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International
Islamic Trade
Finance Corporation

Trade Cooperation and Promotion Program

&

Aid for Trade (AfT) Initiative for SPECA Countries

OUTLINE

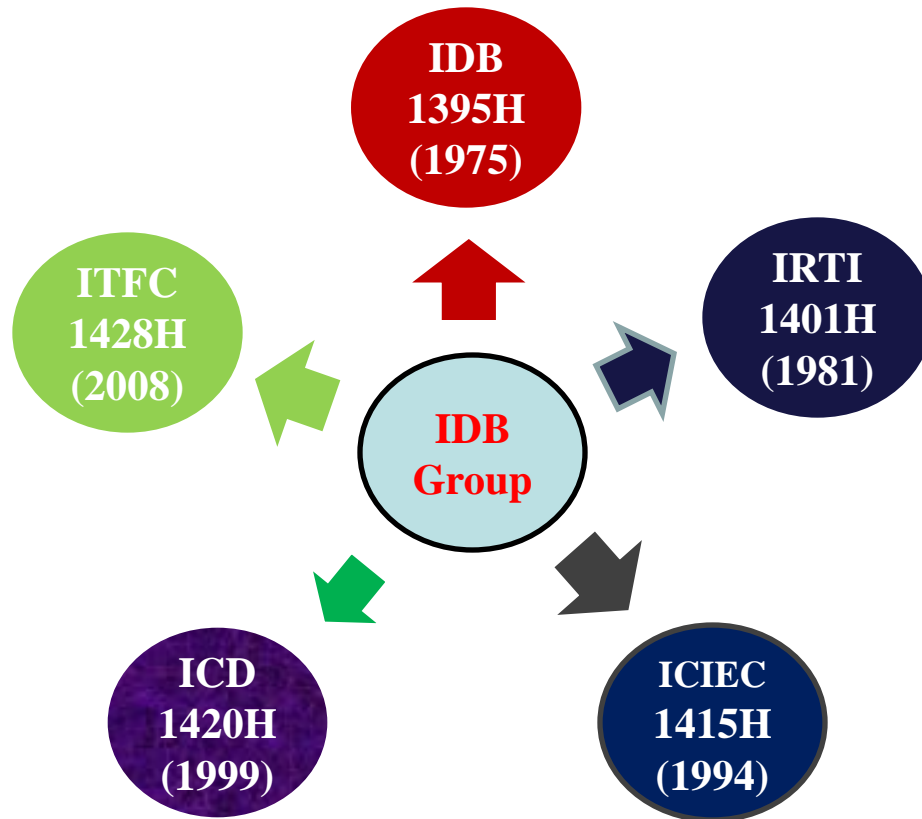
- IDB GROUP
- ITFC – TCPP
- AfT Initiative for SPECA Countries

The Islamic Development Bank Group (**IDB Group**) is a multilateral development financing institution comprising **five entities** :

1. Islamic Development Bank (**IDB**)
2. Islamic Research and Training Institute (**IRTI**)
3. Islamic Corporation for the Development of the Private Sector (**ICD**),
4. Islamic Corporation for the Insurance of Investment and Export Credit (**ICIEC**),
5. International Islamic Trade Finance Corporation (**ITFC**)



IDB Group Members



The IDB Group is engaged in a wide range of specialized and integrated activities such as:

- Development assistance
- Public and private sector financing
- Trade financing
- Insurance services
- Research and training in Islamic economics and banking
- Technical assistance for capacity building
- Technical cooperation among member countries (MCs)
- Scholarships for students in MCs and Muslim communities in non-member Cs
- Emergency relief

IDB

ITFC

Objective

Promote & Enhance Intra-trade and Trade Cooperation among MCs

**Trade Cooperation
Promotion Programme
(TCPP)**

Trade Finance

TCCP'S VISION MISSION & OBJECTIVE

Vision

To be Leading Trade Development Program, network moderator and catalyst among MCs Trade Support Institutions to close the trade gap and create synergy among the similar program.

Mission

Plan and implement trade related technical assistance and capacity building activities and programs

Objective

Promote intra-OIC trade and support export capacities of MCs and improve the trade conditions among MCs.

TCPP– Lines of Business



-  **Trade Promotion**
-  **Trade Facilitation**
-  **Capacity Building**
-  **Development of Strategic Commodities**

Trade Promotion

Objective:

Increase intra-OIC trade exchange and support export promotion activities of MCs through enabling them to participate in Buyers-seller meetings, business forums, international exhibitions and trade mission programs

Trade Facilitation

Objective:

Harmonization, simplification of trade and custom rules and regulations and improvement of logistical dimensions of intra-OIC trade through identifying trade facilitation needs of OIC regions; workshops, seminars, experts meetings, etc.

Capacity Building

Objective :

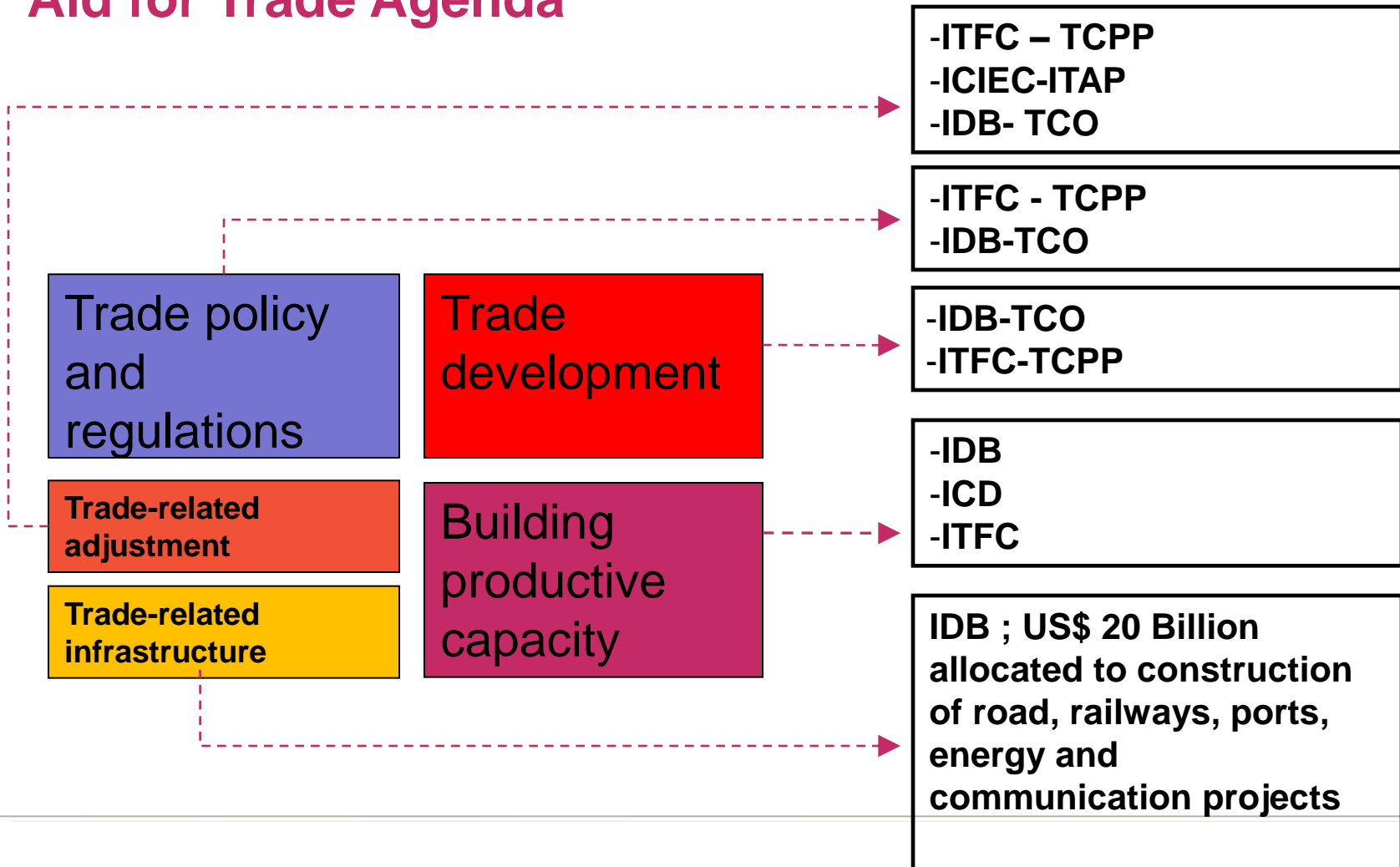
Enhance institutional and human trade support capacities in MCs as sources for sustainable national trade development through organizing training seminars on export promotion and international market, on-the job training, familiarization and knowledge sharing programs

Development of Strategic Products

Objective :

Assist MCs to develop their trade capacities and competitiveness in the sectors and products where they have comparative advantages through sponsoring the preparation and implementation of sectoral development programs.

Aid for Trade Agenda



Background

- In 2008 the Government of Azerbaijan proposed an initiative called: “Aid for Trade (AfT) Roadmap for SPECA countries” in Geneva
- In 2008 the Governor of the Republic of Azerbaijan send a letter to IDB Group President to get a support for this initiative
- ITFC organized a consultative meeting on March 2009 in Bishkek (Kyrgyz)
- AfT Roadmap Process was officially launched in the consultative meeting
- Strong commitment and support from international organizations and governments were obtained:
 1. Government of Azerbaijan, Kyrgyzstan and Finland
 2. UNDP, UNECE, UNESCAP, WTO, UNCTAD, ITC, EBRD, ADB, USAID, GTZ , European Commission Mission to Kyrgyzstan
 3. Kyrgyz private sector

SPECA AfT Road Map



Consultative meeting conclusion:

It was agreed to articulate Aid for Trade Road map for the SPECA countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) with special reference to the challenges and prospects during and after the global economic crisis.

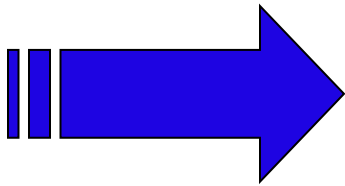
The SPECA Road Map aims to :

1. Identify national and regional needs
2. Assist SPECA MCs to establish national and regional priorities
3. Support SPECA MCs to mainstream these priorities in their development strategies
4. Support the mobilization of resources to address these priority needs

SPECA AfT Road Map



Preparatory process

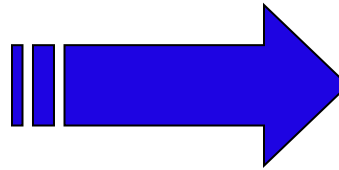


Development of national needs analysis to identify AfT priorities:

1. Afghanistan
2. Azerbaijan
3. Kazakhstan
4. Kyrgyzstan
5. Tajikistan
6. Turkmenistan
7. Uzbekistan

Timing: October 2009- March 2010

Experts meeting

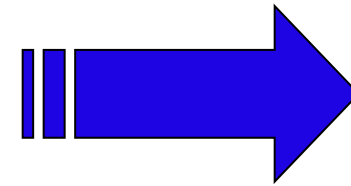


- to take stock of national and regional priorities and prepare the Ministerial meeting

Bishkek (Kyrgyzstan)

Timing: 10- 11 March 2010

Final event



Ministerial meeting

- to engage with development partners in an AfT regional review

Baku (Azerbaijan)

Timing: 2-3 November 2010

The main Trade challenges in SPECA region



- Uneasy geographical position : Land locked, far **from** world markets
- Mainly low income countries
- Exports are primarily commodity based composed of mainly energy, agricultural, mining and semi-processed products
- SPECA intraregional trade remains low
- Small domestic markets & weak market mechanisms
- Low product and market diversity
- Among the SPECA countries, Azerbaijan and Kazakhstan are the two main recipients of investment inflows, primarily in petroleum.
- Different institutional and regulatory environment
- Unnecessary high costs of doing trade

How AfT can make a difference in SPECA region?



| SOURCE WB BDI 2009 | Documents for export (number) | Time for export (days) | Cost to export (US\$ per container) | Documents for import (number) | Time for import (days) | Cost to import (US\$ per container) |
|-----------------------|-------------------------------------|------------------------------|--|-------------------------------------|------------------------------|--|
| Singapore | 4 | 5 | 456 | 4 | 3 | 439 |
| United States | 4 | 6 | 990 | 5 | 5 | 1245 |
| Hong Kong, China | 4 | 6 | 625 | 4 | 5 | 633 |
| Thailand | 4 | 14 | 625 | 3 | 13 | 795 |
| Georgia | 8 | 12 | 1380 | 7 | 14 | 1340 |
| Azerbaijan | 9 | 48 | 3075 | 14 | 56 | 3420 |
| Kyrgyz Republic | 13 | 64 | 3000 | 13 | 75 | 3250 |
| Kazakhstan | 11 | 89 | 3005 | 13 | 76 | 3055 |
| Russian Federation | 8 | 36 | 2150 | 13 | 36 | 2150 |
| Morocco | 7 | 14 | 700 | 10 | 18 | 1000 |
| Uzbekistan | 7 | 80 | 3100 | 11 | 104 | 4600 |
| Tajikistan | 10 | 82 | 3150 | 10 | 83 | 4550 |

How AfT can make a difference in SPECA region?



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- To link product to global markets investment in the infrastructure is a must– roads, ports, telecommunications, energy networks
1. For the Silk road in Central Asia, IDB Group provided technical assistance to ECO Gen. Sec. for the preparation of ECO Trade and Transport Facilitation Program, which is expected to identify transport and trade facilitation needs of ECO countries.
 2. Product and export diversification of SPECA countries need to be supported by preparing sectoral development and export programs.
 3. Trade promotion activities of the MCs should be supported to enable them to reach new export markets within the OIC region and rest of the country.
 4. Development of productive capacity in competitive sectors should be supported.
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SPECA AfT Road Map : Next steps



- 1. Finalization of Trade Development Need Analysis**
- 2. Preparation of AfT Regional Review for SPECA Countries**
- 3. Preparation of Concept Notes for the Projects**
- 4. Preparation of Ministerial Declaration and Implementation Plan**



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Thank you