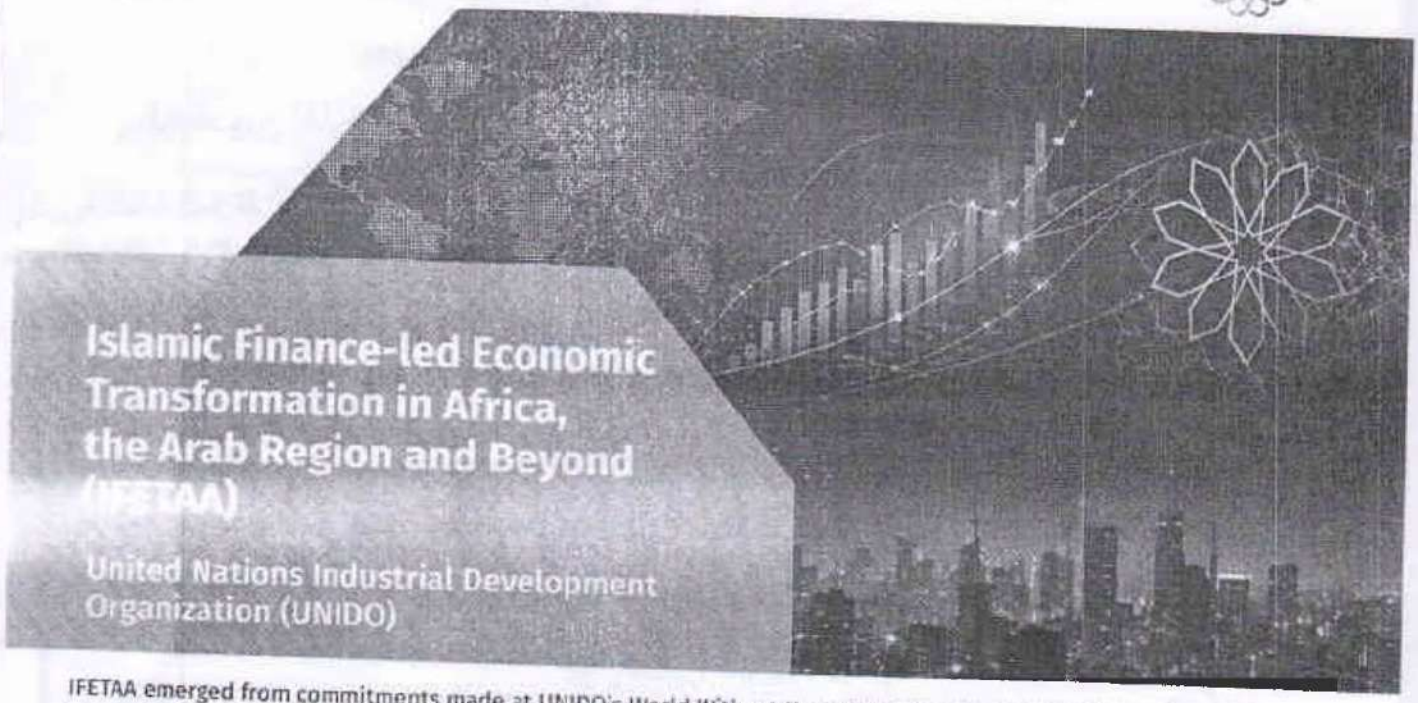


Islamic Finance-led Economic Transformation in Africa, the Arab Region and Beyond (IFETAA)

United Nations Industrial Development Organization (UNIDO)

IFETAA emerged from commitments made at UNIDO's World Without Hunger Conference in Addis Ababa in 2024 to expand access to finance for micro, small, and medium-sized enterprises (MSMEs). It brings together Islamic financial institutions, commercial banks, development finance institutions, governments, and the private sector to mobilize ethical, productive, and Shariah-compliant finance, alongside technical assistance and de-risking mechanisms, to drive structural transformation and shared prosperity across Africa, the Arab region, and beyond.

MSMEs are key to job-creation and poverty reduction

MSMEs account for over **90%** of businesses and more than **60%** of employment in developing economies. Their capacity to invest, grow and create jobs is constrained by access to affordable finance.

Yet they are cut off from capital

Only **22.9%** of firms in Sub-Saharan Africa and **20.5%** in MENA hold a bank loan or line of credit. Where credit exists, interest rates average **25%** and collateral demands fall hardest on women.

Islamic finance bears opportunities for MSMEs

Islamic finance is well suited for underserved MSMEs because its risk-sharing and asset-backed principles reduce reliance on collateral-intensive lending and help entrepreneurs access growth capital on more equitable terms.

Islamic financial institutions and Arab banks commit to increased MSME financing

While over **70%** of Islamic finance assets sit in deposits and low-risk instruments, members of the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI) and the Union of Arab Banks (UAB) are committed to increasing their share of MSME financing.

To unlock these opportunities for MSMEs, IFETAA bridges this gap by preparing MSMEs for investment, building bankable pipelines, and offering de-risked financing opportunities to Islamic financial institutions and Arab banks, helping enterprises access affordable capital to grow, create jobs, and contribute to sustainable industrial development.

Programme at a Glance:

Duration:
Five-year programme, 2026 to 2031

Geographic scope:
Global

Lead Agency:
UNIDO



OUR GOALS

1. A private sector that grows, innovates, and creates decent jobs, particularly for women and youth, across Africa and the Arab region
2. Islamic and Arab financial capital redirected from low-risk instruments toward productive investment in the real economy
3. Financial systems in developing economies that are more inclusive, more resilient, and more responsive to the needs of underserved enterprises
4. Governments and regulators equipped to design and implement enabling environments for Shariah-compliant finance
5. Shared prosperity, expanding the reach of development finance to underserved markets and enterprises across the Global South
6. Measurable contributions to SDGs 1, 5, 8, 9, and 17 through inclusive and sustainable industrial development



WHAT IFETAA DELIVERS

Institutional Capacity Development
Strengthening Islamic and Arab financial institutions to design and deliver Shariah-compliant MSME financing products through AAOIFI-aligned training, risk assessment methodologies, and product development support.

Investment Readiness and Pipeline Development
Identifying and preparing bankable MSME pipelines through financial viability appraisal, calls for proposals, and enterprise development support aligned with UNIDO's COMFAR methodology.

Enterprise-Level Technical Assistance
Providing tailored business development services, financial literacy support, and value chain integration to translate access to finance into sustained productivity gains and decent employment creation.

Policy and Regulatory Advisory Services
Delivering demand-driven advisory services to Member States and regulatory authorities to build enabling environments for Shariah-compliant finance, covering licensing frameworks, supervisory structures, and digital financial services policy.

Financial De-Risking Mechanisms
Designing blended finance instruments, including Shariah-compliant credit guarantees, first-loss facilities, and Takaful-based structures, to crowd in private capital toward underserved productive sectors.

Industrial Recovery in Conflict-Affected Contexts
Anchoring UNIDO's industrial recovery programmes in Sudan, Syria, and Palestine, by mobilizing resources from Islamic philanthropic instruments, foundations, and CSR partners to restore productive capacities and support communities in achieving sustainable economic self-reliance.

FOUNDING PARTNERS

United Nations Industrial Development Organization (UNIDO): Lead agency and founding member of IFETAA, committing USD 500,000 in seed funding to support programme preparation and initial implementation.

Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI): pledged to mobilize 20% of Islamic financial institutions' loans and advances for MSME development in the Global South.

Union of Arab Banks (UAB): is committed to leveraging its regional banking network to support global SDG financing efforts and contribute to mobilizing up to USD 1 trillion by 2030 for sustainable development across the Arab region.

Africa Finance Corporation (AFC): committed to scaling Islamic and conventional financing for economic transformation in Africa.

Under this multi-stakeholder partnership, the founding institutions combine financial and non-financial instruments to generate bankable MSME pipelines, strengthen institutional capacity, deploy de-risking mechanisms, and provide tailored technical assistance across target regions.



Whether you are a government, financial institution, investor, guarantee agency, technical assistance partner, or entrepreneur, IFETAA offers a concrete pathway to mobilize finance, build capacities, and drive lasting impact across Africa, the Arab region and beyond. To explore collaboration opportunities, contact us at ifetaa@unido.org