieving the SDGs particularly in IsDBG MCs.

#### 4.4 Women Engagement Group (W20)

#### W20 Team: Rafif Alam, and Abdi Abdullahi

Established in 2015, the W20 is the official G20 EG concerned with promoting issues related to gender equality and women's economic empowerment as an integral part of the G20 process. The group' main objective is to ensure that the gender considerations are mainstreamed into G20 discussions and reflected into the G20 Leaders Declaration in the form of policies and commitments that lead to women empowerment.

This year, the W20 was led by the Indonesian Ministry of Empowerment and Child Protection, in collaboration with International Knowledge Partners, UN agencies, academic civil society organizations, government agencies, private sector, and other stakeholders. The W20 adopted an ambitious agenda titled: "Recover Together, Equally" that focused on four main focus areas or priority issues, namely: 1) Promoting equality, safety, and welfare by eradicating policy discrimination; 2) Achieving economic inclusion by supporting MSMEs owned and managed by women; 3) Inclusion of marginalized women, especially those in rural areas and with disabilities; and 4) Highlighting the impacts of COVID-19 on maternal health, family planning and services for women victims of gender-based violence, to promoting a gender equitable health response.

In line with IsDBG's engagement in the G20 Empower WG, the Bank was closely following the work of the W20. For instance, IsDBG's Women Empowerment Team participated in the 1<sup>st</sup> W20 plenary meeting, which was held in Batu, East Java, on 8-9 March 2022, to contribute to the discussions on the suggested agenda and share the Bank's recommendations on ways to support women in MSMEs.

34 Authors: Daouda Ben Oumar Ndiaye, Bradley Hiller, Olatunji Yusuf, and Habib Abubakar

35 Authors: Abdi Abdullahi and Elmoiz Ismail Mahmoud



### 4.5 Research & Innovation Initiative Gathering (RIIG)

**<u>RIIG Team</u>**: Salah Jelassi, Fatih Turkman, Deni Fauzi, and Ahyahudin Sodri

RIIG is a G20 gathering or an informal group that seeks to enhance and strengthen research and innovation collaboration among G20 members. Under the Indonesian G20 Presidency, RIIG was hosted by Indonesia's National Research and Innovation Agency (BRIN). The group was focused on two main themes: 1) Enhancing Collaboration among G20 members on Research and Innovation Through Sharing of Facilities, Infrastructures and Funding, and 2) Biodiversity Utilization to Support Green and Blue Economy.

RIIG attributed special importance to improving international research and innovation cooperation across scientific disciplines by involving stakeholders and actors from diverse backgrounds. IsDBG, as a south MDB that draws its membership from 57 countries across four continents is, therefore, well poised to contribute to RIIG's work. As a development institution that aims to promote SSTrC, especially in areas of transition to greener economy and promoting inclusive human capital, IsDBG was keen to cooperate with RIIG platform throughout 2022.

ISDB participated in RIIG's different meetings. For instance, on 13 April 2022, ISDBG RHJ participated virtually in the 1<sup>st</sup> RIIG meeting, to contribute to the discussions on issues related to biodiversity utilization to support green and blue economy, especially financial aspects of the adoption and implementation of new technologies and innovations for the green and blue economy and promoting the use of renewable energy to ensure access to affordable, reliable, sustainable, and modern energy for all.

Moreover, on 25-26 August 2022, IsDBG RHJ participated in the 2<sup>nd</sup> RIIG meeting and contributed to the discussions on RIIG's Theme 1 "Enhancing Collaboration on Research and Innovation through Sharing Facilities, Infrastructures, and Funding" and took noted of Indonesia's proposal to develop a Global Biodiversity Research and Innovation Platform (GBRIP) to support infrastructure sharing, training, and capacity building in this area.

Additionally, on 16 September 2022, IsDBG RHJ participated virtually in the G20 RIIG Intersessional meeting during which the discussion on the content of RIIG's Ministerial declaration was initiated. Furthermore, on 27 October, IsDBG RHJ participated in the 3<sup>rd</sup> RIIG that was held in Jakarta, for technical discussion and to provide inputs and review on the main components of the ministerial declaration.

Moreover, H.E. IsDBG President was invited by the chairman of BRIN to participate in the G20 Research and Innovation Ministers Meeting and Indonesia Research and Innovation Expo 2022 (InaRI Expo 2022) which was held in Jakarta during the period 27-30 October 2022, where IsDBG was the only MDB invited. IsDBG RHJ participated in the meetings and delivered the opening and closing remarks on behalf of H.E. IsDBG President, highlighting IsDBG support to the research and innovation sector, and referring to the recent re-alignment of IsDBG strategy. IsDBG remarks emphasized the importance of cooperation to lower the cost of research, to facilitate the achievement of the SDGs, and to enhance global cooperation towards developing effective responses to emergency threats such as the COVID-19 pandemic.



IsDB delivers keynote speech at the G20 Research and Innovation Ministers Meeting (27 October, Jakarta)



# 05

## ISDBG PARTICIPATION IN THE G20 BALI SUMMIT

H.E. IsDBG President conducted a high-level visit to Indonesia during the period from 14-18 November 2022 to participate in the G20 Leader's summit, which took place on 15-16 November 2022 in Bali, and some of the summit's side events, as well as to conduct bilateral meetings with the government officials of the Republic of Indonesia.<sup>36</sup>

36 H.E. IsDBG President was received at the Bali G20 Leaders' summit by H.E. the President of the Republic of Indonesia: https://twitter.com/isdb\_group/status/1592402865791737857 https://twitter.com/isdb\_group/status/1592483274873802753?s=20&t=a\_exVal0m3CuEROPTwKFZQ

 $\langle \mathbf{a} \otimes \mathbf{b} \otimes \mathbf{b}$ 

#### First: The G20 Leaders' Summit

In response to an invitation from H.E. the Minister for Foreign Affairs of the Republic of Indonesia, H.E. IsDBG President participated in the G20 Leaders' Summit accompanied with a high-level (1+8) delegation that comprised of IsDBG Sherpa, Resident Representative in Jakarta, as well as senior staff members of IsDBG's president's office, Sherpa team, regional hub in Jakarta, and media department.

This high-level participation was a manifestation of IsDBG's strong commitment to supporting the Indonesian G20 Presidency, and a culmination of IsDBG's active engagement in the G20 throughout 2022.

H.E. IsDBG President actively participated in all the summit's three working sessions. He addressed



H.E. IsDBG President received at the G20 Summit by H.E. the President of the Republic of Indonesia (Bali, 15 Nov.)



H.E. IsDBG President addressing the G20 Leaders' Summit (Bali, 15-16 Nov)

G20 Leaders twice in two different sessions to elaborate on IsDBG plans on issues related to food and energy security and digital transformation.

H.E.'s first intervention in session 1 was focused on the ongoing global food and energy crisis. During his statement, he congratulated the Gol for the remarkable success of its G20 Presidency and applauded its active leadership throughout this challenging year. He also introduced IsDBG and showcased the Bank's efforts towards achieving the 2030 Agenda, including: the group's recent strategy realignment, launching of the USD 10.5-billion FSRP, contribution to the \$10 bn ACG's initiative, and contribution of \$13 bn in the recently announced ACG's \$24 bn climate financing package.

In his second statement in session 3 on Digital transformation, H.E. IsDBG President pointed out the unique opportunity presented by the rapid global digital transformation to support the development of resilient, inclusive, and sustainable economies. He emphasized IsDB's commitment to supporting digital transformation efforts in its 57 MCs and the Bank's cooperation with international organizations



80 IsDBG's Participation in G20 2022 Under the Indonesian Presidency 🔀 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 💥 🔶 🎇 🔶 🎘



available in **Box 6** below)<sup>37</sup> After the summit, IsDBG congratulated Indonesia

for its groundbreaking success in leading the G20, a success that was manifested in the summit's successfully adopting a G20 Leaders Declaration that affirmed the G20 Leaders' commitment to "take coordinated actions to advance an agenda for a strong, inclusive and resilient global recovery and sustainable development". <sup>38</sup>

37 Media coverage of H.E. ISDBG President participation in Bali summit: https://twitter.com/isdb\_group/status/1592499162397888512?s=20&t=6wiYdpl ASBcmtOg3I-Ppow https://twitter.com/isdb\_group/status/1592917427008196609?s=20&t=I-rSzrAS9QN-JEM8hY\_18w

38 The Full G20 Leaders' Declaration and attachments is available here: <u>https://web.kominfo.go.id/sites/default/files/G20%20Bali%20Leaders%27%20</u> Declaration%2C%2015-16%20November%202022%2C%20incl%20Annex.pdf



#### Box 6: H.E. IsDBG President's statements at Bali Summit

#### First: On Food and Energy Security

Excellency President Widodo... Respected G20 Leaders,

I would like to congratulate the Indonesian Government for the remarkable success of its G20 Presidency. I would like to also thank you for inviting the Islamic Development Bank this year. As one of our most important member countries, we are proud of your wisdom, and active leadership throughout this challenging year.

IsDB is a south-south multilateral development institution, hosted graciously by the Kingdom of Saudi Arabia, serving 57 member countries since 1975. Unfortunately, more than half of our member states are struggling with fragility in one way or another. while recovering from the pandemic, the geopolitical crisis, and climate change catastrophes, are posing serious threats to food and energy security, especially in highly indebted countries.

The progress towards achieving the 2030 Agenda and its 17 SDGs has been tremendously hindered; in particular, SDG1: to end poverty and SDG2: to end hunger... To adapt to the needs of our countries we have realigned our strategy to focus on three objectives 1) Boosting Recovery; 2) Tackling Poverty & Building Resilience; and 3) Driving Green & Sustainable Growth... Moreover, we recently launched a 10.5-billion USD Food Security Response Program to rebuild food stocks in the short-term and to support sustainable and resilient food systems in the long-run. We have also contributed to the 10-billion USD Arab Coordination Group's initiative to support food and fertilizers imports... Just last week, at the COP27 in Egypt, the Arab Coordination Group announced a cumulative US\$ 24 billion financing by 2030 to address the global climate crisis. Of this amount, the ISDB will contribute a minimum of US\$ 13 billion.

IsDB will spare no effort in unlocking the great potential of Islamic Finance to help in scaling up global development funding... Developing countries look up to your esteemed forum, hoping that your resolute intentions and coordinated actions would bring about an end to the misery and suffering of hundreds of millions worldwide... Thank you.

#### Second: On Digital Transformation

Mr. President... Highnesses and Excellencies,

The rapid global digital transformation is a unique opportunity to leapfrog and support the development of resilient, inclusive, and sustainable economies... The outbreak of COVID-19 particularly emphasized this potential for developing countries. For instance, UNESCO announced that nearly 1.6 billion students in 194 countries were impacted by school shutdowns in 2020. Technology was the key to help students adapt their learning processes in these challenging times. Unfortunately, many students in developing and least developed countries did not have the same advantage because of the lack of sufficient digital infrastructure... In the post-COVID world, digital transformation is no longer a choice; it is mandatory in both developed and developing countries. The ICT sector proved to be an essential tool for the survival of almost all areas of the global economy, from international trade and finance to local health and education.

IsDB has been committed to supporting digital transformation efforts in its 57 member countries. Digitalization and bridging the digital divide are key priorities for us. We have developed a range of initiatives and financed digital infrastructure projects; some are showcased in the Indonesian G20 Presidency deliverables... Working towards achieving the digital inclusion of the developing countries, IsDB is considerably collaborating with international organizations to deepen our engagement with key stakeholders and to contribute significantly to bridging the Digital Divide... We applaud the Indonesian Initiative to launch the "G20 Action for Strong and Inclusive Recovery" to which IsDB has contributed with innovative projects... We look up for the G20 leaders to endorse this ambitious initiative in their declaration, towards a concrete G20 action that enables the world to Recover Together and Recover Stronger... Thank you.





H.E. IsDBG president interacting with other Heads of IFIs and MDBs on the sidelines of G20 Summit

#### Second: The G20 Summit's Side Events

<u>**Team</u>**: Rami Ahmed, Salah Jelassi, Mohamed Hedi Mejai, Zakky Bantan, Mohsin Sharif, Hilal Hussain, Adel Alshotairy, Ahmed Diken, Aminuddin Ariff, & Houssem Eddine Bedoui.</u>

In addition to H.E.'s engagements in the G20 Leaders' summit, H.E. also participated as a keynote speaker in four of the summit's side events, three of which were organized by IsDBG, in partnership with the Indonesian G20 Presidency.

On 14 November 2022, H.E. IsDBG President participated in the **High-Level Panel Discussion on "Leveraging on Sukuk for Sustainable Finance"**, a summit side event that wa's organized by IsDBG Treasury department, in coordination with Bank Indonesia. The event a imed to increase the awareness of the role of Sukuk and promoting its use in green economic recovery financing in IsDBG MC s to reorient the way economic development works to be more sustainable in accordance with the SDGs and the goals of the Paris Agreement. The event also aimed at exploring various kinds of green financing through Islamic finance and sharing IsDBG's successful Green and Sustainability Sukuk issuances during the pandemic.

As part of his keynote address, H.E. IsDBG President re affirmed IsDBG's commitm ent to promote Sukuk as an alternative financing instrument. H.E. highlighted the success story of IsDB Sukuk, through wh ich roughly \$40 billion has been mobilized fr om the capital markets since 2009 for ethical and sustainable projects. H.E. noted that a strong pipeline of green and sustainable projects that are focused on green economic growth, recovery from th e pandemic, climate action, food security, and



 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

H.E. IsDBG President's participation with H.E. Governor of BI in a joint side event (Bali, Nov 14)



H.E. IsDBG President with H.E. Governor of BI and H.E. Governor of SAMA at a joint side event (Bali, Nov 14)

others, will lead to further Green Sukuk issuances and allow investors to participate in the growth story of IsDBG MCs. <sup>39</sup>

The High-Level Panel was moderated by IMF's Assistant Director of the Monetary and Capital Markets Department, and Lead Expert on Islamic Finance. The panelists included the Deputy Governor of Bank Indonesia; Deputy Governor of Bank of England, IsDBG's Acting Director of Treasury Department; and the Chief Investment Officer of Global Sukuk & MENA Fixed Income at Franklin Templeton Middle East.

Also, On 14 November 2022, H.E. IsDBG President participated in the **High-Level Seminar on "Islamic Finance and Digitalization"** which was organized by IsDBG instituted in coordination with Bank Indonesia and the Saudi Central Bank (SAMA). The main objectives of this seminar were to (i) discuss the current issues of rising digitalization that affect economic and financial policies in the jurisdictions that Islamic finance activities are operating; (ii) improve the understanding of digital innovation visà-vis Islamic finance from a regulatory perspective and its impacts on economic and financial stability; and (iii) assessing the application of digital innovation in the area of Islamic financial industry and Islamic social finance in adhering to Shariah principles.

In his keynote address, H.E. IsDBG President emphasized that digital Islamic finance is wellpositioned to economically empower Muslim communities in member and non-member countries, showcasing IsDBG's efforts to contribute to innovative financial technologies and capitalize on these innovations to enhance financial inclusion and support social responsibility. H.E. called upon G20 stakeholders to redouble their effort to overcome the challenges preventing a wider scale deployment of digital Islamic finance innovative instruments and applications through synergies between policymakers, investors, and knowledge houses.<sup>40</sup>

The event comprised of two technical sessions that discussed digital transformation in Islamic finance and showcased digital products in the Islamic financial industry. The sessions were moderated by Co-Founder and CEO of SettleMint<sup>41</sup> and IsDBG Lead Knowledge Solution Specialist, respectively.

39 Media: https://twitter.com/isdb\_group/status/1592053461465829376?s=20&t=a\_exVal0m3CuERQPTwKFZQ

 $\langle \mathbf{x} \otimes \mathbf{x}$ 

<sup>41</sup> A renowned Belgium-based software company that has been providing fintech solutions globally since 2016.

The sessions featured a large number of senior technical experts on the subject, including: Director General IsDB Institute; Deputy Governor of Bank Indonesia; Deputy Governor of Saudi Central Bank (SAMA); Director of Economic and Social Research Department of SESRIC<sup>42</sup>; Director of the National Islamic Economy and Finance Committee (KNEKS), as well as representatives from the Indonesian Economist Association (ISEI) and UNDP.

Also, On 14 November 2022, H.E. IsDBG President was invited by H.E. Indonesia's Minister of Finance to participate as a keynote speaker in the **High-Level Seminar on "Just and Affordable Energy Transition for Indonesia"** and the accompanying **grand launching ceremony of the Energy Transition Mechanism "ETM" for Indonesia**. Organized by the G20 Presidency, the event had high-level attendance led by H.E. the Minister of Finance of the Republic of Indonesia, the ADB President, the World Bank Managing Director, and a number of Finance Ministers from the G20 countries.

Addressing the event, H.E. IsDBG President, lauded the GoI's commitment to delivering a sustainable energy system for the future by launching the ETM Country Platform. H.E. underlined IsDBG's efforts to finance SDG, ESG, and climate action activities over the years, and confirmed IsDBG's readiness to collaborate, demonstrate leadership, and pioneer change to define the energy system's future and map out the net zero business and governance pathways. H.E. pointed out the remarkable partnership between the Bank and the Government of Indonesia in this area and recalled that the strategic focus of IsDBG's 2022-2025 MCPS with Indonesia is facilitating the Green and Sustainable Development in the country.<sup>43</sup>

Furthermore, on 14 November 2022, H.E. IsDBG President participated as a keynote speaker in the High-level workshop on **"Enabling Inclusive Development through South-South and Triangular Cooperation"**, which was organized by IsDB Regional Cooperation and Integration "RCI" department, in cooperation with Bappenas.

This full-day event was held on the sidelines of the G20 Summit with the overall aim to position SSTrC center-stage in the global debate about international development cooperation. The event brought together around 400 academia,



H.E. IsDBG President's address to G20 presidency's High-Level Seminar and "ETM" Launching ceremony (Bali, Nov 14)

42 The Türkiye-based Statistical, Economic and Social Research and Training Center for Islamic Countries (SESRIC) was founded in 1978 as a subsidiary organ of the Organization of Islamic Cooperation (OIC) with a three-fold mandate: 1) To collate, process and disseminate socio-economic statistics and information on and for the utilization of OIC member countries; 2) To study and evaluate the economic and social developments in OIC member countries to help generate proposals that will initiate and enhance cooperation among them, and 3) To organize training programs in selected fields geared to the needs of OIC member countries as well as to the general objectives of the OIC.

43 Media: <u>https://twitter.com/isdb\_group/status/1592044258126868483?s=20&t=a\_exVal0m3CuERQPTwKFZQ</u> and full event's video recording available on: <u>https://www.youtube.com/watch?v=o9Rbly6z1ic</u>





H.E. IsDBG President addresses the side event on SSTrC co-organized by IsDBG and Bappenas (Bali, Nov 16)

international development practitioners as well as decision-makers with the objective to: (i) share best practices, lessons learned and experiences about the state of SSTrC; (ii) discuss key challenges and impediments that hinder the effectiveness of development cooperation; and (iii) outline policy lessons and recommendations for a more inclusive development cooperation system post-pandemic.

The event featured keynote speeches by H.E. IsDBG President, H.E. Indonesia's Minister of National Development Planning; H.E. Deputy Secretary General of United Nations. The event comprised of two panel sessions, and three thematic break-out sessions with discussions on: 1) Promoting National Ecosystems for SSTC for Effective International Development Cooperation; 2) Strengthening SSTC to Support Business Climate and Sustainable Economic Recovery; and 3) Enhancing SSTC in Digital Transformation for an Inclusive and Equitable Future.

The event was attended by high-level speakers, including: President of UN Sustainable Development Solutions Network; Deputy Director of UNOSSC; Executive Director of Indonesia Economic Transformation Center; and Assistant Director of the Swiss Agency for Development and Cooperation "SDC", as well as representatives from different Cooperation Agencies such as Brazil's "ABC", China's "CIDCA", German "GIZ", Japan's International Cooperation Agency "JIC". It is worth noting that the meeting was attended by about 400 participants both physically and virtually.

In his keynote address, H.E. IsDBG President highlighted the impact of the COVID-19 pandemic as well as other crises that have contributed to significant losses in sustainable development in the run-up to 2030. In this context, H.E. IsDBG President drew the attention to the importance of strengthening development cooperation, particularly by leveraging SSTrC to make it more inclusive, just and effective to facilitate achieving the national development objectives and SDGs.<sup>44</sup>

Upon the conclusion of their keynote remarks, H.E. IsDBG President and H.E. Indonesia's Minister of Development Planning signed a Joint Statement on Enabling Inclusive Development through SSTrC. The joint statement highlighted the urgency for more inclusive SSTrC, particularly in generating more innovative solutions and mobilizing financial resources to accelerate the achievement of SDGs.<sup>45</sup>

44 Media: <u>https://twitter.com/isdb\_group/status/1592701237191151616?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/1592834453709393920?s=20&t=a\_exVal0m3CuERQPTwKFZQ\_https://twitter.com/isdb\_group/status/15928440\_https://twitter.com/isdb\_group/status/15928440000</u>

45 Media: https://twitter.com/isdb\_group/status/1592909421226917888?s=20&t=a\_exVal0m3CuERQPTwKFZQ





H.E. IsDBG President and H.E. Indonesia's Minister of Development Planning signed a joint statement on SSTrC.

In addition to H.E. IsDBG President's participation in the four side events outlined above, IsDBG G20 Sherpa team, led by IsDBG Sous-Sherpa, participated in the DWG's Summit's **Side Event on "Dissemination of the G20 Development Working Group Outcome Documents"**, which was organized on 14 November 2022 by Bappenas, in their capacity as the Indonesian Chair of the G20 DWG. The event aimed at acknowledging the successful delivery of the DWG agenda, and to follow up and explore opportunities in implementing concrete actions based on the G20 DWG four outcome documents: G20 Roadmap for Stronger Recovery and Resilience; G20 Principles to Scale up Blended Finance; G20 Chair's Summary on Multilateralism for SDGs; and the 2022 G20 Bali Update on G20



IsDBG G20 Sous-Sherpa participates in panel discussion of G20 DWG's summit side event (Bali, Nov 14)



<mark>※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇※◇</mark> 05 - IsDBG PARTICIPATION IN THE G20 BALI SUMMIT 87



Panel discussion of G20 DWG's summit side event on "Dissemination of the G20 Development Working Group Outcome Documents", (Bali, Nov. 14)

Action Plan on SDGs Development Commitments. The event was inaugurated with keynote speeches by H.E. Indonesia's Minister of National Development Planning, and his deputy for Development Funding (DWG chair), as well as the head of G20 DWG Indian Team. The event also featured roundtable discussions on the DWG dynamics, nature, challenges, as well as DWG's 2022 final outcome documents and how to streamline them to SDGs and National Development Agenda.

IsDBG Sous-Sherpa participated in the event as a panelist and delivered a presentation on IsDBG's engagements in the DWG activities under the Indonesian G20 Presidency and contributions to its deliverables, especially in the area of promoting Islamic finance. The presentation showcased some of the IsDB flagship initiatives in areas of MSMEs, climate transition financing, and innovative Islamic financing (focusing on green and sustainability Sukuk). IsDBG Sous-Sherpa concluded the presentation by reiterating IsDBG's support to the Indonesian G20 Presidency's agenda especially within the DWG and commended the leadership and efforts of Bappenas as the Chair of the G20 DWG.<sup>46</sup>

46 Media: https://twitter.com/isdb\_group/status/1592060641254461440?s=20&t=a\_exVal0m3CuERQPTwKFZQ https://twitter.com/g20org/status/1591582277863378946?s=20&t=wz5gEZ-957b-tsN3f0QDBQ



## ANNEXES

╡**╲ぷ◇ぷ◇ぷ◇ぷ◇ぷ◇ぷ◇ぷ**◇※

#### Annex 1

#### The Islamic Development Bank's (IsDB) Progress Report on the G20 Sustainable Finance Working Group (SFWG) sustainable finance roadmap

This report presents IsDBG's reporting on its progress on Action 5, Action 11, Action 14, Action 15, Action 16, and Action 19, of the G20 SFWG Roadmap, as outlined below:

#### Action 5

G20 and relevant IOs to identify opportunities to promote scaling up of climate and sustainablealigned financial instruments, products, and markets, including sustainable capital market instruments.

#### IsDB's Progress on Action 5

- o In 2020, the Bank a AAA rated institution spanning all across the globe serving its 57 Member Countries - made an ambitious commitment that by 2025 at least 35% of IsDB operations will be especially geared towards climate finance. To achieve this goal, the Bank continues to increase its investments in renewable energy, energy efficient technology, climate smart agriculture, resilient urban, water and transport systems. Most recently in 2021, the Bank is expected to have achieved nearly 31% of all IsDB operations to be geared towards climate finance thereby making the overall 35% target within a striking distance and a short span of time. Moreover, the Bank continues to explore different Islamic finance instruments including Green Sukuk (Islamic green bonds) and other Shariah-compliant instruments to support member countries resources mobilization effort at scale.
- In 2019, the Bank developed a robust and unique Sustainable Finance Framework to help increase its effort in mobilizing capital market resources to support green and sustainable projects and investments in member countries. The framework reaffirms the Bank's longstanding commitment to play a transformative role in the global capital markets with innovative financing solutions via Islamic Finance to help member countries achieve climate objectives and SDGs more broadly.

- With the strong credentials awarded to our Sustainable Finance Framework, IsDB pioneered both Green and Sustainability Sukuk (Islamic Bonds) (highest on record) to mobilize more than 5 billion dollars to-date for climate friendly as well as social development projects (especially in the health sector for COVID response).
- At the Bank, we are also intensifying our efforts in mobilizing more green capital through Public Private Partnership (PPP) for Green and Resilient investments. We are also increasing our reach for blended and financing with private sector actors.
- We are currently supporting our 57 member countries in the implementation and revision of their NDCs through grant resources accessed from the <u>NDC Partnership Climate Action</u> <u>Enhancement Package (CAEP)</u>. Specifically, we are supporting Nigeria, Lebanon, and Palestine in the initial phase. We plan to scale up this sort of engagement through grant-based resources mobilized for member countries.

#### Action 11

Building on existing work, relevant international organizations, networks, and initiatives over the short to medium term should explore the potential financial risk and financial stability implications of climate risks, and, as appropriate, expand the coverage of risk analysis to include other sustainability risks such as nature- and biodiversityrelated risks, over the medium term.

#### IsDB's Progress on Action 11

 In 2021, the Bank commenced the development of a comprehensive climate risk management framework (CRMF) to systematically address physical climate risks in all its operations. Although, the Bank currently already assesses the physical climate risks of all its projects, the new CRMF system would create a comprehensive framework to screen, assess, and consistently manage and monitor physical climate risks, including recommendations on the integration of physical climate risk management into the IsDB's project management system.



- o Subsequently, the system will develop an approach to integrate transitional climate risks and provide a portfolio level climate risk assessment and incorporate environmental, social and governance (ESG) risk related factors (including climate risk) into the IsDB's risk rating models.
- At COP26, the IsDB alongside other MBDs is committed to further mainstream nature into our policies, analysis, assessments, advice, investments, and operations, in line with our respective mandates and operating models. The Bank is current engaged in the MDB Working Group on Nature and Biodiversity to further develop mainstreaming methodologies and standards for incorporating nature in our business operations.

#### Action 14

Encourage MDBs to raise their ambition on climate action, including via taking concrete steps to ensure alignment of their operations to the goals of Paris Agreement and the 2030 Agenda, promote transparent reporting, and analyze their own progress toward alignment. The G20 encourages MDBs to pursue alignment of their operations to the goals of the Paris Agreement within ambitious timeframes, while continuing to support the 2030 Agenda; expanding MDB de-risking facilities for crowding in private sector investments; devoting efforts to capacity building for greening the financial systems in emerging markets and developing economies, including to SMEs, while taking into account the varying country contexts in terms of development levels and needs as well as market maturity; supporting just climate transition of their clients via enhanced efforts for capacity building, while facilitating demonstration projects; and assisting country authorities in developing sustainable recovery strategies and delivering against their Nationally Determined Contributions (NDC) and SDG and biodiversity goals.

#### IsDB's Progress on Action 14

 IsDB Group Climate Change Policy (CCP): In 2019, the IsDB approved its first Climate Change Policy, which comprises four policy actions/pillars that include: (i) mainstreaming climate action plans of member countries into IsDB group activities (ii) promoting resilience to climate change (iii) supporting transition to a green economy and (iv) leveraging resources for climate action.

- <u>5-Year Climate Action Plan</u>: The IsDB has commenced the implementation of its Climate Change Action Plan (2020 – 2025). The 5-Year Climate Change Action Plan sets out how the IsDB mandate on climate change will be implemented with various stakeholders and clients it serves. It also sets out modalities for achieving IsDB's climate finance target of 35% by 2025. In 2021, a remarkable 31% of the Bank's total approvals was for climate action including adaptation and mitigation activities.
- o **Paris Alignment:** The Bank is currently advanced in finalizing its approaches it would adopt towards full Paris Alignment. The IsDB has jointly developed the MDB Paris Alignment principles put in place by all MDBs and currently being refined and tailored to guide each MDB and their clients towards a low carbon and resilient recovery and growth path.
- The MDB Paris Alignment work would further help the Bank define areas where climate finance and development resources need to be directed and prioritized in the context of recovery and restart, and how private sector capital may be mobilized for recovery and long-term plans in line with climate goals.
- o We are currently at the stakeholder's consultation phase and the outcome of this exercise will birth the Bank's commitment on Paris Alignment of our internal and external operations.

#### Action 15

Encourage IFIs, including MDBs, other relevant IOs, and public funds more broadly to mobilize private finance. This can be done through assisting developing country partners in helping domestic financial systems align with the goals of the Paris Agreement and national SDGs plans, developing blended financial instruments and mechanisms, engineering de-risking facilities, and taking other actions to eliminate barriers to sustainable investments with the objectives of promoting private sector investment in sustainability.



#### IsDB's Progress on Action 15

- o In 2022, the IsDB and United Nations Environment Program Finance Initiative (UNEP FI) commenced joint work to scaling up "Climate Finance in the Middle East and North Africa" with the objective of providing technical assistance to commercial financial institutions in the region to develop financial products and services that support financing for climate mitigation and adaptation and for SDGs through an impact-based approach.
- In 2021, the Bank engaged with the Green Climate Fund (GCF) to become the latter's delivery partner to provide readiness support to its member countries to access climate finance. In this context, the GCF approved a US\$ 2.7 million IsDB readiness proposal for private sector climate action in Iraq, Bahrain, Lebanon, Jordan, and Palestine.
- o In 2021, the IsDB and International Fund for Agricultural Development (IFAD) collaborated on the Inclusive Green Financing Initiative (IGREENFIN) aimed at Greening Agricultural Banks & Financial Sector to foster climate resilient, low emission smallholder agriculture in five West African countries of the Green Great Wall Initiative (GGWI) namely Burkina Faso, Côte d'Ivoire, Ghana, Mali, and Senegal.
- In 2021, the Bank collaborated with the General Council for Islamic Banks and Financial Institutions (CIBAFI) to promote Climate Acton in Islamic Financial Institutions across the globe especially for Islamic commercial banks in the private sector.
- The Bank has put in place several operational policies and strategies that guide its business operations with its clients. Specifically, the Bank has further mainstreamed environment, social and governance imperatives in its sector and thematic policies and strategies that would further support private sector stakeholders.

#### Action 16

The SFWG will work with other G20 groups, relevant international organizations, networks, and initiatives as appropriate, to analyze the implications of public policy levers on market signals that could

 $\langle \mathbf{x} \otimes \mathbf{x}$ 

influence sustainable investment decisions. These policy levers could include mechanisms to support clean energy sources, schemes for rationalizing and phasing out inefficient subsidies for fossil fuels that encourage wasteful consumption and, if appropriate, the use of carbon pricing mechanisms and incentives to reduce greenhouse gas emissions and promote green transitions and the achievement of the 2030 Agenda, while providing targeted support for the poorest and the most vulnerable and in accordance to each country's circumstances.

#### IsDB's Progress on Action 16

- o In 2022, the IsDB has updated its overall organizational strategy to consider emerging issues including COVID-19 pandemic, Sustainable Development Goals (SDGs) and transition to low carbon and climate resilient future.
- o For the next three-year period (2023-2025) the Bank will focus on these strategic objectives
  (i) Boosting Recovery, (ii) Tackling Poverty & Building Resilience, and (iii) Driving Green Economic Growth.
- o This will result in **'building back better**' through recovery and economic growth that is environmentally sustainable and made resilient by fortifying the use of natural and human resources and minimizing the risks to the people, the planet, and strengthening the key drivers of an expanding economy.
- Going forward, the Bank will promote green, resilient, inclusive economic growth that is compatible with environmental and climate goals of MCs and inclusive human development, that is built upon a foundation of green, resilient, and sustainable infrastructure. At the IsDB, a Green, Resilient, Inclusive and Sustainable (GRIS) Development approach is being employed to safeguard the interests of the vulnerable populations and build and sustain inclusive development in MCs.
- o These approaches are being advanced through the country dialogues between the Bank and its member countries through the latter's partnership strategies and other engagement platforms.

To support member countries' nationally determined contribution, climate strategies, long-term strategies, net zero commitment, we have dedicated two of the objectives of our strategic direction to focus on Building Resilience and Driving Green Economic Growth in member countries. The focus activities under these strategic pillars include; promoting green and sustainable infrastructure development and mobilize green financing resources, mitigate & promote stronger adaptation to the effects of climate change and a just transition to green economy, tackle vulnerability to climate, environmental and social risks, and boost regional integration, trade promotion, and investments generation in MCs. For the resilience strategic pillar, the focus activities include: building resilience and tackling poverty, support the alleviation multi-dimensional poverty, of promote prosperity, and expand social safety nets, provide immediate response to MCs in fragile contexts and support vulnerable groups and promote job creation especially amongst youth by supporting microfinance to MSMEs and supporting skill development and expanding private sector opportunities

#### Action 19

IOs and other technical assistance providers should coordinate and align their capacity building efforts with the priorities identified in the roadmap.

#### IsDB's Progress on Action 19

- On capacity development on Climate Action, the IsDB continues to support member countries through a suite of capacity development programs. We continue to ramp up effort to support our clients through technical assistance and cooperation toward enhancing human capacity, green knowledge-transfer through reverse linkages, tools development, and regional dialogues on sustainable development.
- In 2021, the Bank in collaboration with the 2050Pathways initiated its Long-Term Strategy (LTS) development country dialogue with six client countries to share lessons and experiences developing long-term strategies for green and

resilient future. In the years ahead, we would strive to increase effort to support capacity development through technical assistance support, and strategic technical cooperation programs.

- We continue to <u>leverage partnership for climate</u> <u>action</u>. Great businesses are found on solid partnerships. We continue to expand our partnership horizon with both public and private actors toward our common goals. As active player in the development landscape, we continue to leverage partnership within the development finance community to increase the share of our blended, concessional and co-financing offering to our clients.
- Through the support of our shareholders, our effort has enabled us increase financing for sustainable infrastructure and services thereby further broadening the market with multiple financing options as well as helping bridge the gap between conventional and Islamic financial industry for sustainable development.

#### Annex 2

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

IsDBG's input to the survey - circulated by the IFA WG secretariat following up on the discussion of the 4th IFA WG meeting (16-17 June, Bali) on the Expert Panel report on the Independent Review of MDBs' CAF - and to the related benchmarking table, which contains information on G20 CAF Review. Submitted to IFA WG secretariat on June 30, and July 6th.

An Independent Review of MDBs' Capital Adequacy Frameworks (CAF):

Survey on 17 Recommendations from draft Panel Report

At the last G20 IFA WG meeting on 16-17 June, IFA WG members received and heard a presentation from the Panel Experts on the Independent Review of MDB's CAF. Members welcomed the draft report and expressed appreciation for the work of the Expert Panel led by Dr. Frannie Léautier. IFA WG members also expressed a wide range of views on the recommendations from the Expert Panel.

Since the issue related to optimizing MDB's resources is regarded as highly important among members

and needs to be elaborated at the G20 level, IFA cochairs would like to collect members' views on the report and on each of the recommendation.

The purpose of this survey is to allow IFA cochairs to draft a summary of this discussion in order to (i) identify the recommendations for which G20 members could express particular interest or encourage MDBs to work further on, and (ii) propose language to be inserted in the July G20 FMCBG Communique for the CAF review.

In this regard, you are asked to provide your feedback by:

- indicating if you agree or disagree with each recommendation presented in the draft Panel Report, by completing the following table.

When you agree, please specify if you consider that the recommendation can be implemented by MDBs independently or if it needs a coordinated approach of MDBs (hence requiring a more important role of the G20).

 indicating your support for report's publication and if you have any suggestion to reformulate some parts in order to facilitate your acceptance of the publication.

Reco	mmendation	Agree	Disagree						
1. Redefine the Approach to Risk Appetite in CAF									
	Shift risk appetite definition toward shareholder-defined limits and away from credit rating agency methodologies		$\checkmark$						
la	The Risk Appetite and financial/risk policies of the IsDB are already driven by the Bank's shareholders. Unlike other major MDBs, none of the IsDB shareholders are 'AAA' rated and the Bank's AAA rating is key towards supporting the development in Member Countries in a sustainable manner. Furthermore, any downgrade to the rating, strategic or otherwise, will have significant impact on the Bank's funding costs and access to markets due to the unique business model and the limitations of the Islamic Capital markets.								
	Ensure that MDB capital adequacy frameworks account adequately for preferred creditor treatment and the concentrated nature of MDB portfolios	$\checkmark$							
1b	Independently		<u> </u>						
	Relocate specific numeric leverage targets from MDB statues to MDB Capital Adequacy Framework	$\checkmark$							
1c	The statutory leverage or gearing ratio in its current form is not expected to be a limitation for the IsDB.								
	Independently								
2. Incorporate Uplift from Callable Capital into MDB Capital Adequacy Frameworks									
2a	Incorporate a prudent share of callable capital into the calculation of capital adequacy, following the approach validated by all three rating agencies	✓							
	Coordinated Approach								



94 IsDBG's Participation in G20 2022 Under the Indonesian Presidency 🔀 🔷 🔀 🔷 🔀 🔷 🗶 🔷 🗶 🔷 🗶 🔷 🗶 🔷 🗶 🔷 🗶 🔷

Reco	mmendation	Agree	Disagree							
3. Im	plementation Innovations to Strengthen MDB Capital Adequacy and Le	nding Headro	om							
	Endorse MDB consideration of non-voting capital increases (paid-in equity or hybrid) to contribute to available capital	$\checkmark$								
3a										
	Independently									
	Scale up risk transfers to the private sector for portfolios of MDB loans by accelerating the development of insurance products and synthetic securitization	$\checkmark$								
3b	While IsDB will continue to explore risk transfer mechanisms to improve financing headroom, the recommendation is more relevant to MDBs focused on private sector.									
	Coordinated Approach									
	Encourage highly rated shareholder guarantees of sovereign repayments on loans related to cross-cutting priorities	$\checkmark$								
3c										
	Independently									
3d	Support collective shareholder commitments of temporary pools of callable capital to help MDBs mount strong countercyclical responses in periods of global or regional crisis	$\checkmark$								
Ju										
	Independently									
	MIGA-MDB partnership. Call on MIGA and MDBs to collaborate on transferring portfolio risk from MDB balance sheets through MIGA's insurance products and reinsurance capability.		$\checkmark$							
3e	The recommendation shall not be limited to MIGA, but also include other multilateral institutions offering similar products									
	Capaidar ways of providing MDPs with assess to captral bank									
3f	Consider ways of providing MDBs with access to central bank liquidity, include pooled agreements of central banks of major shareholding countries under the supervisory umbrella of one central bank	$\checkmark$								
	Independently									
4. As	sess CRA methodologies and engagement									
4a	Strengthen communication of G20 members and other shareholders to shape rating agency views of MDBs with respect to the importance of MDBs and shareholder support	$\checkmark$								
	Coordinated Approach									



leco	mmendation	Agree	Disagree
	Encourage steps by rating agencies to strengthen their MDB evaluation methodologies	$\checkmark$	
4b			
	Coordinated Approach		
4c	Rating agencies and MDBs should work together to develop common standards for evaluating the risk weights of ESG-related assets on MDB balance sheets	$\checkmark$	
	Coordinated Approach		
i. Im	prove the Enabling Environment for Capital Adequacy Governance		
5a	G20 should consider implementing measures to strengthen the ability of shareholder boards at MDBs to effectively undertake their responsibilities in setting the parameters of risk appetite and capital adequacy policies and overseeing their implementation	$\checkmark$	
	Independently		
5b	The G20 should request preparation of an annual capital benchmarking report on each MDB's capital adequacy framework in a comparable format employing harmonized definitions and should support regular MDB reviews of capital resources	$\checkmark$	
	Coordinated Approach		
5c	The G20 and MDBs should establish enhanced arrangements on issues of capital adequacy and risk management to promote ongoing MDB benchmarking, share best practices and facilitate discussion among MDBs and shareholders	$\checkmark$	
	Coordinated Approach		
5d	The G20 should endorse transforming GEMs into a stand-alone entity with legal status and secured budget able to curate and disseminate data to support improved knowledge on emerging market risks for MDBs, private investors and rating agencies	$\checkmark$	
	Coordinated Approach		



#### G20 CAF Review Table A: Benchmarking

		IsDB	
	Elements/ Indicators	<b>Factors influencing capital adequacy and determining capital headroom</b> (Actual data refer to most recent – provide date)	Primary constraints to operational growth (Assuming unchanged geographic, sector, product strategy) – rank 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> etc.
Policies	Statutory limits, key indicators, risk weighting, leverage ratios, pricing, policy or guidance on ratings	<ul> <li>Statutory limits: (see [1])</li> <li>IsDB capital adequacy framework is based on IFSB Guidelines (similar to Basel II standardized approach) for calculating the capital adequacy ratio. The policy stipulates an internal minimum Capital Adequacy ratio (see below). In addition, IsDB has a complementary measure to limit leverage aimed at enabling the Bank to achieve its development mandate while preserving its long-term financial sustainability.</li> <li>Capital adequacy policies: Main elements (see [1] and [2])</li> <li>IsDB applies the below rules which are derived mainly from IFSB Guidelines. The rules are: <ul> <li>a) Article 21 "Prudential Rule": Ratio of total of equity investments, loans outstanding and other ordinary operations to unimpaired capital – maximum 100%.</li> <li>b) Leverage Ratio – maximum 175% of Equity</li> <li>c) Risk Weighted Capital Adequacy Ratio – minimum of 35%. (see [2])</li> </ul> </li> <li>Targeted CRA rating [vs actual]</li> <li>The maintenance of "AAA" credit rating is a strategic objective for the IsDB. The Bank closely monitors all the capital adequacy metrics in the CRA methodologies with a certain buffer over the minimum requirements. If any of the metrics drop to or below the internal limit, management action is triggered to review and correct. (see [1])</li> </ul>	
Practices	Preferred Creditor Status	<ul> <li>(see [1])</li> <li>The impact of PSC in the methodologies varies from one CRA to another. In the S&amp;P methodology, the PCS is integrated into both the business profile and the financial profile assessment. In the Fitch methodology, the PCS is used to adjust the credit risk of the financing portfolio based on historical track record of overdues. S&amp;P applies 10-year historical information while Fitch applies 20-year historical performances.</li> </ul>	



	IsDB
Elements Indicator	, Factors influencing capital adequacy and determining capital beadroom
Assets Instrumen risk profile concentra trading vs banking	should not be more than 5% of total development assets



IsDB							
	Elements/ Indicators	Factors influencing capital adequacy and determining capital headroom       Primary constraints to operational growth         (Actual data refer to most recent – provide date)       (Assuming unchanged geographic, sector, production strategy) – rank 1st, 2nd, 3rd etc.					
		<u>Capital structure:</u> Amounts in ID. (1 ID = 1 SDR). As of 31-Dec- 2020 & 2019					
		<u> </u>					
		Authorized Capital         100,000,000         -           100,000,000         -         -         -					
		Issued Capital 50,614,060 - 50,614,060					
		(available for subscription) (353,570) - (388,750)					
		<u>Subscribed Capital</u> 50,260,490 - 50,255,310					
		Callable Capital (40,888,595) - (40,853,415)					
	Paid-in equity, callable capital, market funding	Called up capital 9,371,895 - 9,371,895					
Equity/ liabilities		Amounts not yet due (3,175,735) - (3,404,388)					
		Installments overdue (255,559) - (182,385)_					
		<u>Paid up capital</u> 5,940,601 - 5,785,122_					
		Equity:					
		Paid Up Capital 5,940,601					
		Reserves 3,173,960					
		Total Equity 9,114,561 Market funding terms [benchmarks]					
		Sukuk Issued 14,307,777 (mostly listed in capital markets).					
		Borrowings 308,962					
		Other liabilities: 690,637					
		Total Liabilities 15,307,376 (63% of total assets).					



				ls	DB					
	Elements/ Indicators	headroo	m			<b>juacy an</b> – provid		nining c	apital	Primary constraints to operation growth (Assuming unchanged geographic, sector, produ strategy) – rank 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> etc.
		<u>(see [3])</u>								
		Liquidity	y policy:							
		<ul> <li>The liquidity portfolio has been structured into three distinct portfolios:</li> </ul>								
		<ul> <li>Transactional Operational Portfolio (TOP): aims to meet short-term cash flow needs for 1-month period.</li> </ul>								
		(2) Core Operational portfolio (COP): provides a readily available source of liquidity to cover unexpected cash								
		outflows								
		(3) Stable Portfolio (SP): aims to maintain prudential minimum liquidity (PML) funded mainly by bank equity.								
Liquidity/	Policies and ratios/ target levels	(investments in SP are generally SUKUK investment, which are held to maturity).								
funding		The Total Liquidity Requirement (TLR) defines the total								
		liquidity shall maintain at any given times and is based on next 24 months Net Cash Requirements								
				(as per A	Audited I	-S 2020)	– Amou	unts in		
		thousan	-	1			1			7
		31-Dec-20	Up to 3 months	3-6 months	6 months to 1 year	1-5 years	Over 5 years	No fixed maturity	Total	_
		Total Assets	3,541,227	1,660,281	2,635,669	7,141,573	8,150,412	1,292,775	24,421,937	_
		Total liabilities	1,167,710	12,969	1,276,526	11,938,291	911,880	-	15,307,376	_
		Coverage	3.0	128.0	2.1	0.6	8.9	N/A	1.6	
		Credit performance:								
		<ul> <li>IsDB maintains a robust capital position, with RAC ratio higher than most similarly rated pages. RAC ratio after MLL</li> </ul>								
		higher than most similarly rated peers. RAC ratio after MLI adjustments as of June- 2020 was 33.3% (see [5])								
Performance	CRA rating, NPL ratios, credit performance	<ul> <li>Impaired loans and advances/total loans 0.72% as of Dec 2020 (0.69% as of Dec 2019) (see [3])</li> </ul>								
		o Fitch reported NPL of 4.9% at end-2020. NPLs almost								
		exclusively relate to the Bank's sovereign exposure to countries facing political issues. Despite arrears from								
		Gabon (NR;1.2% of total loans), the positive rearrangement with Sudan (NR;2.2%) should support a "moderate NPL								
						im term.			_	



		IsDB
	Elements/ Indicators	Factors influencing capital adequacy and determining capital headroom (Actual data refer to most recent – provide date)Primary constraints 
Rating Agency Ratings	Summarise key judgements and issues highlighted by the CRAs	<ul> <li>(See [5], [6], [7] as well as the Annex below)</li> <li>S&amp;P</li> <li>IsDB achieves standalone credit profile rating of "AAA" by S&amp;P. Such rating is based on IsDB's very strong enterprise risk profile and extremely strong financial risk profile. The long-term rating does not incorporate extraordinary shareholder support from IsDB's callable capital as it is already at their highest category without this support. In addition, rating uplift is not applicable because S&amp;P rating for all of IsDB shareholder members is lower than the institution's SACP.</li> <li>Moody's</li> <li>Aaa rating was assigned to IsDB by Moody's based on rating of a3 for its capital adequacy as well as aa1 for its liquidity and funding. This would indicate a rating of aa3 under Moody's methodology. However, an uplift to Aaa was reached when factoring the strength of member support. The agency stated that "The credit profile of IsDB reflects its very strong capital base supported by a low leverage ratio and very low level of nonperforming assets, despite the relatively weak credit quality of the loan book. A high level of liquid assets relative to net cash outflow and IsDB's status as one of the few regular benchmark Sukuk issuers in the international capital markets support, IsDB's callable capital covers nearly three times the stock of its market funding, with almost half of the callable capital pledged by shareholders' support, IsDB's callable capital covers nearly three times the stock of its market funding, with almost half of the callable capital pledged by shareholders with rating of Baa3 or higher."</li> <li>Fitch</li> <li>Driven by its Standalone Credit Profile (SCP) with solvency and liquidity both assessed at "aaa", Fitch Ratings affirmed IsDB rating at "AAA' with stable outlook and short-term IDR at "F1+". Fitch highlighted that "The affirmation and stable outlook reflect Fitch's expectation that the Bank's SCP will remain resilient to negative effects stemming from coronavirus pandemic and economic crisis.</li> </ul>

#### Reference:

- [1] IsDB "Response to G20 Independent Review of MDBs," Word Document, 22 February 2022.
- [2] IsDB "Response to G20 Independent Review of MDBs," Excel Document, 08 March 2022.
- [3] ISDB Financial Statements and Independent Auditor's Report for the year ending 31 December 2020.

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

- [4] IsDB Articles of Agreement.
- [5] S&P, "Ratings Direct Islamic Development Bank," 07 December 2021.
- [6] Moody's, "Credit Opinion- Islamic Development Bank," 01 November 2021
- [7] Fitch Ratings, Islamic Development Bank Rating Report," 26 May 2021
- [8] Fitch Rating, "Supranationals Islamic Development Bank," 02 December 2020

#### Annex 3:

#### IsDBG Policy Proposals for Y20

In the context of engaging in the Y20, IsDBG observer proposed the following policy recommendations for G20 to consider in the areas below:

First: on Inclusive and Quality Education:

- Ensure inclusive digital resources are equitably distributed, including in least developed countries, to close the digital divide exposed by the COVID-19 pandemic.
- 2. Ensure that curricula are inclusive and sensitive to all human beings, regardless of their socio-economic background, gender, ethnicity, and religion.
- Remove all barriers to both remote and physical access to education, including by providing free meals and financial support and ensuring that schools are accessible to people with disabilities.
- 4. Alleviate the burden placed on teachers by improving their pay, reducing the teacher to student ratio, and prioritizing instructional support for teachers.
- 5. Ensure that mental health awareness is taught in schools and that mental health is part of school curricula.
- 6. Increasing access of underserved communities to vocational training, transferable and soft skills training and workshops, higher education scholarships and internships.

Second: on Creative Economy and the World of Work:

- Alleviate the burden on many of the world's youth by gradually forgiving debts on student loans, especially those from historically disadvantaged groups.
- Ensure that hiring processes both in the public and private sectors do not discriminate against anyone based on their socio-economic background, gender, ethnicity, and religion.
- 3. Ensure that minimum wage legislations are enforced, and regularly updated in light of the inflationary environment caused by the COVID-19 pandemic.
- Reduce the gender pay gap by promoting pay transparency standards by legislating to mandate data publication on wages and overall compensation; legislating to prevent companies/

employers from requesting data on salary histories; and investing in policies and programs that address sex segregation.

- 5. Support the mainstreaming of creative economy by including it within national and subnational governments' key performance indicators, and supporting its digital transformation. Empower creative workers by reducing bureaucratic requirements on them and increasing their access to grants and healthcare.
- 6. Support initiatives that skill and reskill youth to enable them to enter creative economy, and provide career guidance to creative youth, including building their capacity towards entrepreneurship development.

#### Annex 4:

Two policy brief abstracts submitted by IsDBG to the T20 chairs to be fully developed into full policy briefs, as follows: 1- "Scaling Islamic finance for enhanced climate action"; and 2- "Recovery and Resilience Building Through Integrated, Transformative and Shock Responsive Social Protection"

#### IsDBG's T20 Policy Brief Abstracts

#### First Abstract:

**Title:** Scaling Islamic finance for enhanced climate action **Authors:** Daouda Ben Oumar Ndiaye\*, Bradley Hiller\*, Olatunji Yusuf\*, Habib Abubakar\*

Affiliated Institution: \*Islamic Development Bank

#### **Abstract Summary**

Climate change mitigation and adaptation measures pose significant financing challenges, particularly for developing and emerging economies. Recently updated Nationally Determined Contributions highlight significant financing gaps, which will require greater public and private, conventional and innovative, financing modalities.

One such important modality to support global climate action is Islamic finance. Islamic financial products are typically asset-backed, ethical, share risks equitably, and are subject to good governance – all characteristics which align well with the Paris Agreement and the Sustainable Development Goals more broadly. As such, there is a unique window of opportunity to align elements of Islamic finance investments with lowcarbon, climate resilient and green recovery agendas in this critical decade for action.

To scale Islamic finance for enhanced climate action, we draw G20 attention to six key areas: (i) Aligning global frameworks and standards for impact measurement and reporting with Islamic finance principles; (ii) Boosting climate-compatible deal-sourcing and matchmaking for global Islamic finance actors; (iii) Normalizing climatecompliant Zakāt investments; (iv) Creating a deal flow of pro-poor initiatives to attract public and private investment; (v) Transitioning from Shariah-compliant to Shariah-fulfillment; and (vi) Normalizing Islamic finance and communicating its value-add.

The Islamic Development Bank (IsDB) – as a leader in Islamic finance and with climate mainstreamed into organizational policies – is well-positioned to help lead collaborations to scale Islamic finance for enhanced climate action.

This proposal is strongly aligned with Indonesia's G20 Presidency and supports both the Sherpa Track and the Finance Track. Indonesia, as a leader on Islamic finance itself – having issued the world's first sovereign Green Sukuk – and with the opportunity to promote a G20 agenda relevant to developing and emerging economy needs, is well-placed to support the scaling of Islamic finance for enhanced climate action.

#### Challenge

The Standing Committee on Finance under the United Nations Framework Convention on Climate Change estimates that developing countries require nearly US\$6 trillion by 2030 to finance less than half of the climate actions listed in their Nationally Determined Contributions and to limit global warming. Such scale and urgency of support emphasizes the need to source public and private, conventional and innovative, sources of finance.

Islamic finance is one such important source to support climate action. Islamic finance, or Shariah-compliant financing, is a financial system that operates in compliance with Islamic law. Islamic financial products are typically asset-backed, ethical, share risks equitably, and are subject to good governance – all characteristics which align well with climate actions and the Sustainable Development Goals more broadly.

The Islamic finance sector is expected to grow to over \$4 trillion in assets by 2030 (up from \$200 billion in 2003) and thus has significant potential to support enhanced climate actions. Further, the Islamic Declaration on Global Climate Change by faith leaders, international development policymakers, academics and others prior to the Paris Agreement (2015) provides an important overarching framework for Islamic-compliant climate action. So, with such a mandate, how can Islamic finance be more effectively channeled into climate-smart investments during this critical decade for action?

#### Proposal

To scale Islamic finance for enhanced climate action, we draw G20 attention to six key areas:

- Aligning global frameworks and standards for impact measurement and reporting with Islamic finance principles. Metrics and reporting from Islamic finance actors should be Shariah-compliant and Paris-aligned.
- Boosting climate-compatible deal-sourcing and matchmaking for global Islamic finance actors, by developing Shariah-compliant impact investing tools and financial instruments attractive to large investors.
- Normalizing climate-compliant Zakāt<sup>47</sup>, Sadaqat<sup>48</sup> and Waqf<sup>49</sup> investments, which total \$1 trillion annually.
- Creating a deal flow of pro-poor initiatives to attract public and private investment. Pro-poor initiatives need to be climate-resilient and explicitly designed and resourced to target vulnerable populations.
- Transitioning from Shariah-compliant to Shariahfulfillment. Scaling of 'smart microfinance' could support a new generation of Islamic finance institutions via products which support the climate vulnerable.
- Normalizing Islamic finance and communicating its value-add. Increasing awareness and mobilizing resources beyond the Muslim demographic will require differentiation and communication of Islamic finance principles and values compatible with climate action.

 $3 \leftrightarrow \mathbb{X} \leftrightarrow \mathbb{X}$ 

<sup>47</sup> Zakāt is a mandatory welfare tax for Muslims.

<sup>48</sup> Sadaqa is a voluntary contribution to the poor among Muslims.

<sup>49</sup> Waqf is an Islamic endowment typically involving the donation of land, building or other assets generating resources to be used for charity.

The Islamic Development Bank (IsDB) – as a leader in Islamic finance and with climate mainstreamed into organizational policies – is well-placed to help lead collaborations to scale Islamic finance for enhanced climate action. IsDB is engaged in several multiorganizational initiatives to support aspects of the above recommendations but G20 support would help raise the profile and strengthen the mandate and potential impact of this work.

#### **Relevance to G20**

Indonesia's G20 Presidency provides an opportunity to promote agendas relevant to developing and emerging economies, of which Islamic finance and its role in climate action is significant. This proposal supports Indonesia's Sherpa Track (environment and climate sustainability, energy transition) and Finance Track (strategy to support recovery; securing future growth; and sustainable finance). It is aligned with TF9 (Global Cooperation for SDGs Financing) and TF3 (Governing Climate Target, Energy Transition and Environmental Protection) and contributes to select policy areas in TF1, TF7 and TF8. Finally, Indonesia's role as a leader in Islamic finance – including issuing the world's first sovereign Green Sukuk – aligns with this proposal.

#### Source material

Hiller, B. & Rattinger, M., 2019, Islamic finance and climate change – A brief ADB review, unpublished.

T20 Indonesia 2022, 2021, Road to T20, Indonesia 2022, An Introduction, Powerpoint presentation.

Triparthi, B., 2021, Developing countries need nearly \$6 trillion by 2030 just to cover 40% of their NDCs: UN report, CarbonCopy, <u>https://carboncopy.info/</u> <u>developing-countries-need-nearly-6-trillion-by-</u> 2030-just-to-cover-40-of-their-ndcs-un-report/.

United Nations Environment Program, 2021, SDG-Climate Facility Project, Climate Finance & Islamic Finance, Scaling up climate finance in the Middle East and North Africa, unpublished.

Usher, E. & Ndiaye, D., 2020, 2020: the year sustainable Islamic finance scales?, Responsible Investor, <u>https://</u> <u>www.responsible-investor.com/articles/2020-the-</u> <u>year-sustainable-islamic-finance-scales</u>

 $\langle \mathbf{x} \langle \mathbf{x} \langle \mathbf{x} \rangle \otimes \mathbf{x}$ 

#### Second Abstract:

Title: Recovery and Resilience Building Through Integrated, Transformative and Shock Responsive Social Protection

Authors: Abdi Abdullahi – Head, Social Development Cluster

Elmoiz Ismail Mahmoud – Senior Fragility and Resilience Specialist

Affiliated Institution: The Islamic Development Bank

#### Abstract Summary

The need for investing innovatively in social protection to strengthen resilience of individuals, societies, economies, and countries has never been greater. Investing innovatively in social protection is needed to avert long-term impacts of the COVID-19 crisis and achieve equity, advance economic and job-rich recovery and at the same time strengthen resilience and prepare for future shocks at the individual, society, and country levels. This need for investing in transformative social protection is evident in both developing and middle-income countries, though in different ways and varying degrees.

Although COVID-19 is the latest and a wide scale factor which sheds light on the importance of transformative potential of social protection for resilience building, it has not been the only factor in this regard. There are several other factors which highlight the significance of this importance; they include the inherent cases of fragility and the need to strengthen social contract in some countries, economic crises and emergencies, increasing visibility of challenges imposed by climate changes, the need to accelerate achievement of development goals in addition to the windows of opportunities for using technological advancements and digitalization in achieving wide-scale impact on many social protection fronts. All these factors have strengthened the case for urgently and innovatively investing in social protection.

The unprecedented expansion of social protection measures during the COVID-19 cri

sis was not surprising and it provides a practical evidence to the need for and urgency to strengthen resilience through social protection. Globally, around 1700 new Social Protection measures have been applied in response to the COVID crisis. Nonetheless, many of these new measures are temporary, and most are concentrated in high or upper middle-income countries. In this context, it is now timely and important to explore the potential of developing integrated, innovative and inclusive approach for social protection.

#### Challenge

COVID-19 pandemic has aggravated socio-economic vulneraries and caused a setback to development gains in many countries. Economic sectors (such as MSMEs) were severely impacted the thing which caused unemployment to rise (especially among youth, women and vulnerable groups). In the specific case of MSMEs, their employee's main problem was the absence of social protection. This is alarming because of the critical role MSMEs have in driving economic growth, revenue generation, and employment for daily wagers and especially unskilled labor. Moreover, the financial and economic burden of the COVID-19 pandemic has also put pressure on and adversely affected social services and exposed the gaps in the social protection framework.

The need to develop national social protection capacities and integrate national social policy and programs frameworks are major challenges facing developing countries. The lack of coherence in social policy and programs frameworks adversely affects integration between elements of social protection framework (including social services, labor and employment policies and economic empowerment programs). Moreover, many development countries experience the lack of coordination and harmonization between their humanitarian social safety net intervention and their national social protection framework.

#### Proposal

1. Advancing the use of innovative and digitalized options for the purpose of developing integrated and shock responsive social protection not only addresses the challenges of fragmentation of social policy and program frameworks, but also practically helps achieve far-reaching objectives of resilience building, equity, reducing fragility, inclusive social and economic recovery and sustainable development.

2. Developing integrated shock responsive social protection framework can be achieved through addressing fragmentation of social protection programs and institutions in the national Social Protection framework.

3. Developing integrated shock responsive social protection framework can also be achieved through strengthening national capacities to identify, map, target and monitor vulnerable groups; this is very important for addressing the diverse needs of various groups such as youth, women, IDPs, refugees. In this regard, using innovation and digitalization are of high importance in addition to improving coordination and cooperation, pursuing harmonization of national beneficiary identification mechanisms and exploring the potential for developing integrated national social registry.

4. The development of integrated shock responsive social protection framework can also be achieved through improving cross-sectoral synergies, linkages and referral systems between elements of the social protection framework (social safety nets, social services, economic empowerment, job matching, upskilling and business incubators).

#### Relevance to G20

The policy brief is exploring the far-reaching benefits of integrated framework for transformative and Shock Responsive Social Protection. In this regard, the policy is relevant to the objective of the G20 of achieving a stronger and more sustainable recovery. The subject of the policy brief is relevant to many areas of G20 task forces. While the policy brief directly addresses the specific area of "Transformative social protection to prepare for future shocks" in the TF5 area of "Inequality, Human Capital, and Wellbeing", the policy brief is also related to the TF5 specific areas of COVID-19 pandemic and financing sustainable social protection.

#### **References**

- World Bank, 2012, Resilience, Equity and Opportunity: World Bank Social Protection and Labor Strategy (2012 – 2022).
- Islamic Development Bank (IsDB), 2020, the Impact of COVID-19 on Forced Displacement and Economic Migration in Fragile Contexts: Assessment Commissioned by the Islamic Development Bank.
- Islamic Development Bank (IsDB), 2020, IsDB 2020 Annual Report.
- UNICEF, 2019, Program Guidance: Strengthening Shock Responsive Social Protection Systems.
- United Nations, 2021, UN Secretary-General's Policy Brief, Investing in Jobs and Social Protection for Poverty Eradication and a Sustainable Recovery.







8111 King Khalid St. Al Nuzlah Al Yamania Dist. Unit No.1 Jeddah 22332-2444 Kingdom of Saudi Arabia

Section 2 636 1400
 Section 2 636 1400
 Section 2 636 6871
 Section 2 636 6871
 Section 2 636 6871

###