

IFN ISLAMIC SUSTAINABLE INVESTING THOUGHT LEADERSHIP REPORT



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Sustainability: The future of Islamic finance

The call for finance to be a force for good has become more urgent than ever, and the Islamic finance industry is heeding that call. Despite practitioners often being quick to point out the similarities between it and the sustainable finance movement, Islamic sustainable finance remains but a drop in the multitrillion-dollar ethical finance industry. Industry leaders, however, believe we are moving in the right direction, and with the right steps, the industry could deliver more meaningful impact through Shariah instruments with a sustainable core. VINEETA TAN dives deeper.

Slow and steady

Don't let the abbreviations confuse you. Be it ESG [environmental, social and governance], SRI [socially responsible investing] or impact investing, these terms are parked under the wider sustainable finance umbrella and are often used interchangeably albeit with delicate differences. ESG may be a jargon first coined in 2005 but the concept dates back earlier with SRI taking off in the 1960s. Within the Islamic finance sector, however, these concepts are a relatively new phenomenon, with Islamic ESG or Islamic sustainable finance gaining more momentum over the last half a decade or so.

Take green bonds as an example. The first climate awareness bond, or green bond, was issued by European Investment Bank back in 2007. The landmark EUR600 million (US\$678.27 million) offering triggered a domino effect which led to an ESG finance market that is worth over a trillion dollars and growing exponentially. The Islamic finance industry, however, trailed behind and only issued its first green Sukuk 10 years later in 2017. From then until July 2020, only 17 green Sukuk issuances have entered the market, and are mostly concentrated in Malaysia and Indonesia.

According to Bashar Al Nattoor, the global head of Islamic finance at Fitch Ratings, about US\$5.5 billion

were raised through sustainability-linked Sukuk in 2020; this figure has been superseded in the first three quarters of 2021 alone, with almost US\$7 billion already raised.

"If I look at how much was issued since 2017, it is less than US\$20 billion, which is small compared to the size of the global Sukuk market which is around US\$800 billion currently. So, in terms of actual size, the sustainable Sukuk market is still tiny," Bashar explained, adding that over 10% of Fitch's US\$130 billion rated Sukuk outstanding has some elements of sustainable, transition and green, indicating that this theme is more apparent within the dollar space. Malaysia is an exception, with corporates driving the Islamic sustainable agenda in the local currency market.

The growth may be slow, but market practitioners take this as a sign in the right direction.

"Sustainability has always been at the heart of Islamic finance. But I think perhaps in the past we didn't bring it to the fore as much as we're doing now. And one of the reasons that we're doing it now is because in the conventional markets, sustainability, ESG financing has grown enormously in the last 15 years or so, and increasingly so in the last five years. So that depth of funding liquidity that's



Bashar

available in the conventional sustainable markets is something that Islamic finance is becoming increasingly aware of and tapping into. The combination of liquidity plus the fundamental purpose of Islamic finance have come together in the last three or four years," observes Farmida Bi, Norton Rose Fulbright's chair for the Middle East, Europe and Asia and the firm's European head of Islamic finance.

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The Islamic and sustainable convergence is indeed gaining serious momentum, evident by the numbers.

"I think over the last 12 months, there's been a lot of discussion and the good news is that the discussion has basically crossed into almost every aspect of Islamic finance. Everybody is now talking about [Islamic sustainable finance], which is a good start," Dr Scott Levy, CEO of Bedford Row Capital, opined.

There is indeed a lot of talk, backed by meaningful measures, at the top of the industry and at government levels, with the likes of Malaysia, Indonesia, and several administrations in the Middle East putting together policies and incentives to spur the sector. Malaysia introduced its SRI Sukuk Framework in 2014, Indonesia launched its Green Bond

and Green Sukuk Framework in 2017, and the UAE this year released its 10-year sustainable finance framework which features Islamic instruments while Oman is developing an ESG finance framework as well.

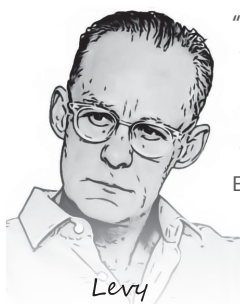
However, there is still a lot of work to be done, not only at policy level, but also at issuer level as we move from a mindset of maximizing profits to a mindset of profit with purpose.

Costly compliance

There is a cost to compliance, and this cannot be underestimated.



Farmida



Levy

"In addition to complying with Shariah principles, you also have to comply with green bond principles and there are increasing layers of regulatory frameworks that are being built around Islamic sustainable finance," Farmida explained, adding that tapping the ESG market generally means having to get an ESG rating as well. "All of those are substantial obligations that you have to comply with, compared to going out into the market and issuing a conventional bond. So in order to jump through all of those different hoops, it has to be worthwhile."

There is a cost to compliance, and this cannot be underestimated

Disclosure is a central challenge Islamic financial institutions face in fully embracing the sustainability agenda. Perhaps the lack of Islamic





financial institutions committing to globally-recognized frameworks such as the UN Principles of Responsible Investment and the UN's Principles of Responsible Banking, which require regular detailed reporting of one's sustainability efforts and impact, is an indication of the severity of this challenge. To date, only a handful of entities have adopted these principles.

"The commercial necessity of doing so isn't quite clear enough," Dr Levy highlighted. "If [issuers] can tap into the markets the way they have always done and take a very conservative and traditional approach, why do they need to do this? And there isn't yet a commercial imperative in the same way there is on the conventional side to put the effort into the reporting that's required."

Professor Kevin Haines, Bedford Row Capital's head of social policy, echoes his colleague's sentiments: "There is an issue at the moment for Islamic finance about talking the kinds of language that is increasingly acceptable to investors. Investors are now expecting issuers to be conversant with these various regulatory frameworks and to be providing the data that investors need to demonstrate their compliance under these regulatory frameworks. This is early days but it is important for Islamic issuers to get conversant with these regulatory frameworks."

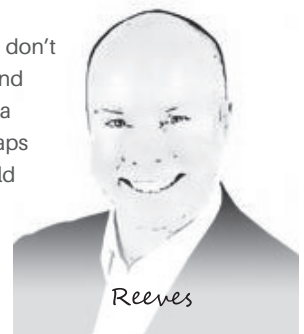
Making it worthwhile

The reality is: it is not easy to use finance for good without risking greenwashing. And it is costly too. These merely compound the concerns conventional issuers have with Shariah finance, which is already perceived as more complicated and expensive. This leads us to ask: is the payoff justified?

Market practitioners believe so, albeit the fact that it may take a while to realize such gains.

"(In general) getting a real yield that is actually positive is a challenge, and if you're an Islamic

investor, then you have further restrictions. You don't have the entire universe available to invest in and so finding something that is going to generate a yield is one thing, finding something that perhaps can generate a positive inflation built in the yield is another. Islamic attributes attached is even more of a challenge and of course increasingly, Islamic investors also want sustainability, they're not different from everybody else. Having a sustainable Islamic investment I think is an incredibly positive and virtuous thing and I think in some respects they it could potentially lead this and certainly the opportunity is there," noted Craig Reeves, the founder of Prestige Funds.



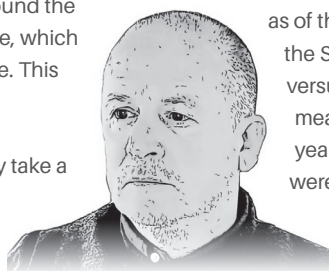
Reeves

When we compare the performance of conventional and Islamic indices, it does look like conventional edges ahead of its Islamic counterpart. The conventional S&P Global 1200 has modestly outperformed the S&P Global 1200 ESG Shariah. However, according to Michael Orzano, the senior director of global equity indices at S&P Dow Jones Indices, over the longer term, the ESG jurisprudence have led to outperformance and also some reduction in volatility.



Orzano

"If we look at the trailing 10 years as of the 30th September 2021, the S&P Global 1200 Shariah gained an annualized 14.7% versus 13.1% for the conventional index, which is a pretty meaningful outperformance of over 1.5% per annum over 10 years. Interestingly on the volatility side, standard deviations were a little bit lower for the ESG SRI Index as well, which is interesting as it is a much narrower index," Orzano elaborated, adding: "Long-term outperformance was almost fully driven by the Shariah screens and the



Haines

ESG side of it didn't really have a large contribution because by design, the S&P ESG Index is constructed in an industry neutral basis so that it tends to closely track the conventional parent benchmark."

The ability to reach a wider investor base is often the driving reason to turn to Islamic sustainable finance. Beyond that, the trend toward doing good for the planet and people also attracts Islamic finance institutions to capitalize on this swelling demand.

Private capital really is vital and this presents a considerable opportunity for the Islamic capital markets to mobilize funding and is also a very unique opportunity for Islamic finance

"In Europe, you will see green issuances resulting in savings of at least up to 10 basis points as compared to normal issuances. But in the case of Asia, including Malaysia, generally the difference is very marginal," Chung Chee Leong, CEO of Cagamas, Malaysia's national mortgage corporation and the country's largest debt issuer, shared. "In our case, we managed to get two basis points (in savings) for our 2020 issuance. With increased awareness, we will probably see in the future, potentially some savings issuing sustainability Sukuk as compared to regular Islamic offerings." Cagamas in 2020 priced a combined issuance of its inaugural ASEAN Sustainability SRI Sukuk and Islamic medium-term notes totaling RM450 million (US\$106.08 million). Proceeds from the SRI

paper was used to specifically fund the purchase of eligible Islamic financing for affordable housing.

Urgent needs, attractive opportunities

For the most part, Islamic sustainable finance is here to stay, especially as the pandemic has created an urgent need for funding to recover.

"There is now a much greater focus on how to build back better as we come out of COVID. Many of the people who have been impacted the most by the coronavirus are in Muslim-majority countries and I think when those countries are looking at how they can rebuild that infrastructure, whether that's health, education, employment, there has been in Europe a very big focus on social bond issuances to try and ameliorate the effect of the pandemic. And



those are structures and capital flows that these Muslim-majority countries can also tap into as the world generally tries to support development post-pandemic," noted Farmida.

The Islamic Finance Council UK expects US\$30-50 billion in capital for green and sustainability Sukuk up to 2025.

"It has been suggested that we need about US\$7 trillion in infrastructure investment annually and between US\$1.5 trillion to US\$4 trillion every year for energy transition to meet the Paris [Agreement] targets; and with the commitments of the Glasgow Climate Pact, I'm sure





those numbers will then be increased and there aren't sufficient public funds to satisfy this. So, private capital really is vital and this presents a considerable opportunity for the Islamic capital markets to mobilize funding and is also a very unique opportunity for Islamic finance," according to Jennifer Schwalbenberg, the chief governance officer for the DDCAP Group.

The starting point is to understand and be aware of what the conventional [space] is doing, then look at your industry, see where you can capitalize on the things that you already have and then develop the things that you like

COP 26 [UN Climate Change Conference 2021], contentious as it may have been, nonetheless pushed various nations toward some serious climate commitments.

"The UAE was the first in the Middle East to announce their net zero ambition followed by Saudi Arabia and you must acknowledge that it's not easy for these countries. For these countries, which are some of the largest oil-producing countries in the world, to go next zero, they have to invest much more and they have to make much more effort as compared to other countries," said Khurram Hilal, CEO of group Islamic banking at Standard Chartered Bank.

This year's UN Climate Change Conference saw the formation of the Glasgow Financial Alliance for Net Zero, a global coalition of 450 institutions from 45 countries committed to accelerating the

decarbonization of the world economy and reaching net zero emissions by 2050. These institutions are not only augmenting their internal policies but also revising their investing and lending criteria for projects focusing on achieving net zero, signaling deep capital flows into the sustainable finance sector.

Turning words into action

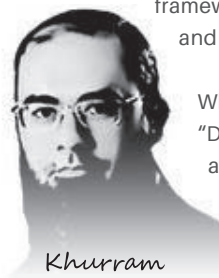
So how do we, as an industry, capture these Islamic sustainable opportunities? As Schwalbenberg observed: "We had two weeks of moving intentions and wonderful announcements [at COP 26] but now we need to put that into reality and make it happen. It's no longer about goals and aspirations. It really needs to be about action. And with this, I think there really is a key role in the Islamic finance agenda for green finance, but also transition finance."

Bashar concurs. "I think the starting point is to understand and be aware of what the conventional [space] is doing, then look at your industry, see where you can capitalize on the things that you already have and then develop the things that you like. First is to build awareness, then realization of putting strategies and regulations and frameworks to improve that and then installing that in the system and having an ecosystem and incentivize issuers."

When it comes to regulations and policies, Dr Scott's advice is: "Don't be afraid of regulation – that's the first step. Look internally at your internal processes, have a brief read of the UN SDGs and understand where you fit into the things that the world is talking about at the moment."

At the heart of this movement is the importance of nurturing the right people to drive this change.

"We need to think about how do we get staff in Islamic banks to be equipped with the right knowledge? How do we create a future-ready workforce? We need our training and our learning institutions to focus



Khurram

in this area because this is the future of finance. They need to help develop the next generation of Islamic bankers who understand the dynamics of sustainable finance, who understand climate change, net zero carbon footprint, social finance and inclusion. They need to be fully up to speed with these concepts and not just knowing them, but also owning these concepts and also championing [them]," Khurram strongly believes.

Leveraging tech

And just as the Islamic finance industry is using technology to advance their cause, technology should also be leveraged in our journey of Islamic sustainability.

"Technology can definitely play a significant role in achieving environmental and social goals. We have instances of application of blockchain technology and Islamic social finance, such as the use of digital identities for monitoring the end-use of the contents of funds, as well as the preservation or development and proper use of Waqf or Islamic endowments for achieving various societal goals. Most of such goals find a place in the UN Sustainable Development Goals (SDGs)," according to Mohammed Alim, CEO-designate of IBF Net Group.

IBF Net is currently working on miniaturizing the Islamic economy, with a focus on Islamic social and sustainable finance using blockchain technology, and has launched several projects to this end. One of the projects is the Confluence platform which seeks to measure the impact of projects from the standpoint of Shariah and the UN SDGs.



"The platform combines the performance of the given projects against these metrics using an algorithm and produces a score or a classification scheme. This score reflects the impact of the projects using the lens of Shariah objectives, as well as the SDGs as perceived by the stakeholders. Given the availability of tools for measurement of environmental and social impact, for example carbon footprint, our platform identifies and adopts a suitable method for measurement and conversion of such impact into social cryptos. In this case, products can earn or liquidate such cryptos, which represent both types of impact acting at an exchange to alter their risk return impact profile in the market," Mohammed explained.

Moving forward

The notions of sustainability and ethics are not new in Islamic finance, although it is only in recent years that the industry is focused on harnessing and delivering sustainable impact in a more formal and structured manner. To many, this is the future of Islamic finance.

"This trend is a growth trend and I think this has already been cemented in the past three years; even at the height of COVID-19, we saw this segment growing, and I think this will continue in the short to medium term at least. If the government's strategies and milestones and objectives are really pursued in a very dedicated way, we could see more transformation of this segment, even in the long term, where it becomes a significant part of the industry," Bashar opined.

The push is also seen from the demand side, encouraging the supply side.





"We're definitely seeing a high level of demand from clients around the world for both ESG and for Islamic indices. Both of these are big areas of focus for us as an index provider. There have been significant inflows into ESG index products, including ETFs [exchange-traded funds] around the world over the past year, and we've also started to see Islamic ETFs in the US and Canada really gather momentum," Orzano shared. "I think the investment community is really just starting to think about combining broad-based ESG and Shariah investing together. I think we're likely to see a lot of new product development in the space over the next few years."

Schwalbenberg concurred: "I think as the strength of this agenda in the market increases, and that momentum builds, we will see the different institutions increasing their offerings and their options to the market. And it will be organic because as the sustainable finance sector grows and the products and services and practices become more prevalent, institutions will become more cognizant of this and they will realize they will miss opportunities and be at a disadvantage if they don't participate. Islamic sustainable finance will be recognized as the new normal and commitment will follow."

Corporates and Islamic issuers are already lining up their ducks.

"We see a lot of our traditional energy clients setting up new projects in a sustainable and renewable way and we are expecting a number of projects that were conventionally financed now being refinanced in a sustainable way going forward. So as a firm, we are expecting to do a lot more sustainable finance, certainly in the conventional markets, but

hopefully much more in the Islamic markets as well," Farmida shared. It is learned that Cagamas and Standard Chartered are each preparing to introduce new products. Chung, CEO of Cagamas, revealed that the firm is looking to issue green Sukuk while Standard Chartered is working on expanding its Islamic green mortgage offering, Islamic social finance tools and Islamic ESG wealth management services, and is building on creating sustainability solutions for the wider Halal market including Islamic sustainable supply chain instruments.

As the multitrillion-dollar Halal industry continues to grow in its own space and globalize, I think it is important that they harness the socially responsible funding mechanism

"I think it's a great opportunity for growth that and we have this great upside in front of us," Khurram explained. "As the multitrillion-dollar Halal industry continues to grow in its own space and globalize, I think it is important that they harness the socially responsible funding mechanism, mechanisms of Islamic finance and strive to give holistic Halal solutions to faith-conscious clients."

"We need more innovation, we need more solutions in this space. This is an open field for all banks, all partners to come in and play their role." ☺



By Oussama Kaissi
CEO
The Islamic Corporation for the Insurance of
Investments and Export Credit (ICIEC)

Authored by



The Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), the insurance arm of the IsDB Group, is unique in that it is the only multilateral export credit and investment insurance corporation in the world that provides Shariah compliant insurance, reinsurance and guarantee solutions.

Sustainable finance and ESG are entrenched in the ethos of Islamic financial institutions and multilateral development banks (MDBs). We adhere to the Shariah principles, not to exhaust nature but to preserve it; and deliver development and social impact without leaving people behind. The proscription of interest and usury is a defining sustainability factor, and an ESG framework is a built-in characteristic of Islamic finance and insurance.

Sustainable finance is the practice of integrating environmental, social and governance (ESG) metrics into financial services to bring about sustainable and impactful development outcomes

Our mandate is to promote cross-border trade and foreign direct investment (FDI) in our member countries (MCs) by providing risk mitigation and credit enhancement solutions to exporters selling to buyers across the world and investors from around the globe investing in our MCs.

Two of the unintended consequences of the COVID-19 pandemic have been the acceleration toward digitization in financial services and a redoubling of initiatives toward sustainable investment.

Sustainable finance is the practice of integrating environmental, social and governance (ESG) metrics into financial services to bring about sustainable and impactful development outcomes.

These include meeting the UN Sustainable Development Goals (SDGs) Agenda by 2030 to eradicate poverty, protect the environment and improve the lives of everyone; inculcating socially responsible investment; fostering social and impact investment and its independent measurement; and mitigating and adapting to the adverse effects of climate change to transition to a low-carbon economy and net-zero emissions as per the Paris Climate Agreement to build climate-resilient societies, cities and economies.

These include Non-Honoring of Sovereign Financial Obligations (NHSFOs); Bank Master Policy Murabahah Facilities; Political Risk Insurance for Cross-Border Loans, Equity Investments and Projects; Sukuk Insurance Policy and Reinsurance and Co-insurance facilities.

Supporting intra-OIC trade is a priority for the ICIEC. Since its inception, the ICIEC has supported a total of US\$30.2 billion in intra-OIC exports. The ICIEC catalyzes impact by supporting transactions and projects that contribute to the SDGs. ICIEC business solutions are closely related to six goals. Our commitment is based on a Development Effectiveness Framework derived from a conceptual road map called 'Theory of Change', which links the corporation's services to intended outcomes in the export, sustainable investment and financial sectors. It is further underpinned by a Monitoring and Evaluation System.

The SDGs have been a central tenet of the ICIEC's operations since their introduction in 2015. Trade and investment facilitation is an effective vehicle by which to achieve the SDGs. We are committed to supporting sustainable development; we actively target real impact and change in all our insurance policies and projects; we support and act as a catalyst for private sector capital mobilization to be directed toward achieving the SDGs.

As the 2021 UN Climate Change Conference (or COP26) convenes in Glasgow, four metrics stand out: the science is indisputable, the issues are complex, the challenges monumental and the time for action is fast running out. Climate change is one part of the sustainability universe, including biodiversity, food and water insecurity, healthcare, financial inclusion, gender and other inequalities and human rights issues

As the 2021 UN Climate Change Conference (or COP26) convenes in Glasgow, four metrics stand out: the science is indisputable, the issues are complex, the challenges monumental and the time for action is fast running out. Climate change is one part of the sustainability universe, including biodiversity, food and water insecurity, healthcare, financial inclusion, gender and other inequalities and human rights issues.

This requires all stakeholders to buy into the ESG and sustainable investment agenda in pandemic-related building back better and economic recovery and long-term financial, social and economic development.

While there is a definitive synergy and convergence between Islamic finance and the broader sustainable investing movement, the two are not necessarily wholly inclusive. There is potentially much overlapping, but the unique specificities of Islamic finance must not be lost in translation or the exuberance in achieving ESG and SDGs at any cost.

There is vast scope for intelligent and meaningful partnerships, cooperation and co-financing. The ESG challenges in terms of cost, technology and reach cannot be met by one country, bloc, institution or pool of funds. The ICIEC has established partnerships with over 131 national export credit agencies, reinsurers, banks and other multilateral institutions.

A burgeoning private sector and investment in infrastructure can lead to recovery from the pandemic for economic transformation, job creation and inclusive growth. The pandemic exposed the woeful lack of sufficient infrastructure in countries the world over. Infrastructure was brought to a near standstill. The ICIEC responded swiftly by forging strategic partnerships, ensuring the continuance of critical trade flows and creating innovative de-risking solutions to help mitigate fallout in MCs.

According to Fitch Ratings, there is currently a pipeline of US\$12 trillion-worth of global projects, with rail and renewables the top investment sectors. Of this, US\$7.49 trillion is required by Asia, the MENA region and Africa.

Political risk insurance and credit enhancement have a track record of effectively de-risking and thus catalyzing private investment into emerging markets through capital-efficient instruments. Channeling investment into sustainable projects presents a sizeable growth opportunity for insurance firms, especially infrastructure and development projects in various sectors. Insurers can design products to reduce risks in infrastructure projects and increase their attraction to investors.

The ICIEC has led from the front. We jointly launched with the IsDB the US\$2 billion COVID-19 Guarantee Facility in support of the private sector, particularly COVID-19-hit industries, and attracting cross-border investments. In 2019, we jointly established the Co-Guarantee Platform for Africa (or CGPA) with other multilateral institutions to increase the volume of insurance and guarantee solutions available to project sponsors and their bankers.

MDBs are a significant finance and insurance source for developing countries, even though more can be done. The investment needed to green the global economy is enormous and exceeds the scale of official finance. The answer is a mix of government and MDB finance, private capital and philanthropy (including the Islamic instruments of Waqf, Zakat, Sadaqah) to fill the gap. When well-designed and implemented in a balanced regulatory environment to avoid unnecessary fiscal and other risks, public-private partnerships, for instance, can bring greater efficiency and sustainability to the provision of public services, thus freeing up scarce public resources for other purposes.

The ICIEC, since its inception in 1994, has built up an impressive record in facilitating sustainable investment in projects and infrastructure in MCs through its well-received risk mitigation solutions.

Cumulatively, over 27 years, the ICIEC has insured US\$77.9 billion in trade and investment, which includes US\$62.3 billion in supporting exports and imports and US\$15.6 billion in support of FDI. Our activities were directed to specific sectors, including US\$29.3 billion to clean energy, US\$23.8 billion to manufacturing, US\$5 billion to infrastructure, US\$2 billion to healthcare and US\$1.4 billion to agriculture.



The ICIEC, together with the IsDB, was the fastest among peer institutions to respond to the pandemic. During the peak of the pandemic in 2020, underpinned by our 'Aa3' insurance financial strength rating by Moody's Investors Service, the ICIEC's business insured reached US\$9.8 billion, of which US\$5.4 billion was directed to sustainable energy, US\$2.1 billion to manufacturing, US\$861 million to services, US\$586 million to infrastructure and US\$37 million to healthcare.

The ICIEC's pandemic-mitigation strategy is underpinned by:

- i) US\$643 million in insurance coverage toward the implementation of the IsDB Group's US\$2.4 billion COVID-19 mitigation Strategic Preparedness and Response Program (or SPRP), guided by the three R's (Respond, Restore, Restart).
- ii) Supporting MCs' recoveries, including US\$262 million for the healthcare sector, US\$331 million toward supporting imports of essential commodities and US\$50 million for supporting the recovery of SMEs from the pandemic fallout.
- iii) Partnering with the Islamic Solidarity Fund for Development (ISFD), the IsDB Group's poverty alleviation unit, to launch the ICIEC-ISFD COVID-19 Emergency Response Initiative to preserve the flow of essential imports to MCs, such as medicines, medical equipment, food supplies and other essential commodities. The ISFD allocated a grant to the ICIEC that could support some US\$400 million to procure urgent product needs.

The ICIEC's sustainable financing impact and delivery over the years speak for themselves through the manifold transactions and case studies. To highlight a few:

1. Senegal benefited from our insurance to mobilize resources from private lenders given the scarcity of concessional lending. This provided comfort to investors and allowed them to be more flexible in extending the facility maturities. Senegal managed to secure private financing for the rehabilitation of a significant water collection system in Dakar. The financial structure enabled Senegal to borrow in local currency. Without the ICIEC's support, these investments would have taken longer to financial close and probably at a much higher cost.

2. The ICIEC supported the Ivory Coast in developing its healthcare infrastructure by covering EUR142 million (US\$163.95 million) for a Deutsche Bank financing of a major healthcare project. Two new hospitals with a collective capacity of 400 beds will be built in the underserved towns of Adzope and Aboisso. The hospitals will employ 600 local people and foster the development of a micro economy in the surrounding areas. The development impact of this project provides the people with access to quality healthcare and advancing progress toward SDGs 3 and 9.
3. The ICIEC supported Egypt in its COVID-19 response by providing US\$135 million in an NHSFO policy for Sumitomo Mitsui Banking Corporation, covering its participation in a US\$1.5 billion syndicated facility for the Egyptian government. The transaction serves SDG 8 by contributing to Egypt's pandemic response efforts through maintaining economic activity.

Despite the challenging environment, the ICIEC maintains its resilience in mitigating these risks, ensuring the continued flow of international trade and sustainable investment between OIC MCs and the world. As countries slowly recover from the impacts of the pandemic, we will be there to support them as they rebuild a healthier, inclusive and resilient OIC community with sustainability as a priority.

We expect the impact of the pandemic to continue for a few years, even if it starts receding in earnest. We will continue to find ways to support our MCs, clients and partners throughout recovery.

In doing so, the ICIEC works to see its solutions bring companies closer to progress their sustainable financial goals and bring MCs closer to achieving their development agendas in the process. (F)



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