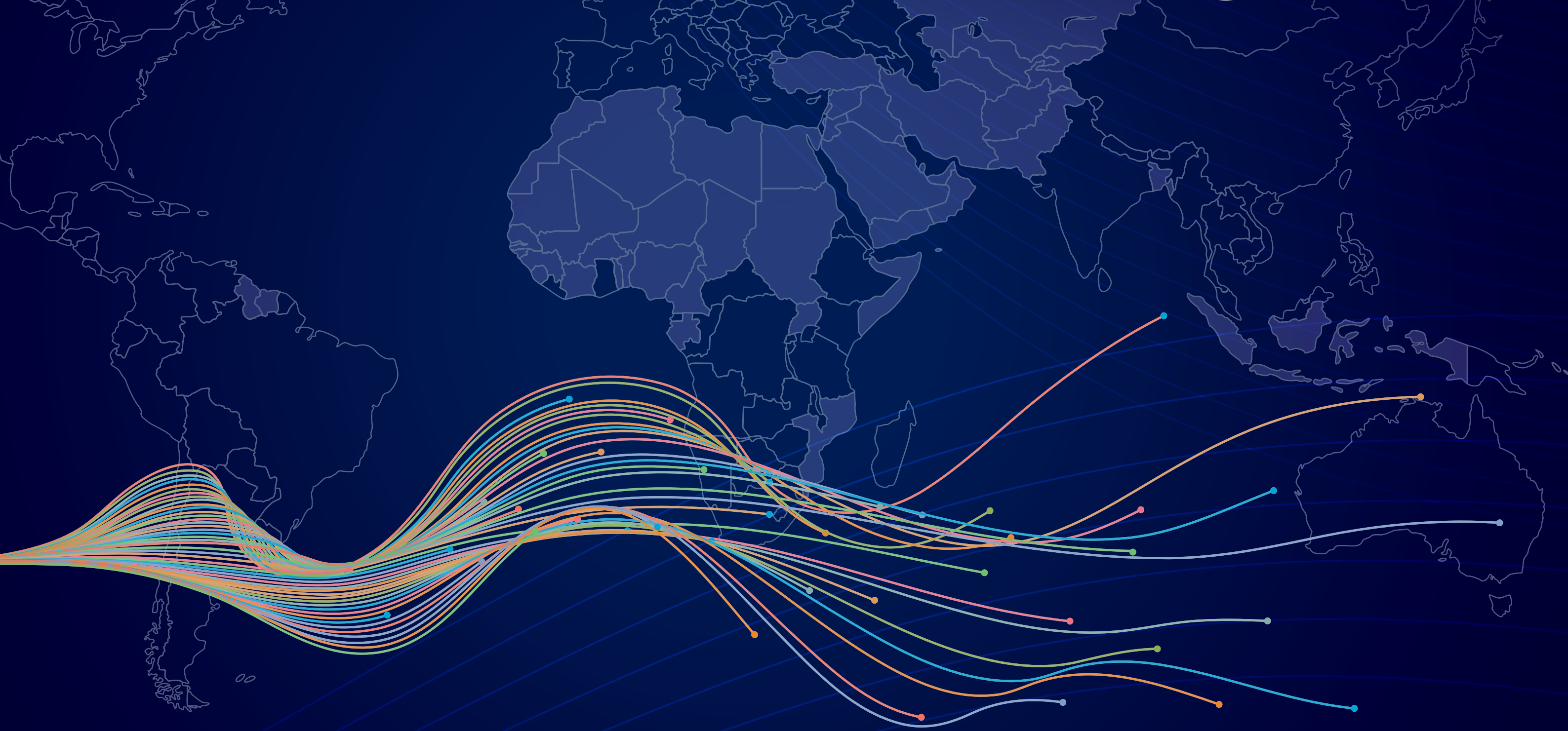
2022 ANNUAL OIC HALAL ECONOMY REPORT



ADVANCING TRADE AND INVESTMENT INITIATIVES ACROSS OIC COUNTRIES

منظمة التعاون الإسلامي
Organisation of Islamic Cooperation

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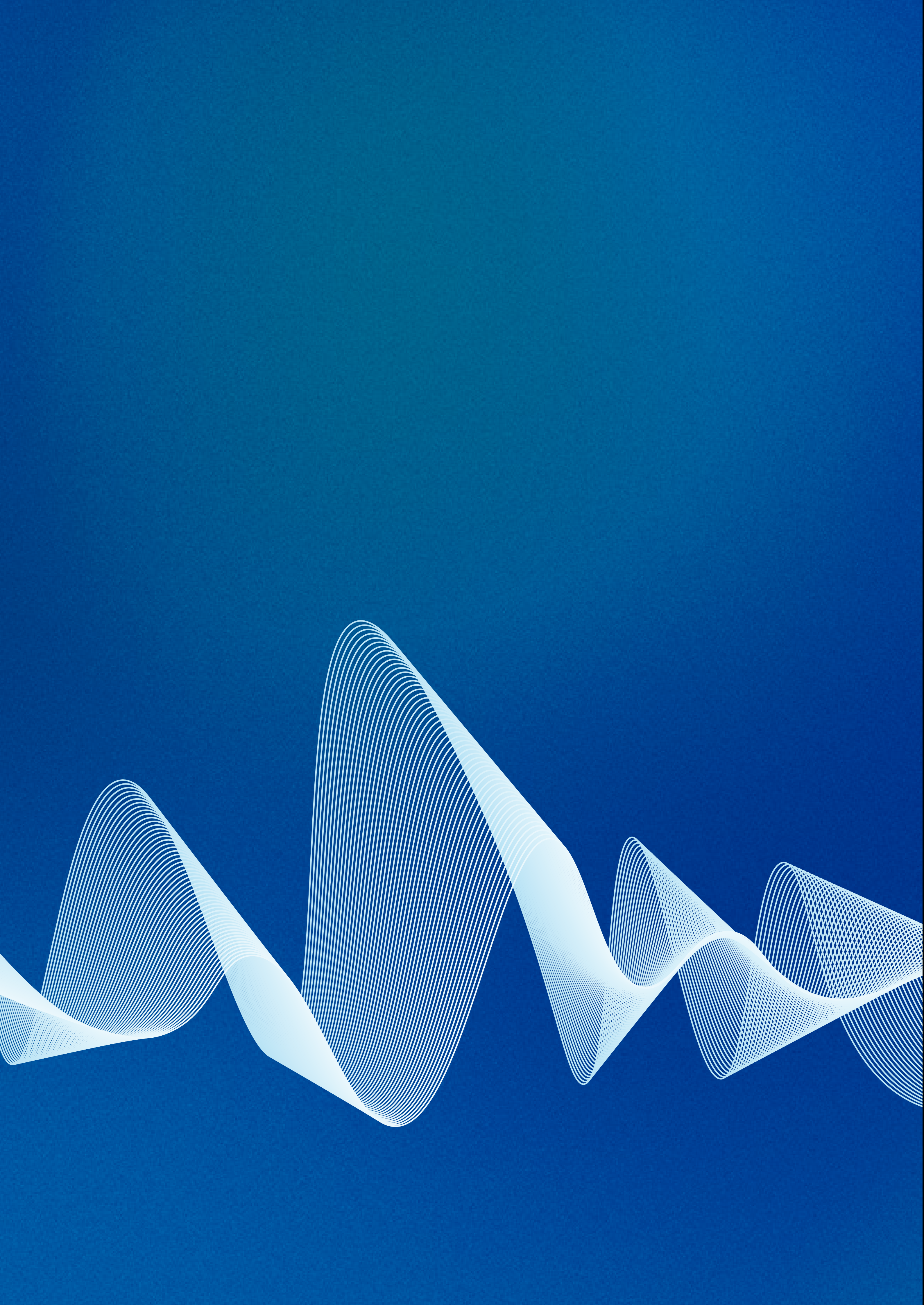
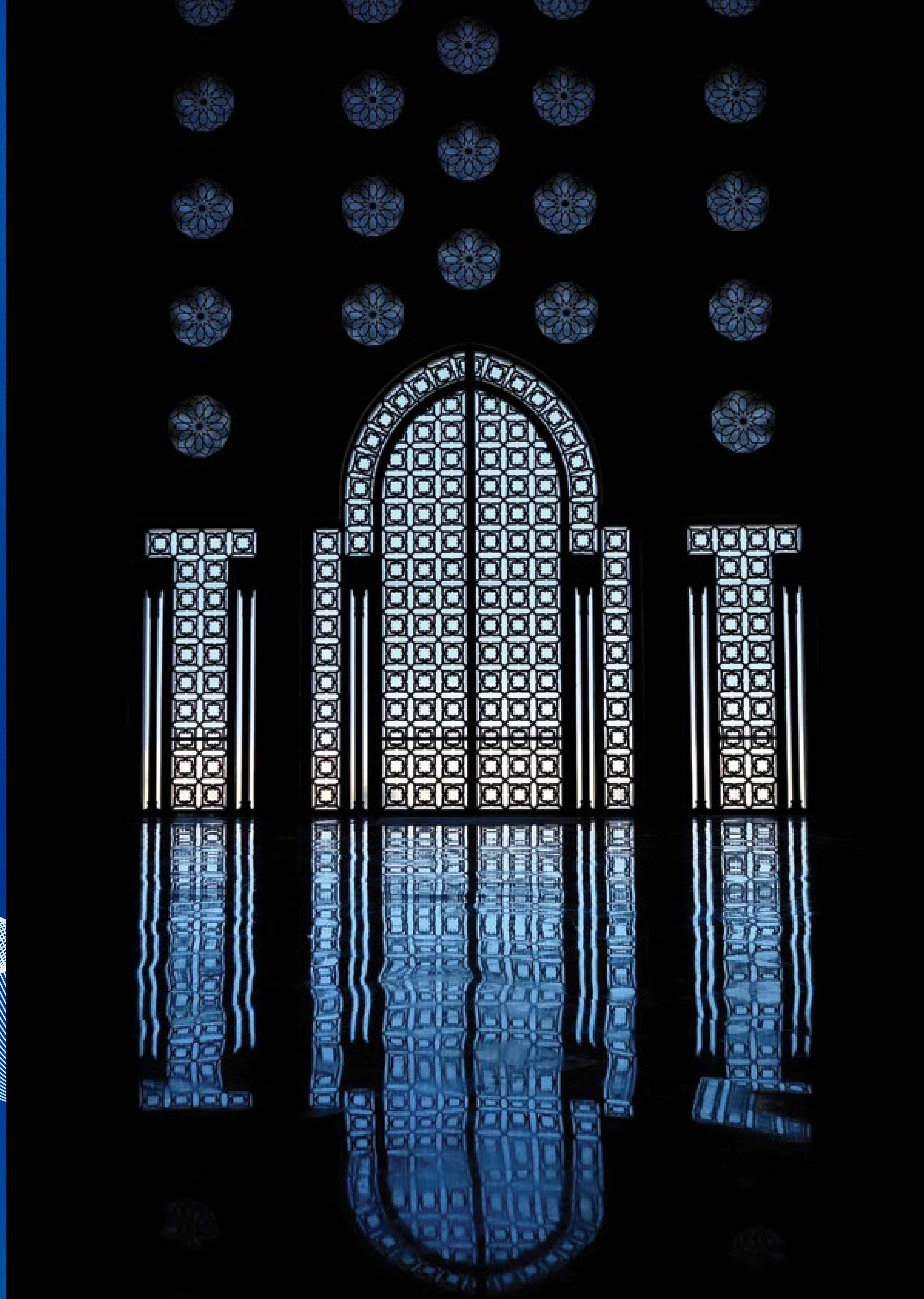
Growth Strategy Research & Advisory





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- HE Latifa El Bouabdellaoui
Director General, ICDT

FOREWORD

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The Organization of Islamic Cooperation (OIC) and its organs have undertaken numerous initiatives to promote cooperation among its Member States to achieve sustained economic development for greater integration within the global economy. However, a number of economic, geopolitical, health, and climate challenges in the recent past have called for a renewed commitment on several fronts by all stakeholders.

In challenges, we often find the greatest opportunity for transformation. Hence, amid evolving market dynamics, supply chain concerns, unprecedented technological adoption, and a transition toward a cleaner future lies the need to identify growth opportunities for self-reliance and economic viability.

For close to four decades, the Islamic Centre for Development of Trade (ICDT) has strived to facilitate trade and investments across OIC countries by promoting halal economy products and services, developing partnerships and strategic alliances between stakeholders of Member States, helping disseminate information on intra-OIC supply and demand and fostering best practices. However, in times of uncertainty, it is imperative to rise to the challenge to empower nations, promote further cooperation and strengthen the halal economy for greater and sustained good.

In our continued effort to facilitate strategic market intelligence and address a gap in the focused review of opportunities for the OIC member countries, the Islamic Centre for Development of Trade (ICDT) is pleased to introduce the *2022 Annual OIC Halal Economy Report* along with an interactive dashboard for the various OIC halal economy stakeholders.

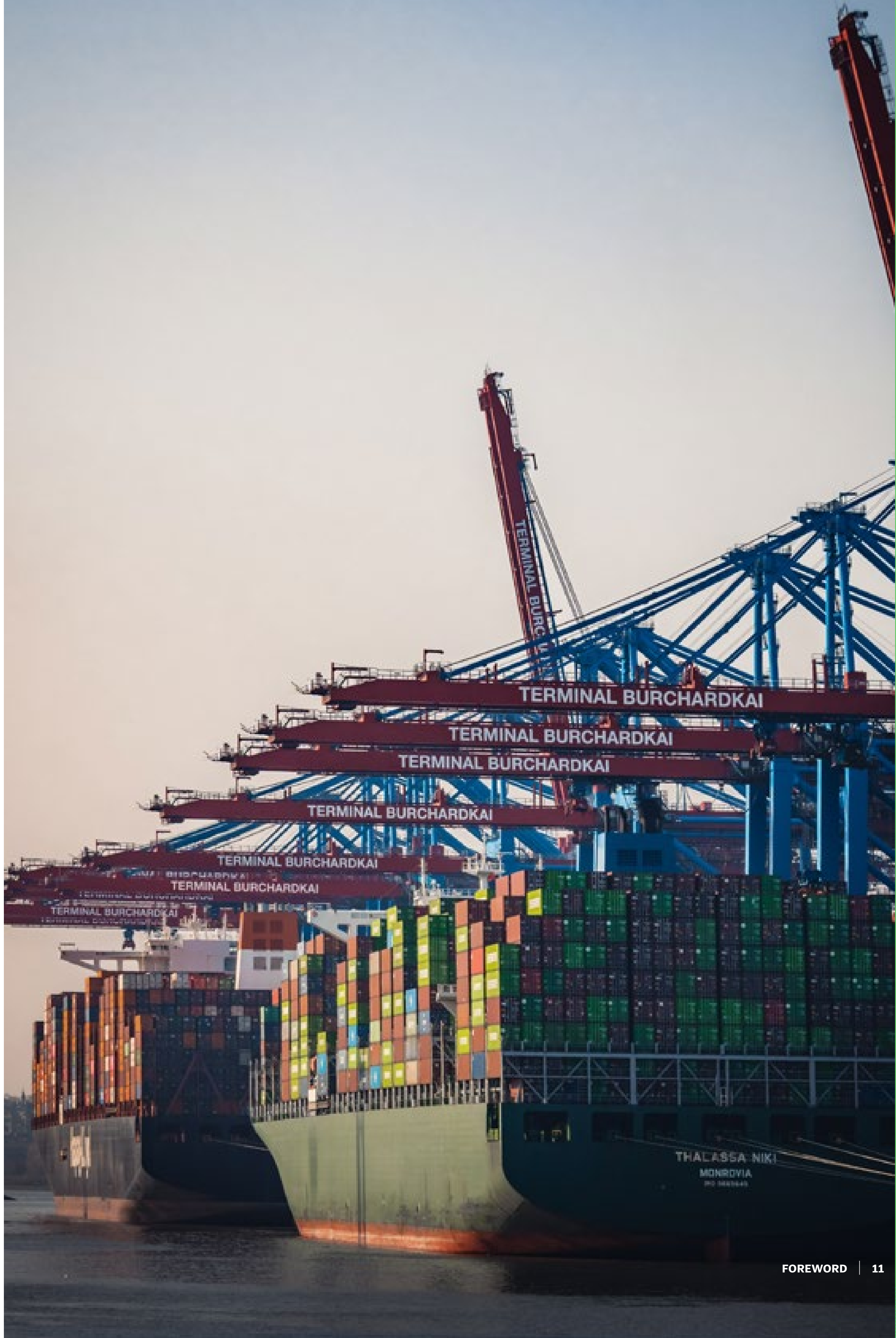
Muslims around the globe are a formidable economic force with significant purchasing power, which presents a massive opportunity for OIC countries. However, the increasing focus of young decision-makers on social, environmental, and ethical concerns indicates that halal standards will appeal to a wider audience beyond the Muslim consumer base.

With this report, we aim to inspire and empower OIC countries to act cohesively, promote inclusive growth and increase the OIC's share in the halal trade and investments ecosystem with integrity and purpose.

ICDT will continue organizing capacity building programs, expos, forums, dashboards and reports on the halal economy for the benefit of Member States, contributing to reinforce trade and investment flows in the halal sectors.

We believe economic growth is sustainable when it is inclusive.

- HE Latifa El Bouabdellaoui,
Director General, ICDT



EXECUTIVE SUMMARY

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The world has witnessed a diverse set of challenges in the last two years. The impact of the COVID-19 pandemic and a crisis in Russia and the Ukraine—which caused fluctuations in energy prices and impacted global supply chains—have left economies in the balance. Adding a potential global recession, inflation, and climatic changes to the mix suggests that the imminent future, at the very least, is uncertain.

Despite macroeconomic challenges, the global halal economy presents an area of unique opportunity for the Organization of Islamic Cooperation (OIC) member countries. This is underpinned by key factors, including an expanding Muslim consumer base, keenness among them to make choices aligned with Islamic values, and the growing popularity of halal products and services. However, opportunities presented by the halal economy ecosystem remain relatively untapped by OIC countries.

The *2022 Annual OIC Halal Economy Report* aims to inspire and empower OIC government entities, industries, and investors to grow the OIC's share in halal trade and investments with integrity. Fostering capacity building, increasing production competitiveness, encouraging partnerships, and localizing halal production are some initiatives that will underpin economic resilience building and help achieve economic growth for all Member States across the OIC network.

The *2022 Annual OIC Halal Economy Report* has identified that the OIC Member States recorded a **trade deficit** of US$63 billion for halal economy products in 2021, covering food, fashion, pharmaceuticals and cosmetics, with exports equaling US$275 billion and imports totaling US$338 billion. Only 18% of these imports were sourced from other OIC Member States, while only three OIC countries (Türkiye, Indonesia, and Malaysia) made it to the top 20 exporters of halal economy products.

Meanwhile, in terms of **investments,** OIC Member States received a total of 180 investments across the eight sectors of the halal economy, with 120 disclosed deals worth US$7.9 billion.

OIC Member States imported US$232.61 billion worth of **food** products in 2021, with exports equaling US$163.57 billion, making them net importers with a negative trade balance of US$69 billion. Meanwhile, Muslim spend on food by consumers in OIC countries was valued at US$1.07 trillion in 2021, forecasted to equal US$1.5 trillion by 2026. This presents a strong window of opportunity for OIC countries to ramp up production, leverage growing consumer demand for healthy and organic food products, and adopt digitalization across the industry.

OIC countries are fairly reliant on imports of **cosmetics** products to meet consumer demands, having imported US$13.65 billion in cosmetics in 2021, while exports stood at US$4.4 billion, presenting a negative trade balance of US$9.26 billion. OIC countries can increase their share of exports to other Member States and potentially source products from other OIC nations. For instance, Indonesia imports 12% of odoriferous substances from the US, which can be sourced from Egypt. In terms of market size, OIC-based Muslim consumers spent US$47 billion on cosmetics in 2021, which is expected to reach US$69 billion by 2026.

OIC countries were net importers of **pharmaceuticals** as well, with imports totaling US$56.93 billion in 2021 and exports amounting to US$5.31 billion, posting a negative trade balance of US$51.62 billion, the highest net import in the last five years. However, OIC countries are improving their local manufacturing capabilities in vaccines and medicines to achieve self-reliance. Overall, Muslim consumers in OIC countries spent US$66 billion on pharmaceuticals in 2021, which is forecasted to reach US$96 billion by 2026.

However, in the case of the **fashion** sector, OIC countries are net exporters of fashion products **(apparel and footwear),** having exported products worth US$101.94 billion in 2021, while imports equaled US$34.96 billion, resulting in a positive trade balance of US$66.98 billion. OIC Member States can source several products from other Member States. For instance, Saudi Arabia imports 12% of t-shirts from India, which can alternatively be sourced from Bangladesh. Meanwhile, OIC-based Muslim consumers spent US$239 billion on fashion products in 2021, which is forecasted to reach US$361 billion by 2026.

Islamic finance assets in OIC countries were worth US$3.32 trillion in 2020 and are forecasted to reach US$4.82 trillion by 2025, at a CAGR of 7.8%. In 2021, deals in finance constituted 23% of all transactions in OIC countries. However, key opportunities exist, with Member States standing to gain from the recent technological disruption.

Travel was one of the sectors most affected by the COVID-19 pandemic. However, disruptions caused by the health crisis not only encouraged travel companies to diversify into other services but propelled domestic and regional tourism. OIC governments also offered support to tourism companies to boost the industry. For example, the Moroccan government pledged US$220 million to back tourism businesses affected by the pandemic. Meanwhile, Muslim travelers from OIC countries spent a total of US$86 billion in 2021, forecasted to reach US$211 billion by 2026.

OIC member countries made up six of the top 10 global markets for Muslim consumer spend on **media and recreation** in 2021. However, there is potential for further growth amid the demand for original content in native languages. Streaming platforms for motion pictures and music have also gained traction, with subscribers increasing steadily. Muslim consumers from OIC Member Countries spent an estimated US$141 billion on media and recreation in 2021, forecasted to reach US$231 billion by 2026.

Islamic higher education is transitioning beyond doctrinal and social sciences to include modern topics such as fintech and sustainability. Overall, Islamic education is a critical enabler of the halal economy and is essential to educate industry and halal supply chain players. Muslim consumers from OIC countries spent US$15.9 billion on tertiary education in 2021, with the top three markets being Saudi Arabia, Türkiye, and Indonesia. This spend is forecasted to reach US$21 billion by 2026.

This report **identifies 20 actionable strategies** for OIC organs and Member States to explore and implement, grouped **into five strategic categories.** These categories consist of *national economic resilience building,* which includes localizing halal production and launching accelerator programs; *intra-OIC/south-south cooperation,* which entails establishing economic partnerships and facilitating halal certifications; *research and innovation,* which focuses on emerging technologies and capacity building; *halal economy promotion and awareness,* which includes supporting SMEs and conducting trade shows; and *investment attraction and facilitation,* which comprises establishing investment promotion agencies and stakeholder collaboration. Additionally, sector-specific strategic and tactical recommendations for industry stakeholders and investors have been detailed within each chapter.

While Muslims are a vital consumer force, this report identifies key challenges to overcome and opportunities to leverage for OIC Member States to achieve economic resilience and growth.

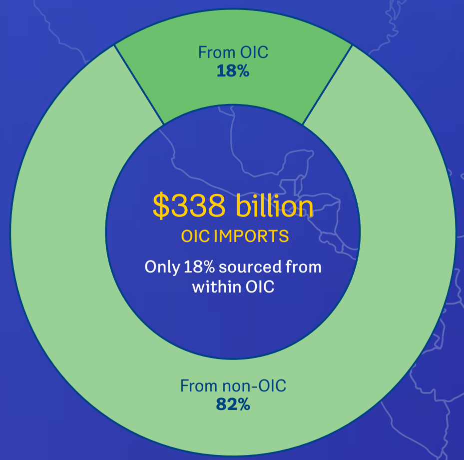
The organization of capacity building, trade facilitation, investment promotion, forums, and expos in the halal domain will increase intra-OIC trade and investment by exploiting the opportunities in the various halal sectors under the auspices of OIC and implementation of ICDT and other sister organ goals. While the operationalization of the OIC Halal Dashboard, the Annual OIC Halal Economy Reports, and the OIC Halal Expos of ICDT will boost trade and investment flows among Member States.

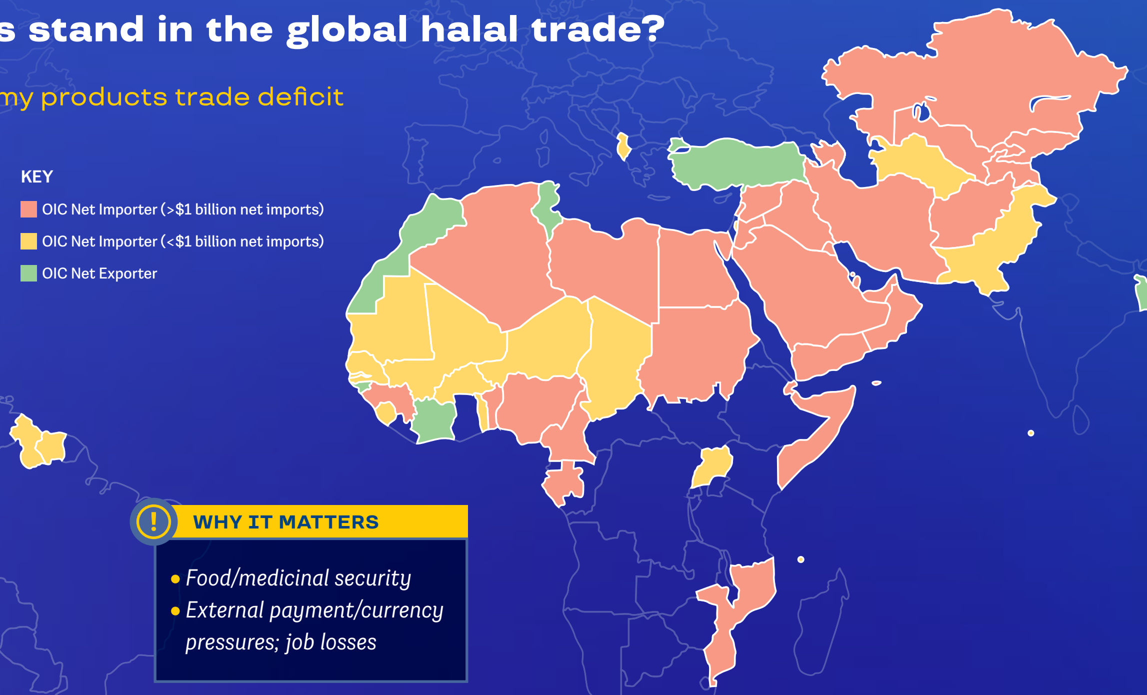
OIC HALAL ECONOMY OVERVIEW 2022

OIC countries to address US$63 billion trade deficit

Where do OIC countries stand in the global halal trade?

1. OIC countries have a halal economy products trade deficit of US$63 billion in 2021





WHY IT MATTERS

- Food/medicinal security
- External payment/currency pressures; job losses

2. Only 3 OIC countries are among the top 20 exporters of halal economy products in 2021

US$ BILLION

$32 billion TÜRKIYE, INDONESIA AND MALAYSIA EXPORT TO OIC

WHY IT MATTERS

- Long trade routes add to supply chain risks and challenges

TOP CATEGORIES IMPORTED BY OIC

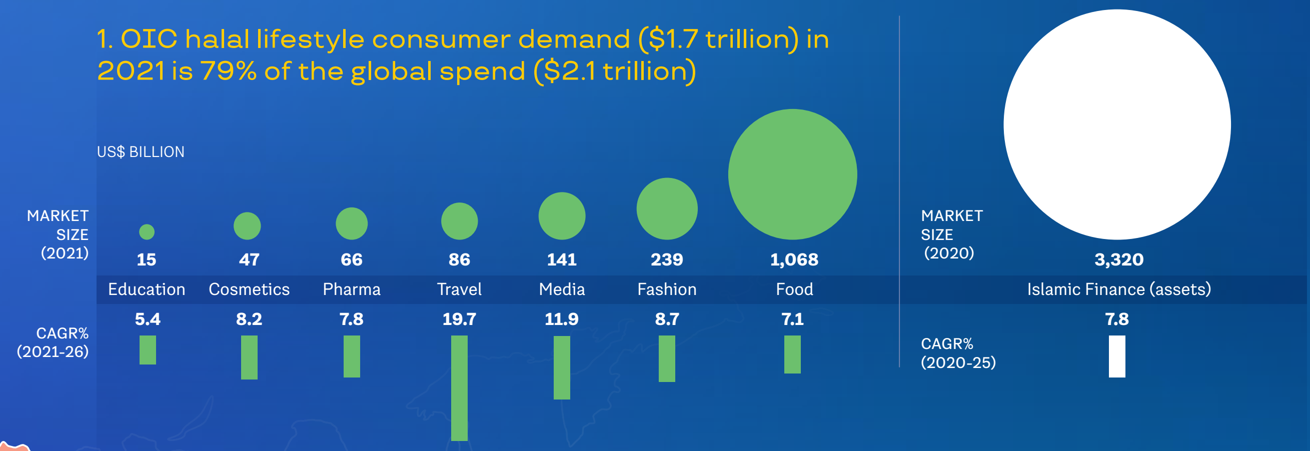
Medicaments (for retail use)	(HS 3004)
Vaccines; Human and animal blood	(HS 3002)
Wheat and meslin	(HS 1001)
Palm oil	(HS 1511)
Cane or beet sugar	(HS 1701)
Maize/corn	(HS 1005)
Rice	(HS 1006)
Soya beans	(HS 1201)
Oilcake	(HS 2304)
Milk and cream	(HS 0402)

All estimates by DinarStandard Research & Advisory except for Islamic Finance sector provided by Refinitiv Islamic Finance Development Indicator 2021 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal economy products trade include food, fashion, pharma and cosmetics products, based on ITC Trademap 2021 data. Projections are baselined on data from IMF Outlook from April 2021. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalQ, Crunchbase and DinarStandard analysis from 1st January 2021 to 31st December 2021. See appendix for detailed methodology.

OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

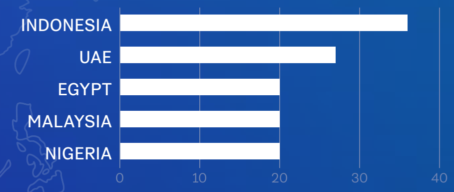
What are OIC countries' strengths?

1. OIC halal lifestyle consumer demand ($1.7 trillion) in 2021 is 79% of the global spend ($2.1 trillion)



2. $7.9 billion in OIC halal product investments anchoring growth

TOP 5 COUNTRIES BY NUMBER OF RECORDED M&A, VC AND PE DEALS IN 2021



3. Major OIC-based brands poised to champion growth

Food	Almarai, Indofood
Pharma	DuoPharma Biotech, Abdi Ibrahim
Cosmetics	Mikyajy, Iba Halal Care
Fashion	Hijup, Modanisa
Education	INCEIF University, Al-Azhar University
Travel	Emirates Group, Traveloka
Media	Durioo+, Muslim Kids TV
Finance	Lotus Capital, CIMB Islamic

4. Malaysia, UAE and Saudi Arabia leading the OIC Halal Economy Trade and Investment Index

	ISLAMIC FINANCE	FOOD	TRAVEL	FASHION	MEDIA	PHARMA	COSMETICS	EDUCATION
1. MALAYSIA	1	1	5	6	3	3	5	4
2. UAE	4	5	2	4	5	2	1	1
3. SAUDI ARABIA	2	4	6	3	7	5	2	5
4. TÜRKIYE	9	3	3	1	4	1	3	3
5. BAHRAIN	5	16	1	27	2	18	15	15
6. INDONESIA	10	2	18	5	8	6	6	12
7. EGYPT	16	7	12	9	1	7	4	10
8. IRAN	3	40	15	55	25	11	22	32
9. MOROCCO	8	8	10	8	11	14	7	16
10. KAZAKHSTAN	12	11	11	7	16	9	12	6

How can OIC countries achieve the opportunity?

ECONOMIC RESILIENCE
- Food safety programs
- Accelerator programs
- Localizing halal production

INTRA-OIC / SOUTH-SOUTH COOPERATION
- Economic partnerships
- Harmonized halal standards

RESEARCH & INNOVATION
- Emerging technologies
- Production competitiveness

PROMOTION & AWARENESS
- Trade shows
- Supporting SMEs

INVESTMENT ATTRACTION & FACILITATION
- Investment promotion agencies
- Stakeholder collaboration

1

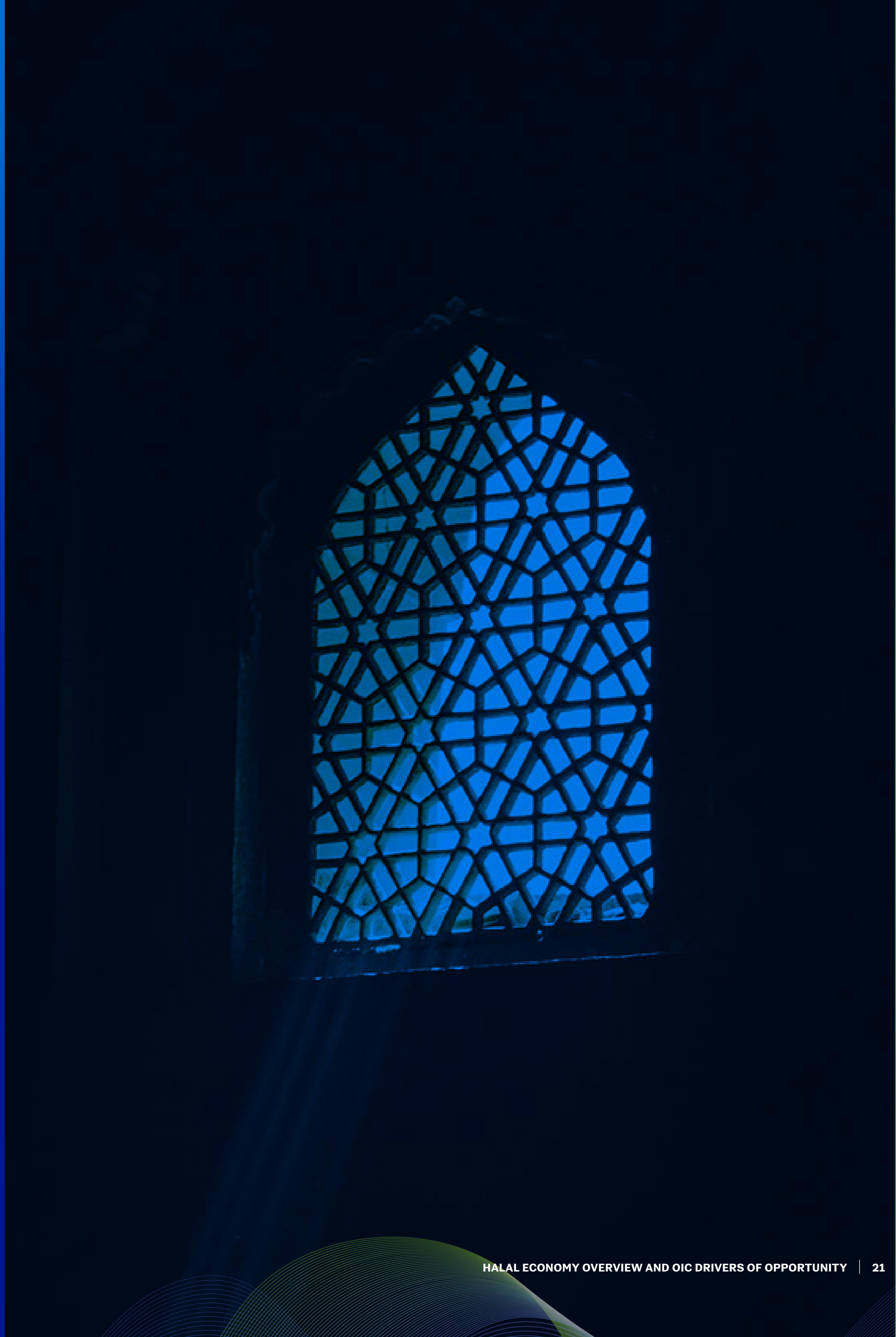
HALAL ECONOMY OVERVIEW AND OIC DRIVERS OF OPPORTUNITY

The halal economy (or Islamic economy) is a defined set of sectors whose core products/services are structurally affected by Islamic ethics and law. These eight sectors are halal food, modest clothing, halal pharmaceuticals, halal cosmetics, halal travel and tourism, Islamic finance, Islamic education, and halal media and recreation. The halal economy has established an increasingly important footing in the global economy as a result of increasing Muslim consumer demand for halal products and services worldwide.

A number of disruptive events and technologies are expected to have a mixed impact on OIC economies and intra-OIC trade, such as the crisis in Ukraine, the ratification of the African Continental Free Trade agreement, and the acceleration of climate change.

Disruptive events and technologies are expected to have a mixed impact on OIC economies and intra-OIC trade, including the crisis in Ukraine, inflation, the ratification of the African Continental Free Trade Agreement, the rise of cryptocurrency, the growth of epidemics and pandemics, and the acceleration of climate change.

Despite macroeconomic challenges, the global halal economy presents an area of unique opportunity for the Organization of Islamic Cooperation (OIC) member countries, with several growth drivers on both the consumer and government side.



1.1.
OIC and Halal Economy Overview

Muslim consumer spending created a US$2 trillion global economic opportunity across many different products and services in 2021. Although the major economic crises (such as the COVID-19 pandemic and crisis in Ukraine) have drastically impacted supply chain processes, OIC member countries have identified opportunities for sourcing halal products closer to home. While OIC member countries are becoming more import-dependent, Muslim consumer spending is forecasted to grow by 11.5% in 2022 across all halal economy sectors.

1. DEFINING THE HALAL ECONOMY

By definition, "halal" is an Arabic term meaning permissible or lawful under Islamic law. The halal economy comprises sectors whose core products and services are structurally affected by Islamic law, values-driven consumer lifestyles, and business practices. The halal economy is also called the "Islamic economy."

Sectors included within the core halal economy opportunity, which is the main focus of this report, are halal food, halal pharmaceuticals, halal cosmetics, modest clothing, Islamic finance, Islamic education, halal travel and tourism, and halal media and recreation. The principles underlying the sectors of the halal economy are derived from the Qur'an (the Muslim holy book comprising the word of God) and the Hadith (the sayings and the traditions of the Prophet Muhammad (peace be upon him)). While each sector is ordinarily distinct, common faith-based values bring them together as an intrinsic whole, serving the same ethical consumer base with a variation in shariah compliance by sector.

The report measures the size of halal economy opportunity through Muslim consumer spending on products and services, trade in halal products, and investments made in the OIC across products and services.

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Halal Food, Halal Pharmaceuticals, Halal Cosmetics Sectors

Islamic law is identified in various products and services through the term 'halal,' classifying them as permissible as per shariah law. The rules are applied to food as well as other relevant sectors, such as pharmaceuticals and cosmetics, using halal ingredients in the process of manufacturing products. All Muslim-majority countries have set laws in place to ensure that all locally produced or imported products are halal, therefore necessitating halal certification for imported products.

Modest Clothing Sector

The Qur'an and Hadith have both emphasized the importance of preserving modesty by following Islamic values that include common elements of Muslim dress, including wearing long-length garments that provide full body coverage, non-transparent fabrics, and looser fits. In addition, there are many diverse interpretations of 'modesty' among the Muslim population worldwide, the previously described elements being the main qualifying and defining aspects to be 'modest.' Currently, Muslim manufacturers and producers are using sustainable and ethical practices with halal materials, attracting increased attention and importance among Muslims and non-Muslims around the world.

Islamic Finance

Compliance and adhering to the standards of shariah law, as mentioned in the Qur'an and Hadith, also applies to Islamic finance, which ensures just and fair business dealings and halal transactions. All services that fall under Islamic finance occur without the involvement of interest and usury (riba). All key injunctions relating to business dealing are required to be halal and fall under the defined Islamic principles and practices, including the subject matter of the transaction, quantity, quality, delivery time, and payment terms.

Islamic Education Sector

Knowledge and education play a central role in Islam. The extensive history of education in the Muslim world has been centered on the teachings of the Qur'an and the Arabic language, which are important to the Islamic faith, and are spreading to all parts of the world. It is, therefore, no surprise that the Islamic world also hosts the oldest existing and continually operating educational institution in the world, the University of Qarawiyyin, founded in 859 AD in Fez, Morocco.

Halal Travel & Tourism, Halal Media & Recreation Sectors

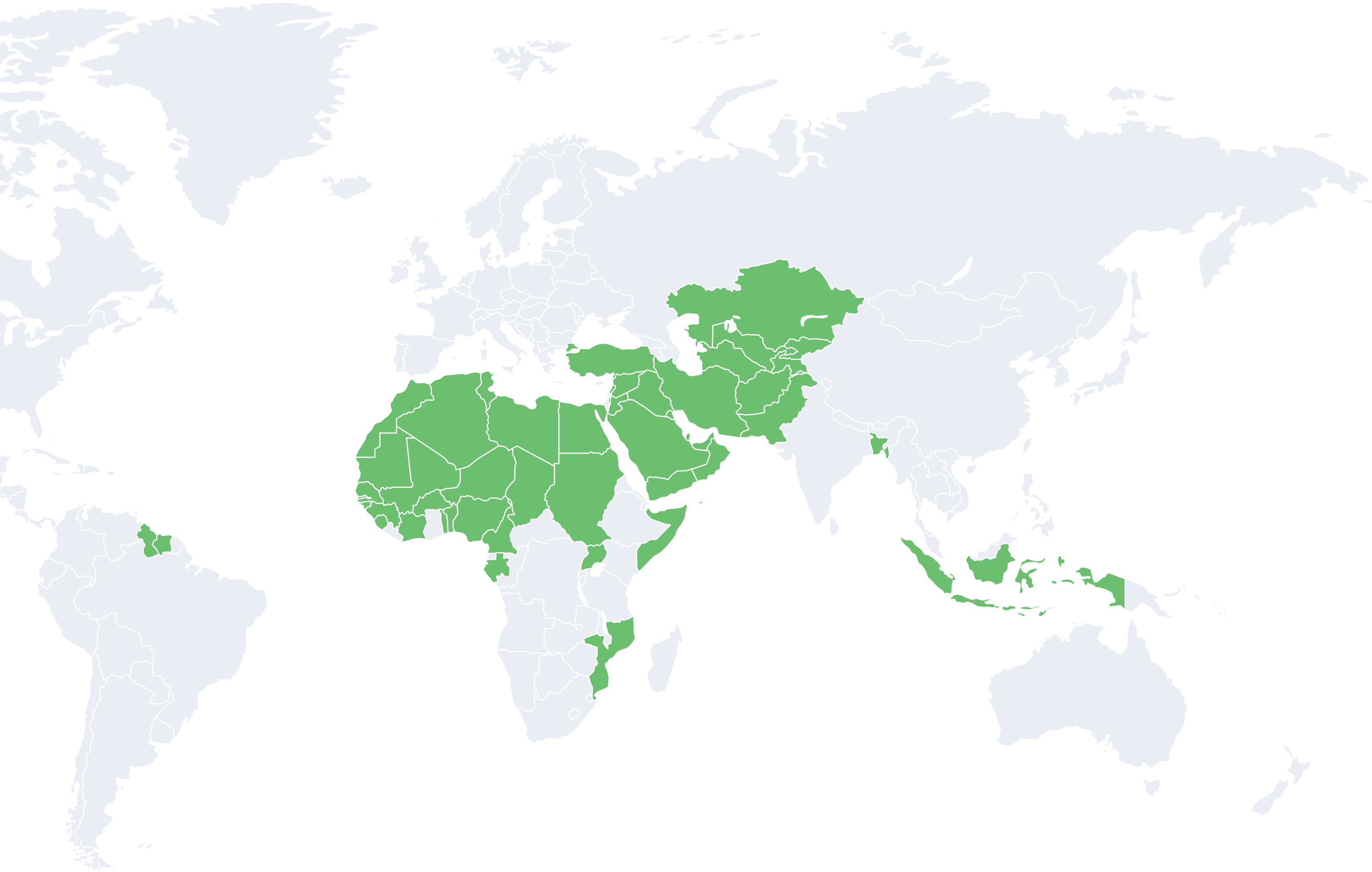
Another essential value imparted in both the Qur'an and Hadith is spending time productively while avoiding unlawful and undesirable activities such as gambling, gossiping, harming people, and indulging in intoxicants. These values highly influence Muslims' choice of entertainment and recreational activities, including travel and tourism.

2. ORGANIZATION OF ISLAMIC COOPERATION (OIC) HALAL ECONOMY

As the second largest inter-governmental organization in the world after the United Nations, the Organization of Islamic Cooperation (OIC) is an alliance of 57 states located within four continents in which Islam plays a significant role. Established in Rabat, Kingdom of Morocco in September 25, 1969, its main purpose is to be the representative organization for Muslims as they are the collective voice of the Muslim world. Its headquarters are in Jeddah, Kingdom of Saudi Arabia. Through honoring the Ummah and promoting international peace between Member States and the rest of the world, the OIC became one unified body to ensure the protection of all matters within the Muslim world.

Some of the objectives and principles as mentioned under the OIC charter, Article 1, include:

- To enhance and consolidate the bonds of fraternity and solidarity among Member States;
- To promote inter-state relations based on justice, mutual respect, and good neighborliness to ensure global peace, security and harmony;
- To strengthen intra-Islamic economic and trade cooperation;
- To achieve economic integration leading to the establishment of an Islamic Common Market; and
- To exert efforts to achieve sustainable and comprehensive human development and economic well-being in Member States.



3. ORGANS OF OIC

The OIC has established a number of standing committees, subsidiary organs, and specialized institutions to deal with issues of great importance to the organization and its Member States. In addition, the OIC accepted under its umbrella several affiliated and non-governmental organizations. Some of these institutions focus specifically on economic development, facilitation, and investment.

OIC Organs

SUBSIDIARY

- Statistical, Economic, Social Research and Training Centre for Islamic Countries (SESRIC)
- Research Center for Islamic History, Art and Culture (IRCICA)
- Islamic University of Technology (IUT)
- Islamic Centre for the Development of Trade (ICDT)
- International Islamic Fiqh Academy (IIFA)
- Islamic Solidarity Fund (ISF)

AFFILIATED

- Islamic Chamber of Commerce, Industry and Agriculture (ICCIA)
- Organization of Islamic Capitals and Cities (OICC)
- Islamic Solidarity Sports Federation (ISSF)
- World Federation of Arabo-Islamic International Schools (WFAIIS)
- Organization of the Islamic Shipowners Association (OISA)
- Islamic Conference Youth Forum for Dialogue and Cooperation (ICYF-DC)
- International Union of Muslim Scouts (IUMS)
- Federation of Consultants from Islamic Countries (FCIC)
- Islamic World Academy of Sciences (IAS)
- General Council for Islamic Banks and Financial Institutions (CIBAFI)
- OIC Computer Emergency Response Team (OIC-CERT)
- Standards and Metrology Institute for Islamic Countries (SMIIC)
- International Islamic University Malaysia (IIUM)
- Association of Tax Authorities of Islamic Countries (ATAIC)
- Real Estate Union in Islamic States (REUOS)
- Organization of Islamic Cooperation Broadcasting Regulatory Authorities Forum (IBRAF)

SPECIALIZED

- Islamic Development Bank (IsDB)
- Islamic Educational, Scientific and Cultural Organization (ICESCO)
- Islamic Broadcasting Union (IBU)
- Union of News Agencies of the OIC Member States (UNA)
- Islamic Committee of the International Crescent (ICIC)
- The Science, Technology and Innovation Organization (STIO)
- Islamic Organization of Food Security (IOFS)
- Women Development Organization (WDO) in OIC Member States

ISLAMIC UNIVERSITIES SPONSORED BY OIC

- Islamic University of Technology (IUT), Bangladesh
- Islamic University in Uganda (IUIU)
- Islamic University Niger (IUN)
- International Islamic University Malaysia (IIUM)

STANDING COMMITTEES

- Al Quds Committee
- Standing Committee for Information and Cultural Affairs (COMIAC)
- Standing Committee for Economic and Commercial Cooperation (COMCEC)
- Standing Committee for Scientific and Technological Cooperation (COMSTECH)

OIC institutions focusing on economic development, trade, and investment

STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)

The main objective of the COMCEC is to address the economic challenges of the Islamic Ummah and to contribute to the development efforts of the member countries. Furthermore, the COMCEC serves as a policy dialogue platform for producing and disseminating knowledge, sharing experience and best practices, developing a common understanding, and approximating policies among the member countries.

ISLAMIC CENTRE FOR THE DEVELOPMENT OF TRADE (ICDT)

The ICDT is entrusted with trade and investment promotion among the OIC Member States. In addition to the organization of Fairs and Exhibitions and its huge experiences and achievements in the economic and trade fields, the centre also organizes seminars, forums, and conferences and follows up the trade negotiations on the Trade Preferential System among the OIC Member States (TPS-OIC) as well as the trade negotiations in the framework of the World Trade Organization (WTO). Furthermore, it conducts sector-based studies with the major aim of boosting trade among the OIC Member States.

ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT (ICIEC)

The purpose of ICIEC is to provide investment and export credit insurance for Islamic countries. The ICIEC originated from the Agreement for the Promotion, Protection, and Guarantee of Investment among member countries of the Organization of the Islamic Conference (OIC). This agreement outlined that the OIC, through the Islamic Development Bank, establish an Islamic Insurance Company operating with shariah, providing insurance products for investments and export credits.

ISLAMIC DEVELOPMENT BANK (IsDB)

The purpose of the bank is to foster the economic development and social progress of Member States and Muslim communities individually as well as collectively in accordance with the principles of shariah. The functions of the bank are to provide equity participation and grant loans for productive projects and enterprises. It also gives financial assistance to Member States in other forms for their economic and social development and to foster foreign trade among member countries. The IsDB Group comprises five entities: ISFD IsDB Institute, ICIEC, ICD, and ITFC.

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

ITFC is an autonomous entity within the IsDB Group, established to consolidate all the trade finance businesses that used to be handled by various windows within the IsDB Group. It is created to advance trade to improve the economic condition and livelihood of people across the Islamic world.

ISLAMIC ORGANIZATION FOR FOOD SECURITY (IOFS)

The mandate of IOFS is to address agriculture, rural development, and food security problems facing OIC Member States, particularly hunger, malnutrition, famine, poverty, growing populations, food shortages, desertification, deforestation, salinity, and underutilization of existing potentials. IOFS seeks to create a collective platform to promote food security, encourage sustainable rural and agricultural development by mobilizing available resources within OIC countries, exchange best practices and experiences, and promote investments and the transfer of appropriate technologies.

THE STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES (SESRIC)

SESRIC collates and disseminates socio-economic statistics and information on and for the utilization of Member States, undertakes research on issues of economic and social development in Member States to generate proposals that would initiate and enhance cooperation among them, and organizes and supports training programmes according to Member States' needs, particularly in training administrative and technical personnel.

STANDARDS AND METROLOGY INSTITUTE FOR ISLAMIC COUNTRIES (SMIIC)

SMIIC aims at realizing harmonized standards in the Member States whilst developing intra-OIC trade and aiding to take further part in international trade. It shall establish certification and accreditation schemes for the purpose of expediting exchange of materials, manufactured goods and products among Member States.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR (ICD)

ICD was established to support the economic development of its member countries through the provision of finance for private sector projects, promoting competition and entrepreneurship, providing advisory services to governments and private companies, and encouraging cross-border investments.

ISLAMIC CHAMBER OF COMMERCE, INDUSTRY AND AGRICULTURE (ICCIA)

The ICCIA represents the Private Sector of 57 member countries. It aims at strengthening closer collaboration in the fields of trade, commerce, information technology, insurance/reinsurance, shipping, banking, promotion of investment opportunities and joint ventures in the member countries. Its membership is comprised of the National Chambers/Unions/Federations of Chambers of Commerce and Industry of the 57 member countries.

1.2. Halal Economy Growth Drivers

The halal economy has grown tremendously in recent years, with various suppliers seeking to expand their businesses by tapping into the ever-growing halal industry sectors. There are several growth drivers underlying the expansion of the halal economy globally and in OIC countries.

Growth drivers on the consumer side include the fast-growing and young Muslim population and their increasing purchasing power and religious affinity, as well as ethical consumption, providing a robust basis for the growth of the Islamic economy.

On the government side, OIC governments are accelerating the growth of halal sectors through import and halal certification regulations and promotion of intra-OIC trade growth. Businesses and investors increasing interest in the halal economy sphere is fueling the growth of the halal economy.

Consumers

YOUNG MUSLIM POPULATION

One of the strongest demand drivers in the Islamic economy is the Muslim population. In 2021, there were estimated to be 1.9 billion Muslims, or about 25% of the world's population. Over the next decade, it is anticipated that the Muslim population will continue to expand twice as fast as the non-Muslim population. It is forecasted that Muslims will grow up to 2 billion and 3 billion by 2030 and 2060, respectively, about 30% of the global population.

Muslims predominate among the global youth in all major religious groups. In 2020, 27.3% of the Muslim population represented the youth and young adults (ages 15-29), which is expected to rise to 30% of the world's younger population by 2030. This demographic window of opportunity, in addition to the increased spending patterns of young people especially through the use of digital platforms, will play a key role in the development of the halal industry in many OIC countries.[1]

PURCHASING POWER

The increased purchasing power of several OIC countries motivated a number of local, regional, and international brands to develop products and services to cater to the needs of the halal industry market. Purchasing power is dependent on growing economic development, such as increased earnings, in a country or region. Although the COVID-19 outbreak negatively impacted business' economic activities, this uncertainty has made the purchasing power demographic to be one of the most significantly important growth drivers in the halal economy.

It is worth noting that there are significant disparities among OIC countries in terms of socio-economic and cultural characteristics leading to variations in consumption. For example, OIC countries in Asia are considered to be the largest market for the halal food sector, as they have the largest Muslim population in comparison to other OIC countries.[2]

INCREASING RELIGIOUS AFFINITY

There is greater inclusion of religion globally compared to 20 years ago. Muslim-majority countries Indonesia (85%) and Nigeria (88%) are among the highest percentages favoring a more important role for religion.[3] 'Halal' has seemingly become a brand used to market food, clothing, and other products and services. Although it has become an effective marketing strategy appealing directly to Muslims, it has also appealed to the non-Muslim population, but with additional appeal directed towards prospective Muslim consumers, which satisfies Islamic norms and Islamic practices of halal.[4] As the halal market itself has expanded and is continuing to do so, the non-Muslim population is becoming consumers. Therefore, this signifies how many Islamic values have a universal appeal and are not exclusively positioned for Muslims.

ETHICAL CONSUMPTION GROWTH

Many of the principles guiding the various sectors of the Islamic economy are universal and appealing to consumers concerned about the environment. According to numerous global studies, consumers are placing greater emphasis on products that are vegan, organic, natural, and cruelty-free, which has a significant impact on the demand for halal-certified products, given the shared principles.

Due to the exponentially growing global halal industry, the awareness of Islamic rulings on halal and haram are increasing among the Muslim population. As the halal lifestyle is becoming one of the biggest factors causing the halal industry to grow, awareness of halal products and the production, distribution, and consumption processes supporting them are making the halal lifestyle more attractive globally.

Businesses

GLOBAL BRAND INVOLVEMENT

One of the strongest demand drivers in the Islamic economy is the top global brands such as Nestlé, H&M, and more are being introduced as new players and becoming part of the growing Islamic economy through the manufacturing and production of various innovative products and services across multiple sectors, all while expanding their product/service portfolios through diversification. The contribution of these huge global multinational brands emphasizes the growing consumer demand. Because of this, tremendous growth will be evident in the global halal market size, which is estimated to increase to US$6.0 trillion in 2024, with projected market recovery from the pandemic through ease of restrictions and rapid vaccine rollout.[5] As the halal industry continues to expand into non-Muslim majority countries, significant opportunities arise for various stakeholders.

Investors

ISLAMIC ECONOMY INVESTMENT ACTIVITY

Global private equity soared to new heights in 2021 at US$1.9 trillion, even though 2020 led to slow fundraising since investors were focused on their existing portfolios instead of committing capital to new funds. The significant activity and economic boost from late 2020 and continuing into 2021 allowed private equity firms to seek investment opportunities in businesses hit hard by the pandemic.[6]

Governments

GOVERNMENT REGULATIONS AS ENABLERS

Governments within the OIC countries are actively regulating imports of products following halal certification requirements and guidelines, especially through designated national bodies. These national bodies include the UAE's ESMA and EIAC, Saudi Arabia's SFDA, OIC's SMIIC, and Malaysia's JAKIM, all of which monitor and provide accreditation to halal certification bodies. Increased government contribution resulted in increased awareness of halal product requirements and compliance by manufacturing companies, therefore increasing the growth of various Islamic economy sectors. According to industry executives working within various Islamic/halal economy sectors, government support and market-friendly regulations significantly impact the growth of halal markets. During the pandemic, governments, along with Islamic organizations and halal bodies, all provided their support to Muslims through charity donations. An example is IFANCA, which has provided UNICEF with a US$3 million grant for access support to the COVID-19 Tools Accelerator.[7]

NATIONAL ISLAMIC ECONOMY STRATEGIES

The Islamic economy is becoming a central focus for many countries, including non-Muslim majority countries, as economic growth through economic diversification is being identified. The OIC countries such as Saudi Arabia, UAE, Nigeria, Indonesia, and more have proactively implemented various programs with the IOFS to expand the ever-growing Islamic economy worldwide. Depending on the industry, most OIC governments provide various support forms to ensure economic growth is fulfilled.

1.3. Disruptive Events and Technologies Affecting the OIC Halal Economy

A number of disruptive events and technologies are expected to have a mixed impact on OIC economies and intra-OIC trade, including the crisis in Ukraine, inflation and high energy prices, the ratification of the African Continental Free Trade Agreement, the advent of the Metaverse, the rise of cryptocurrency, the growth of epidemics and pandemics, and the acceleration of climate change.

KEY: IMPACT MAGNITUDE ON THE OIC HALAL ECONOMY OVER THE SHORT/MEDIUM TERM

Crisis in Ukraine

Given the two conflicting countries control a third of the global wheat trade, the crisis in Ukraine has affected global supply chains impacting food supplies globally. This had a significant impact on halal food markets, leading to shortages and increased food prices, with Arab[8] and African countries suffering the brunt of this crisis, compounding the impact of the COVID-19 pandemic on their economies and raising fears of famine in poorer OIC African countries.[9]

Inflation and Higher Energy Prices

According to the World Bank's latest Global Economic Prospects report, as a result of the COVID-19 pandemic and the Ukraine crisis, forecasts for 2022 growth have been revised down in nearly 70% of Emerging Market and Developing Economies, including many OIC member countries. Higher energy prices resulting from the Ukraine crisis are expected to raise production costs, reducing real incomes, especially in energy-importing OIC countries, affecting purchasing power and tightening financial conditions.[10] Furthermore, if this trend continues, it raises the risk of stagflation which will potentially harm both middle and low-income economies.[11]

Ratification of the African Continental Free Trade Agreement

Considering that 27 OIC countries are members of the African Union, the recently ratified African Continental Trade Agreement, which is expected to remove customs duties on at least 97% of tariff lines that account for 90% of intra-Africa trade, offers a significant opportunity for growing intra-Africa trade with some of the African OIC countries expected to have a 30% increase in their total trade with other African countries, including Côte d'Ivoire, Egypt, Tunisia, Guinea, Mozambique, and Uganda.[12]

Advent of the Metaverse

The Metaverse has the potential to revolutionize trade, automate the supply chain and delivery processes, as well as expand access for suppliers as well as consumers across the globe.[13] Virtual Reality Technology is currently being used to host virtual events for facilitation trade connections around the world to attend.[14] The Metaverse and its related technologies can significantly facilitate the creation of trade connections for OIC member countries.

Rise of Cryptocurrency

Cryptocurrency has been lauded as a tool for "financial inclusion" for participation in the global financial system. It has the potential to provide services for millions of "unbanked people" in some OIC countries like Indonesia and Pakistan. However, OIC countries are still divided in their approach towards adopting cryptocurrency, with countries such as the UAE or Bahrain embracing it and vying to position themselves as global leaders, while other countries such as Saudi Arabia, Qatar, and Kuwait restrict its use.[15]

Growth of Epidemics and Pandemics

While the world in general and OIC countries in particular are dealing with the impact of COVID-19 on their economies, there are concerns regarding the outbreak of monkeypox, with over 16,500 cases and 75 deaths from 75 countries globally this year. With African countries accounting for 12% of the monkeypox cases with the highest case fatality rate (CFR) globally, concerns are growing about the effect of the disease on their population and economies.[16] While wealthier nations race to acquire the monkeypox vaccine to safeguard their population, millions in poorer OIC countries are left vulnerable, which poses both health and economic threats for these countries.[17]

Acceleration of Climate Change

Scientists have issued warnings regarding the acceleration of ice loss and other effects of climate change that are causing "irreversible changes," leading to reduced crop yields and lowering livestock productivity.[18] OIC countries, with their high dependence on climate-sensitive natural resources and their low adaptation capacities as a result of technological and financial limitations, are among the most vulnerable nations to climate change.[19] The MENA region is predicted to be among the first globally to "effectively run out of water," being especially vulnerable to rising temperatures and their damaging effects on health and productivity, desertification, and food insecurity.[20]

IMPACT OF DISRUPTIVE EVENTS AND TECHNOLOGIES ON THE OIC HALAL ECONOMY

DISRUPTIVE EVENTS AND TECHNOLOGIES	IMPACT MAGNITUDE
Ukraine Crisis	
Inflation and Higher Energy Prices	
Ratification of the African Continental Free Trade Agreement	
Advent of Metaverse	
Rise of Cryptocurrency	
Growth of Epidemics and Pandemics	
Acceleration of Climate Change	

SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS

2

HALAL TRADE AND INVESTMENT INDEX

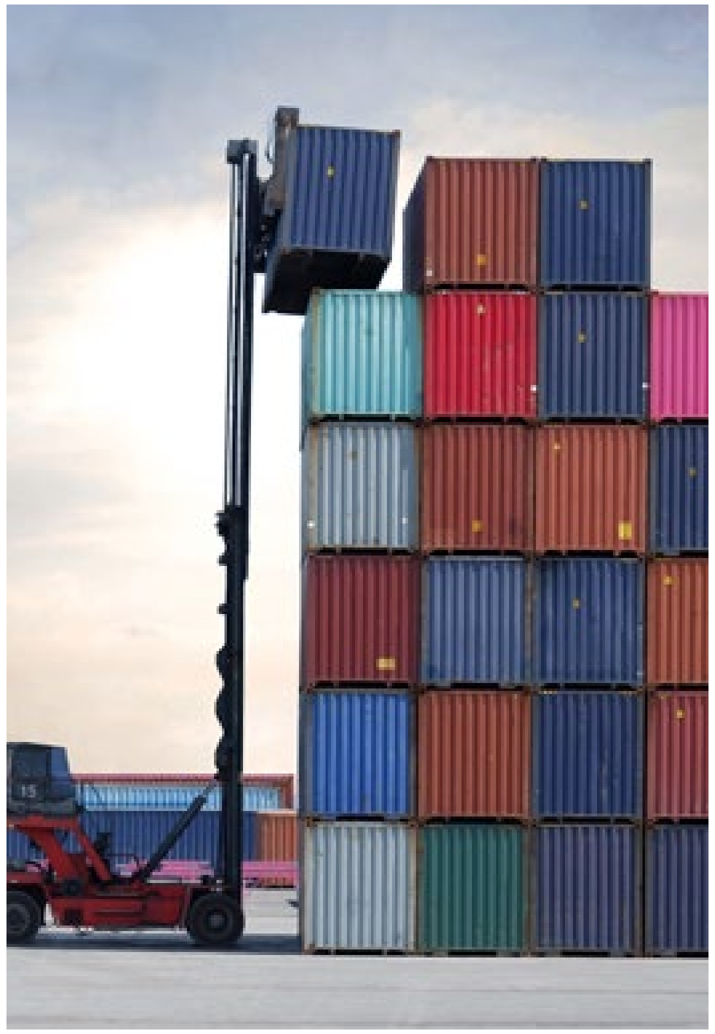
The OIC Halal Trade and Investment Index aims to inspire and empower OIC government entities, industries, and investors to grow OIC's share in halal trade and investments with integrity. This index will allow OIC Member States (OIC MS) to quantify the state of halal product trade and investment in their country as a whole and on a sector level. This quantified information will help facilitate further comprehension of how the different parts of the market are developing over time.

High-ranked countries in the index exhibit strong performance in attracting investment and trading activity both globally and intra-OIC. The ranking is not influenced by the size of the country's economy. Countries that have put in place measures to encourage and facilitate investment and trade, such as implementing investment facilitating policies, improving logistical and other infrastructure to improve the various ecosystems, or entering into bilateral or multilateral agreements with other countries, will score well in the index.

1. PURPOSE AND METHODOLOGY

The objective of the index is to obtain a ranking of OIC MS' global and intra-OIC trading activity in halal-related sectors, as well as the country's attractiveness to investors. The index also provides insight on a sector basis to understand which sectors are driving halal trade and where improvements can be made.

The index comprises of 61 metrics organized into five components for each of the eight sectors of the Islamic economy: Islamic Finance, Halal Food, Muslim-Friendly Travel, Modest Fashion, Media/Recreation, Halal Pharmaceuticals, Halal Cosmetics, and Tertiary Education.



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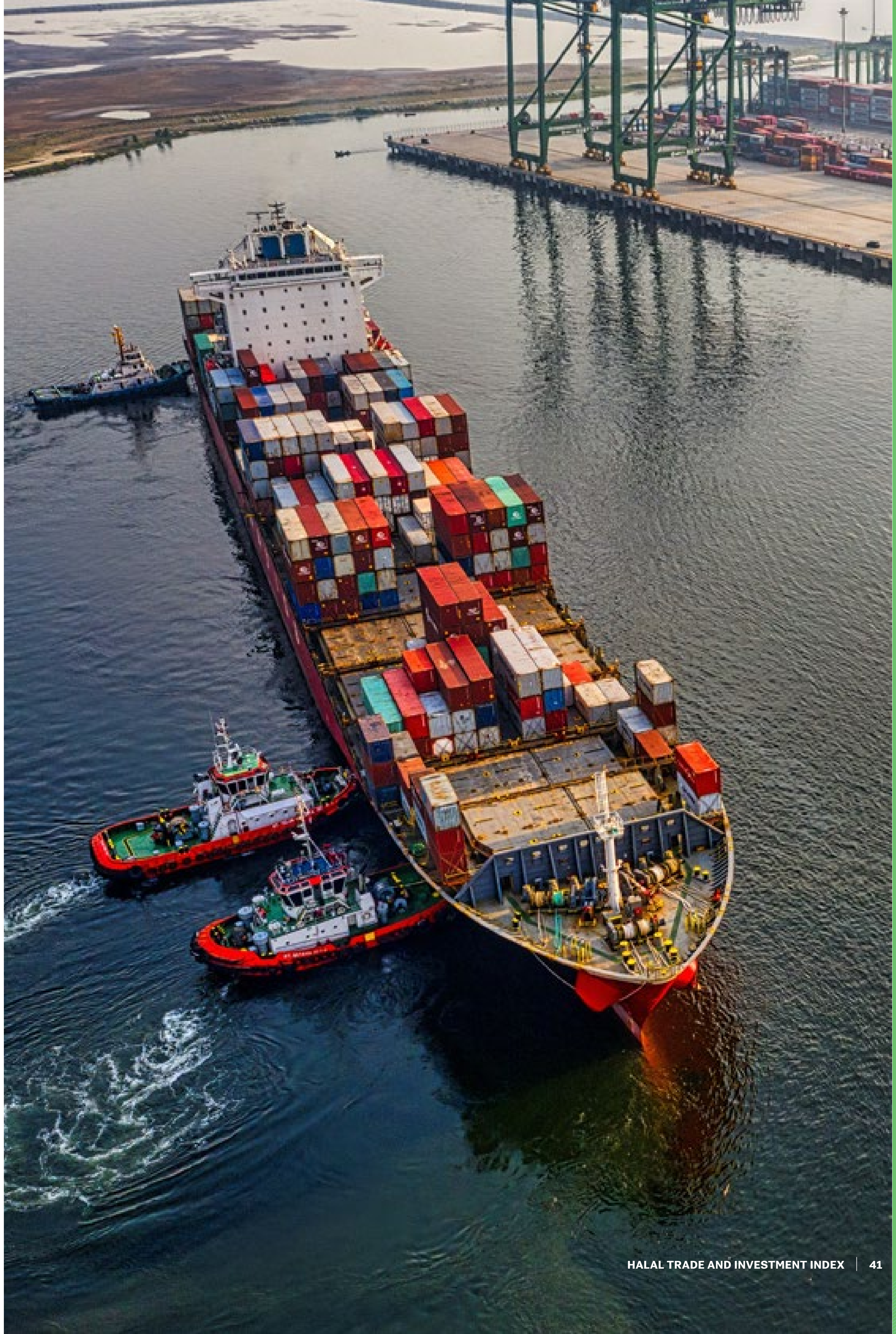
The different components that make up the index are as follows:

- **Investment sub-indexes:** Metrics that gauge the level of investment and the ease of investing in the country.
- **Trade sub-indexes:** Metrics that gauge the country's trading activity globally and intra-OIC.
- **Growth trajectory sub-indexes:** Metrics that gauge the growth prospects for the sector in the country.
- **Integrity sub-indexes:** Metrics to gauge the halal certification and shariah regulatory landscape (as applicable). These regulations can affect the trade of certain categories of goods, such as food, pharmaceuticals, and cosmetics.
- **Social sub-indexes:** Metrics to understand the social impact of the sector.

The data used in the index calculation is from 2021. In calculating the sector score, each sub-index was given a fixed weightage. In calculating the overall index score, each sector was given a fixed weightage, with Islamic Finance and Food being more heavily weighted.



2. OIC HALAL TRADE AND INVESTMENT INDEX: TOP 10 COUNTRIES RANKED

3. INDEX SCORE BREAKDOWN FOR TOP 10 RANKING COUNTRIES

	MALAYSIA	UAE	SAUDI ARABIA	TÜRKIYE	BAHRAIN	INDONESIA	EGYPT	IRAN	MOROCCO	KAZAKHSTAN
TRADE AND INVESTMENT INDEX SCORE	58.4	51.5	49.7	48.1	36.7	32.6	31.4	29.6	27.3	25.2
ISLAMIC FINANCE	119.7	76.0	101.7	29.6	56.2	28.1	17.9	94.8	33.9	23.4
HALAL FOOD	59.6	40.9	43.3	54.5	21.4	59.2	33.1	11.0	29.3	24.9
TRAVEL	59.2	74.1	53.3	65.9	77.5	29.4	35.2	32.6	45.1	44.3
FASHION	24.1	25.9	27.9	84.3	11.3	25.4	20.3	-1.2	20.4	25.8
MEDIA	41.2	32.4	21.0	35.5	67.7	18.7	69.7	8.3	17.2	13.2
PHARMA	35.6	45.1	31.8	52.7	20.3	28.7	28.7	23.8	22.4	26.3
COSMETICS	36.0	49.3	47.6	43.4	19.7	32.0	38.9	14.9	26.4	21.0
TERTIARY EDUCATION	29.5	54.0	25.0	30.9	15.1	17.2	18.8	6.3	15.0	24.9

4. TOP 5 COUNTRIES PER SECTOR

ISLAMIC FINANCE
1. Malaysia
2. Saudi Arabia
3. Iran
4. United Arab Emirates
5. Bahrain

HALAL FOOD
1. Malaysia
2. Indonesia
3. Türkiye
4. Saudi Arabia
5. United Arab Emirates

MUSLIM-FRIENDLY TRAVEL
1. Bahrain
2. United Arab Emirates
3. Türkiye
4. Tunisia
5. Malaysia

MODEST FASHION
1. Türkiye
2. Bangladesh
3. Saudi Arabia
4. United Arab Emirates
5. Indonesia

MEDIA AND RECREATION
1. Egypt
2. Bahrain
3. Malaysia
4. Türkiye
5. United Arab Emirates

HALAL PHARMACEUTICALS
1. Türkiye
2. United Arab Emirates
3. Malaysia
4. Azerbaijan
5. Saudi Arabia

HALAL COSMETICS
1. United Arab Emirates
2. Saudi Arabia
3. Türkiye
4. Egypt
5. Malaysia

TERTIARY EDUCATION
1. United Arab Emirates
2. Jordan
3. Türkiye
4. Malaysia
5. Saudi Arabia

5. LEADING COUNTRIES

The high-ranked countries in the index exhibit strong performance in attracting investment and trading activity both globally and intra-OIC. The ranking of the country is not influenced by the size of the country's economy. If a country has put in place measures to encourage and facilitate investment and trade, such as implementing investment facilitating policies, improving logistical and other infrastructure to improve the various ecosystems, or entering into bilateral or multilateral agreements with other countries, it will score well in the index.

The top five countries, in this case, are considered strong players in the OIC and globally in general.

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1. MALAYSIA

RANKING	0–60
Islamic Finance	1
Halal Food	1
Muslim-Friendly Travel	5
Modest Fashion	6
Media and Recreation	3
Halal Pharmaceuticals	3
Halal Cosmetics	5
Tertiary Education	4

Having always been a significant player in the Islamic economy, Malaysia has claimed the first position in the Trade and Investment Index. Malaysia ranked within the top five countries across all sectors except for modest fashion. The country has been working to establish a world-leading halal economy ecosystem for several years already through its robust and comprehensive halal standards and supported by an extensive ecosystem that spans its free halal zones and parks, well-developed halal product manufacturers, a strong Islamic finance industry, and a robust investor ecosystem that includes private equity, venture capital, and sovereign wealth funds.

Moreover, a developmental agency called the Halal Industry Development Corporation (HDC) was also formed under the Ministry of International Trade and Industry (MITI) in 2008 with the main mission to develop Malaysia's halal industrial capacity and bring in foreign direct investment in the halal field.

Malaysia has adopted liberal trade policies and emphasizes regional and bilateral trade agreements, allowing it to show consistent growth in exports of halal food, pharma, and cosmetics. The country is now a member of seven bilateral Free Trade Agreements (with Australia, Chile, India, Japan, New Zealand, Pakistan, and Türkiye) and is part of multiple regional trading blocs such as the ASEAN Free Trade Area (AFTA) and the Trade Preferential System-Organization of Islamic Conference (TPS-OIC).

2. UNITED ARAB EMIRATES

RANKING	0–60
Islamic Finance	4
Halal Food	5
Muslim-Friendly Travel	2
Modest Fashion	4
Media and Recreation	5
Halal Pharmaceuticals	2
Halal Cosmetics	1
Tertiary Education	1

The United Arab Emirates ranks second in the OIC Halal Trade and Investment Index ranking. Over the years, the country has established itself as a major Islamic and global financial center as well as a global tourism and business hub.

Against the backdrop of a broader push to develop a leading innovation-driven economy, the UAE has continued over the years to strengthen its Islamic economy ecosystem by launching a dedicated strategy in 2013 (Dubai's Capital of the Islamic Economy initiative) and establishing the global Halal Trade and Marketing Center (HTMC) as a halal ecosystem-enabling entity. The UAE has also built on its role in halal accreditation through the Emirates International Accreditation Center (EIAC), spearheading an integrated Arab system for mutual recognition of halal certificates to boost halal trade across the MENA region.

Focusing on trade, the UAE has leveraged its ideal strategic location across MENA and Southeast Asia to become a major trade hub for halal products. The UAE is a party to several multilateral and bilateral trade agreements, including with partner countries in the OIC region (GCC countries as well as other countries in MENA such as Jordan, Tunisia, and Morocco), and has recently enacted large Comprehensive Economic Partnership Agreements with India[21] (home to more than 400 million Muslims) and Indonesia,[22] and is negotiating one with Türkiye as well.[23] The country has also recently concluded a three-nation industrial partnership agreement with Jordan and Egypt to spur manufacturing and trade in key sectors such as pharmaceuticals and textiles.[24]

3. SAUDI ARABIA

RANKING	0–60
Islamic Finance	2
Halal Food	4
Muslim-Friendly Travel	6
Modest Fashion	3
Media and Recreation	7
Halal Pharmaceuticals	5
Halal Cosmetics	2
Tertiary Education	5

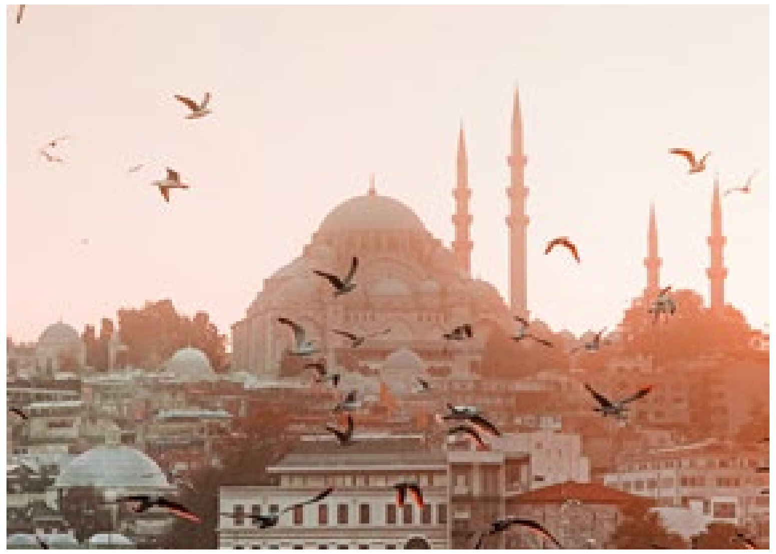
Saudi Arabia is ranked 3rd in the overall OIC Halal Trade and Investment Index ranking. This results, among others, from a strong performance in the Islamic finance index, with Saudi Arabia now being a powerful leader in this field with close to US$826 billion in assets under management in 2020.

Saudi Arabia is also increasingly becoming a hub for halal food, with massive industrial investments in food production and logistics taking place in the kingdom since 2020 and new regulatory requirements for halal food and ingredients being enforced since 2021. This is in line with the efforts Saudi has made through its Vision 2030, which aims to diversify the economy and attract investment to non-oil sectors such as industry, education, entertainment, and tourism.

As part of this transformational vision, Saudi Arabia also launched the National Halal Strategy in 2021, which aims to position the country as a global leader in halal regulation, R&D, production, exports, and logistics.

4. TÜRKIYE

RANKING	0–60
Islamic Finance	9
Halal Food	3
Muslim-Friendly Travel	3
Modest Fashion	1
Media and Recreation	4
Halal Pharmaceuticals	1
Halal Cosmetics	3
Tertiary Education	3



Türkiye is ranked 4th in the OIC Halal Trade and Investment Index ranking, scoring high across almost all the sectors, with leading positions in pharma, fashion, and food to a lesser extent.

Over the last few decades, the country has taken important steps to boost its export and attract international investment, including in the halal sector. The country has notably created specialized institutions such as the Foreign Economic Relations Board (DEK) and the Turkish Cooperation and Coordination Agency (TIKA) to create strong cooperative ties with Türkiye's commercial partners and facilitate bilateral foreign trade and investment. Moreover, Türkiye has signed more than 22 trade agreements[25] (of which 15 are enacted with OIC MS) and is now considered the largest trade hub in Eurasia.

On the halal compliance front, Türkiye's government has established the Halal Accreditation Authority (HAK), providing accreditation services to organizations involved in halal conformity assessments (inside and outside Türkiye) based upon the standards of the OIC's Standards and Metrology Institute for Islamic Countries (SMIIC). The latter is established in Istanbul under the leadership of the country.

5. BAHRAIN

RANKING (0–60)	
Islamic Finance	5
Halal Food	16
Muslim-Friendly Travel	1
Modest Fashion	27
Media and Recreation	2
Halal Pharmaceuticals	18
Halal Cosmetics	15
Tertiary Education	15

The Kingdom of Bahrain has assumed the 5th spot on the OIC Halal Trade and Investment Index, led by its advanced Islamic finance ecosystem and leading positions in Muslim-friendly travel and media. Focusing on Islamic finance, Bahrain maintained a forward-leaning fintech regulatory environment and was one of the first OIC countries to license a cryptocurrency exchange in 2019. It also hosts companies involved in digital banking, blockchain, artificial intelligence, and other fintech specializations, many of which are localized in Bahrain fintech Bay, a leading fintech hub launched by Bahrain in 2018.

The solid performance of Bahrain is also due to its very favorable investment environment. The country is considered one of the most open economies in the Middle East and North Africa region and has the highest Investment Freedom score amongst OIC MS in the 2021 Heritage Index of Economic Freedom (Bahrain allows for 100% foreign ownership in most sectors). Bahrain also has one of the highest FDI stock-to-GDP ratios in the region.[26] From a trade perspective, Bahrain has bilateral and economic agreements with over 40 countries, including 22 free trade agreements with the United States, Singapore, China, and has duty-free access to the 17 Arab states party to the Greater Arab Free Trade Agreement.

3

OIC HALAL ECONOMY TRADE AND INVESTMENT ANALYSIS

OIC member countries imported US$338 billion and exported US$275 billion in halal economy products (food, fashion, pharmaceuticals, cosmetics) in 2021. They are largely import-dependent for all product sectors except fashion, and only about 18% of the products are sourced from OIC member countries. To strengthen collaboration, OIC has set a target under the strategic program of action "OIC-2025" to grow intra-OIC trade from 20% in 2021 to 25% by 2025.

During 2021, OIC member countries received a total of 180 investments across the eight sectors of the Islamic economy, with 120 disclosed deals worth US$7.9 billion.

OIC member countries are largely import-dependent for all product sectors except fashion. They recorded a US$63 billion trade deficit (export less import) for halal economy products in 2021 and mostly sourced products from non-OIC member countries.

OIC Member States received a total of 180 investments across the eight sectors of the halal economy, with 120 disclosed deals worth US$7.9 billion in 2021.

3.1. OIC Halal Economy Trade Analysis

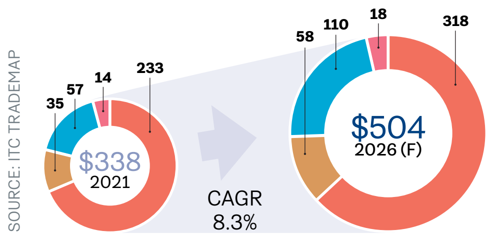
Imports of halal economy products (food, fashion, pharmaceuticals, and cosmetics) by OIC marked US$338 billion in 2021 and are projected to grow by 8.3% CAGR in five years. However, only 18% of these imports are sourced from other OIC member countries (DinarStandard analysis). To strengthen collaboration, OIC has set a target under the strategic program of action "OIC-2025" to grow intra-OIC trade from 20% in 2021 to 25% by 2025. It outlines 18 domains as priority areas and defines goals for each.

1. OIC IMPORTS

The import of halal economy products by OIC markets was valued at US$338 billion in 2021

For the purpose of this report, only trade in product sectors is analyzed which include food, fashion, pharmaceuticals, and cosmetics. Imports by the OIC member countries are presumed to be imports of halal products (that may or may not have certification), as these countries have the largest number of Muslim consumers, and some have implemented regulations for trade in halal products. Hence, these product sectors are referred to as "halal economy products" within the report.

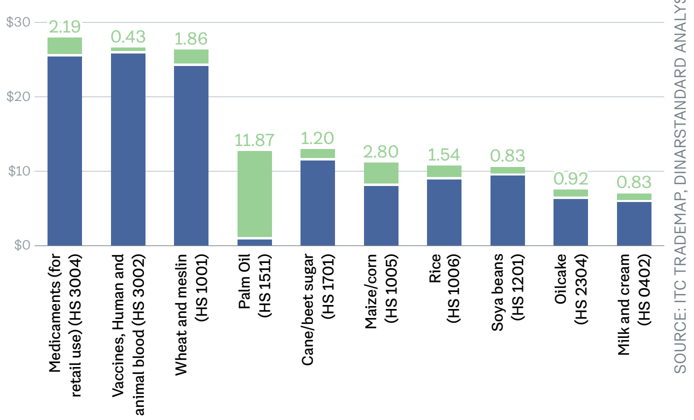
MARKET SIZE AND GROWTH



Top 10 categories imported by OIC cover 44% of the total imports

The following diagram shows the top 10 product categories imported by OIC (ranked by value) and their distribution between imports from OIC and the rest of the world. The top three categories imported by OIC are medicaments (for retail use) (HS 3004), vaccines; human and animal blood (HS 3002), and wheat and meslin (HS 1001). These three categories cover about 24% of the total OIC import value from the world, while the top 10 categories cover 44% of the total imports. As evident from the diagram, more than 80% of palm oil (HS 1701) is imported from OIC member countries.

TOP IMPORT CATEGORIES IN 2021



Top OIC importing markets of halal economy products sectors

The following table lists the top five OIC importers, the breakdown of import value per sector, and the top categories per sector. These countries cover 43% of the total OIC imports and include Saudi Arabia, UAE, Indonesia, Türkiye, and Malaysia.

TOP OIC IMPORTERS IN 2021

US$ BILLION

Food | Pharmaceuticals | Cosmetics | Fashion

	Saudi Arabia $35.2	UAE $29.5	Indonesia $29.3	Türkiye $27.0	Malaysia $25.6
IMPORT BREAKDOWN AND TOP CATEGORY IMPORTED	$21.6 Meat and edible offal (HS 207)	$15 Meat and edible offal (HS 207)	$22.3 Wheat and meslin (HS 1001)	$16.8 Wheat and meslin (HS 1001)	$20.1 Wheat and meslin (HS 1001)
	$6.9 Medicaments for retail sale (HS 3004)	$4.5 Human/animal blood (HS 3002)	$4.3 Human/animal blood (HS 3002)	$6.9 Human/animal blood (HS 3002)	$2.8 Medicaments for retail sale (HS 3004)
	$1.9 Makeup & skincare (HS 3304)	$2.5 Perfumes (HS 3303)	$1.3 Odoriferous substances (HS 3302)	$1.3 Odoriferous substances (HS 3302)	$1.1 Makeup & skincare (HS 3304)
	$4.8 Women's suits (not knitted) (HS 6204)	$7.5 Women's suits (not knitted) (HS 6204)	$1.4 Parts of footwear (HS 6406)	$2.0 Footwear (rubber & leather) (HS 6404)	$1.6 Professional clothing (HS 6114)

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Supplying markets to OIC for halal economy products

The following table shows the top five supplying markets to OIC for halal economy products and lifestyle sectors, OIC countries exported to, and top categories traded. These top five countries cover 36.5% of the total OIC imports.

TOP EXPORTERS TO OIC IN 2021

US$ BILLION

OIC importer
Top category exported

CHINA $40.4

Malaysia	Indonesia	Indonesia	Malaysia
Crustaceans (HS 1605)	Human/animal blood (HS 3002)	Essential oils (HS 3301)	Women's suits (not knitted) (HS 6204)

INDIA $27.9

Bangladesh	Nigeria	UAE	UAE
Wheat and meslin (HS 1001)	Medicaments for retail sale (HS 3004)	Odoriferous substances (HS 3302)	Men's overcoats (HS 6101)

US $20.3

Indonesia	Saudi Arabia	UAE	Indonesia
Soya beans (HS 1201)	Medicaments for retail sale (HS 3004)	Perfumes (HS 3303)	Parts of footwear (HS 6406)

BRAZIL $19.6

Iran	Türkiye	UAE	UAE
Wheat and meslin (HS 1001)	Medicaments for retail sale (HS 3004)	Hair care (HS 3305)	Footwear (rubber) (HS 6402)

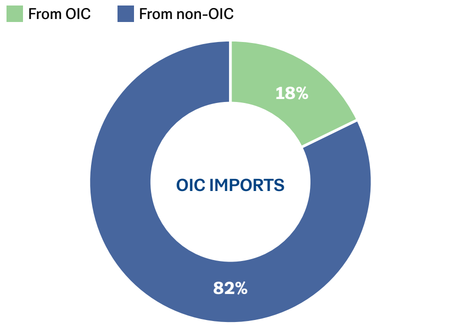
RUSSIA $15.8

Türkiye	Kazakhstan	Kazakhstan	Kazakhstan
Wheat and meslin (HS 1001)	Human/animal blood (HS 3002)	Make-up & skincare (HS 3304)	Footwear (rubber & leather) (HS 6403)

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

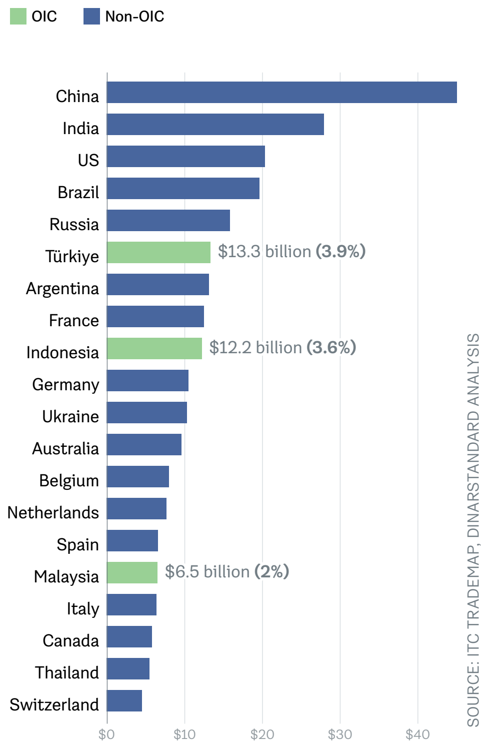
17 of the top 20 exporters to OIC are non-OIC countries

Of the total OIC imports in halal economy products, only 18% are sourced from OIC member countries.



The top 20 supplying markets (exporters) of aggregate halal economy products to OIC make up about 74% of the total imports by OIC, where just three of the 20 are among OIC countries supplying US$32 billion worth of halal economy products (Türkiye, Indonesia, and Malaysia).

TOP 20 EXPORTERS TO OIC IN 2021

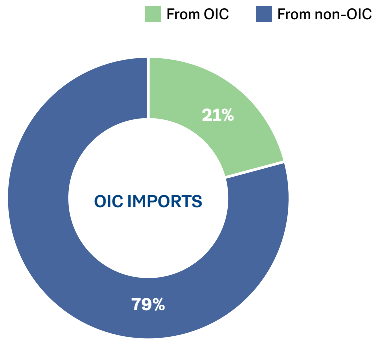


VALUE OF HALAL ECONOMY PRODUCTS IMPORTED BY OIC IN 2021 (% OF TOTAL OIC IMPORTS).

2. INTRA-OIC IMPORTS

Top 10 intra-OIC imported categories cover 39% of the total intra-OIC imports

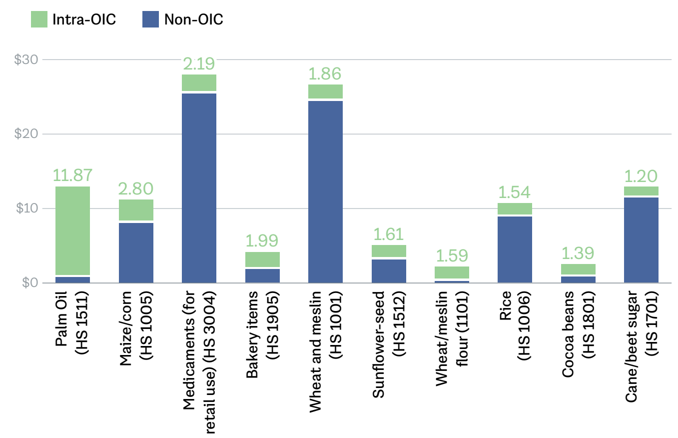
Intra-OIC halal economy products imports totaled US$72 billion in 2021, covering 21% of the total US$338 billion OIC imports.



Palm oil (HS 1511) is the highest intra-OIC imported category, valued at US$11.87 billion. It is also the highest by share of total OIC import, covering 94% of the total palm oil imported by OIC from the world. All other categories of halal economy product sectors have less than US$3 billion in value in intra-OIC imports.

TOP IMPORT CATEGORIES IN 2021

US$ BILLION



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top intra-OIC importing markets of halal economy product sectors

The following table lists the top five intra-OIC importers, the breakdown of value imported per sector, and the top categories per sector. These countries cover 40% of the total OIC imports and include Iran, Saudi Arabia, Malaysia, and Pakistan. The share of intra-OIC imports in the total imports of the top five countries averaged 25%.

TOP INTRA-OIC IMPORTERS IN 2021

US$ BILLION

Food | Pharmaceuticals | Cosmetics | Fashion

IMPORT BREAKDOWN AND TOP CATEGORY IMPORTED

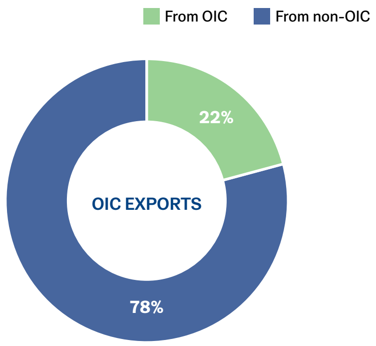
Iran	Saudi Arabia	Iraq	Malaysia	UAE
$9.22	$7.34	$6.54	$4.87	$4.62
$8.78	$5.58	$5.44	$4.45	$3.63
Maize/corn (HS 1005)	Palm oil (HS 1511)	Cane/ beet sugar (HS 1701)	Palm oil (HS 1511)	Bakery products (HS 1905)
$0.36	$0.45	$0.21	$0.02	$0.16
Medicaments for retail sale (HS 3004)	Medicaments for retail sale (HS 3004)	Medicaments for retail sale (HS 3004)	Medicaments for retail sale (HS 3004)	Medicaments for retail sale (HS 3004)
$0.09	$0.44	$0.20	$0.07	$0.19
Odoriferous substances (HS 3302)	Haircare (HS 3305)	Haircare (HS 3305)	Make-up & skincare (HS 3304)	Perfumes (HS 3303)
<$0.8 million	$0.86	$0.70	$0.33	$0.65
Part of footwear (HS 6406)	Women's suits (not knitted) (HS 6204)	Women's suits (HS 6104)	Professional clothing (HS 6114)	T-shirts (HS 6109)

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

3. OIC EXPORTS

The export of halal economy products by OIC markets was valued at US$275 billion in 2021

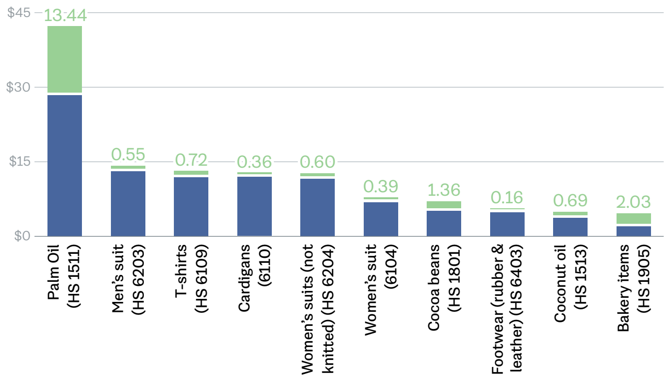
Just around 22% of the US$275 billion exports by OIC (US$60 billion) are directed to other OIC member countries. OIC countries could potentially increase the value of intra-OIC exports or the share of exports directed to other OIC countries by determining which OIC member countries hold a competitive advantage in products that are otherwise majorly sourced from non-OIC countries.



Top 10 categories exported by OIC cover 42% of the total exports

Palm oil (HS 1511) is the most exported category, covering 15% of the total OIC exports, and is valued at US$42 billion. The following diagram shows the top 10 product categories exported by OIC and their distribution between exports from OIC and the rest of the world. As seen on the diagram, palm oil (HS 1701) has the highest share of intra-OIC exports (just like its intra-OIC imports discussed earlier). Of these, six categories belong to the fashion sector, while the other four are from the food sector.

TOP EXPORT CATEGORIES IN 2021



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top OIC exporting markets of halal economy products sectors

The following table lists the top five OIC exporters, the breakdown of value exported per sector, and the top categories per sector. These countries cover 74% of the total OIC exports and include Indonesia, Bangladesh, Türkiye, Malaysia, and Pakistan.

TOP OIC EXPORTERS IN 2021

US$ BILLION

Food | Pharmaceuticals | Cosmetics | Fashion

Indonesia	Bangladesh	Türkiye	Malaysia	Pakistan
$65.4 (19% exports to OIC)	$46.8 (2.3% exports to OIC)	$46.5 (29% exports to OIC)	$31.3 (21% exports to OIC)	$13.4 (24% exports to OIC)
$8.78 Maize/corn (HS 1005)	$5.58 Palm oil (HS 1511)	$5.44 Cane/ beet sugar (HS 1701)	$4.45 Palm oil (HS 1511)	$3.63 Bakery products (HS 1905)
$0.36 Medicaments for retail sale (HS 3004)	$0.45 Medicaments for retail sale (HS 3004)	$0.21 Medicaments for retail sale (HS 3004)	$0.02 Medicaments for retail sale (HS 3004)	$0.16 Medicaments for retail sale (HS 3004)
$0.09 Odoriferous sub-stances (HS 3302)	$0.44 Haircare (HS 3305)	$0.20 Haircare (HS 3305)	$0.07 Make-up & skincare (HS 3304)	$0.19 Perfumes (HS 3303)
<$0.8 million Part of footwear (HS 6406)	$0.86 Women's suits (not knitted) (HS 6204)	$0.70 Women's suits (HS 6104)	$0.33 Professional cloth-ing (HS 6114)	$0.65 T-shirts (HS 6109)

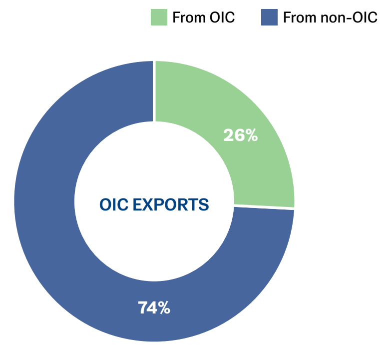
EXPORT BREAKDOWN AND TOP CATEGORY EXPORTED

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

4. INTRA-OIC EXPORTS

Top 10 intra-OIC exported categories cover 40% of the total intra-OIC exports

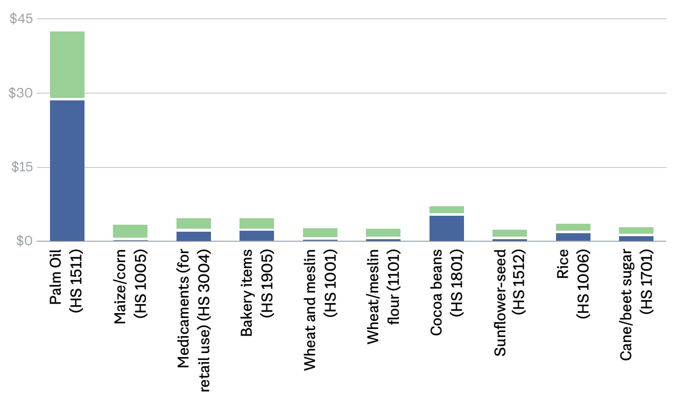
Intra-OIC halal economy product exports totaled US$72 billion in 2021, covering 26% of the total US$275 billion OIC exports.



Palm oil (HS 1511) is the highest intra-OIC exported category, valued at US$13.44 billion. All other categories of halal economy product sectors have less than a US$3 billion value in intra-OIC exports.

TOP EXPORT CATEGORIES IN 2021

US$ BILLION



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top intra-OIC exporting markets of halal economy products sectors

The following table lists the top five intra-OIC exporters, the breakdown of value imported per sector, and the top categories per sector. These countries cover 40% of the total OIC exports and include Türkiye, Indonesia, Malaysia, Egypt, and Saudi Arabia. The share of intra-OIC exports in the total exports of the top five countries averaged 29%.

TOP INTRA-OIC EXPORTER IN 2021

US$ BILLION

Food · Pharmaceuticals · Cosmetics · Fashion

	Türkiye	Indonesia	UAE	Malaysia	Egypt
Total	$14.5	$12.1	$8.1	$6.3	$4.3
EXPORT BREAKDOWN AND TOP CATEGORY EXPORTED	$10.65 Wheat/ meslin flour (HS 1101)	$11.42 Palm oil (HS 1511)	$6.99 Milk and cream (HS 0402)	$6.00 Palm oil (HS 1511)	$3.35 Citrus fruit (HS 0805)
	$0.75 Medicaments for retail sale (HS 3004)	$0.07 Medicaments for retail sale (HS 3004)	$0.59 Medicaments for retail sale (HS 3004)	$0.10 Medicaments for retail sale (HS 3004)	$0.26 Medicaments for retail sale (HS 3004)
	$0.43 Haircare (HS 3305)	$0.16 Makeup & skincare (HS 3304)	$0.41 Makeup & skincare (HS 3304)	$0.08 Make-up & skincare (HS 3304)	$0.36 Odoriferous substances (HS 3302)
	$2.71 Women's suits (not knitted) (HS 6204)	$0.45 Footwear (rubber & leather) (HS 6404)	$0.12 T-shirts (HS 6109)	$0.12 Professional clothing (HS 6114)	$0.33 T-shirts (HS 6109)

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

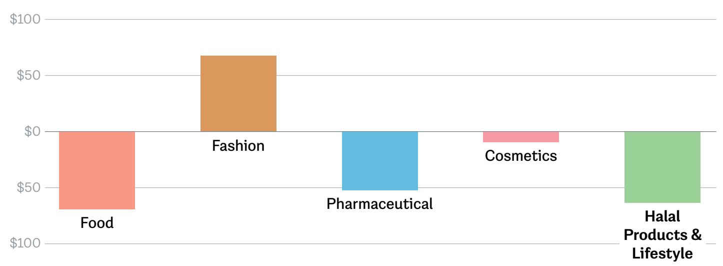
5. INTRA-OIC TRADE ASSESSMENT

OIC has a trade deficit of US$63 billion in halal economy products

OIC member countries are largely import-dependent for all product sectors except fashion. They recorded a US$63 billion trade deficit (export less import) for halal economy products in 2021 and mostly sourced products from non-OIC member countries. The food sector had the largest trade deficit. Import dependency on food and beverages negatively impacts food security. Recent macroeconomic events, such as the COVID-19 pandemic, the Ukraine conflict, and climate change, have also exacerbated food security and poverty issues.

HALAL ECONOMY PRODUCTS TRADE BALANCE IN 2021

US$ BILLION



SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS

OIC member countries imported US$338 billion in halal economy products (food, pharmaceuticals, cosmetics, fashion) in 2021. Only 18% of these are intra-OIC imports. Despite being the second-largest intergovernmental organization after the United Nations, OIC is over-dependent on other economic blocs to meet local demand for products. Over-reliance on imports, especially for essential products such as food and medicines, can threaten economic and social resilience.

Increasing intra-OIC trade collaboration is key for the region to become more resilient in the face of trade shocks caused by macroeconomic events such as the COVID-19 pandemic or the Ukraine crisis. Higher trade translates into more economic development and hence, prosperity for the people of the member countries. The European Union (EU), ASEAN Economic Community (AEC), and East African Community (EAC) are some examples of how economic integration brings people together across borders, geographical barriers, and cultural divides and empowers them to drive growth, reduce poverty, and increase prosperity.

OIC-2025: Program of Action

Given the importance of strengthening the intra-OIC trade collaboration, OIC has set a target under the strategic "OIC-2025: Program of Action" to grow intra-OIC trade from 20% in 2021 to 25% by 2025. Currently, only 28 of the 57 OIC countries achieved the target of 25% intra-OIC trade share.[27] "The Implementation Plan 2016- 2025" elaborates on 107 goals identified under 18 priority areas.[28] One of the priority areas is trade, investment and finance, with specific goals on intra-OIC trade and investment specified. The following are a few goals:

- Promote trade exchanges among the OIC Member States.
- Promote and establish free trade and export processing zones in the OIC Member States, and facilitate intra-OIC investments, including inward FDI flows by the public and private sectors.
- Enhance partnerships among public and private companies within and among OIC countries.
- Develop partnerships between the productive sectors of the Member States to strengthen the competitiveness of the production and exporting entities.
- Increase production and competitiveness of products in the Member States.
- Implement the Trade Preferential System of the OIC (TPS-OIC), and encourage OIC Member States in other Regional Trade Agreements (RTA) areas to join TPS-OIC and intensify efforts to ensure its success.
- Organize specialized trade and investment fairs.

3.2. OIC Halal Economy Investment and FDI Analysis

1. INVESTMENT ANALYSIS

DURING 2021, OIC MS RECEIVED A TOTAL OF 180 INVESTMENTS ACROSS THE EIGHT SECTORS OF THE ISLAMIC ECONOMY, WITH 120 DISCLOSED DEALS WORTH US$7.9 BILLION. DURING THIS PERIOD, INDONESIA RANKED FIRST FOR THE NUMBER OF INVESTMENTS RECEIVED. THE UAE AND EGYPT HAD THE SECOND AND THIRD MOST INVESTMENTS, RESPECTIVELY. INVESTMENTS IN THE HALAL FOOD AND ISLAMIC FINANCE SECTORS ACCOUNTED FOR JUST OVER HALF OF THE TOTAL DEAL VALUE.

THE COVID-19 PANDEMIC HAD A SIGNIFICANT IMPACT ON INVESTMENTS IN 2020. GREENFIELD INVESTMENTS, WHICH ARE MORE IMPORTANT FOR DEVELOPING COUNTRIES, CONTINUED THEIR NEGATIVE TREND THROUGHOUT 2020 AND INTO THE FIRST QUARTER OF 2021.[29]

IN THE OIC, 46.7% OF DEALS WERE VENTURE CAPITALIST TRANSACTIONS, 40.8% WERE MERGERS AND ACQUISITIONS, AND 12.5% WERE PRIVATE EQUITY TRANSACTIONS.

TOP M&A TRANSACTIONS BY DISCLOSED VALUE

SECTOR/SUB-CATEGORY	TARGET	YEAR	DEAL VALUE, US$000S	INVESTOR(S)
Halal Pharma	Amoun Pharmaceutical	2021	740,000	ADQ
Islamic Finance	Bank Audi SAE	2021	600,000	First Abu Dhabi Bank P.J.S.C. (ADX:FAB)
Halal Food	Bayara Holding	2021	26,000	Savola Group
Halal Pharma	Cambridge Medical and Rehabilitation Center	2021	232,000	Amanat Holdings
Media	Anghami	2021	220,000	Vistas Media Acquisition Co. Inc.
Halal Food	C3	2021	200,000	WK Holding
Media	Rotana	2021	200,000	Warner Music Group
Islamic Finance	CI Capital Holding For Financial Investments (S.A.E) (CASE:CICH)	2021	196,280	Banque Misr (S.A.E.)
Halal Food	Al-Nabil Food Industries	2021	107,263	Agthia Group
Halal Food	Malayan Flour Mills	2021	104,000	Tyson Foods

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

TOP PRIVATE EQUITY TRANSACTIONS BY DISCLOSED VALUE

SECTOR/SUB-CATEGORY	TARGET	YEAR	DEAL VALUE, US$000S	INVESTOR(S)
Modest Fashion	Trendyol Group	2021	1,500,000	ADQ, General Atlantic, Princeville Capital, Qatar Investment Authority, SoftBank Vision Fund
Halal Food	Getir	2021	555,000	Base Partners, DisruptAD, Mubadala, Sequoia Capital, Silver Lake, Tiger Global Management, Winter Capital Partners
Halal Food	Kitopi	2021	415,000	B. Riley Financial, Chimera Investment, DisruptAD, Doğuş Grubu, Next Play Capital, Nordstar, SoftBank Vision Fund
Halal Food	Getir	2021	300,000	Base Partners, Sequoia Capital, Tiger Global Management
Media	PT Elang Mahkota Teknologi Tbk (IDX:EMTK)	2021	150,000	
Media	Vidio	2021	150,000	Affinity Equity Partners
Halal Food	Getir	2021	128,000	Base Partners, Crankstart Foundation, Esas Holding, Fiba Holding A.Åž, Goodwater Capital, Re-Pie Asset Management, Revo Capital, Tiger Global Management
Islamic Finance	Tamara	2021	110,000	Checkout.com
Media	GAIN	2021	15,000	Gőzde Akpınar
Islamic Finance	PasarPolis	2021	5,000	International Finance Corporation

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

TOP VENTURE CAPITAL TRANSACTIONS BY DISCLOSED VALUE

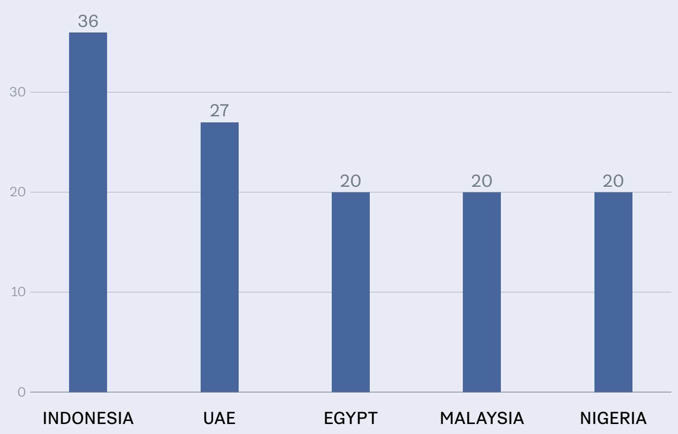
SECTOR/SUB-CATEGORY	TARGET	YEAR	DEAL VALUE, US$000S	INVESTOR(S)
Islamic Finance	OPay	2021	400,000	
Islamic Finance	MNT-Halan	2021	120,000	
Halal Food	TaniHub	2021	65,500	AddVentures, BRI Ventures, Flourish Ventures, Intudo Ventures, MDI Ventures, Openspace Ventures, Telkomsel Mitra Inovasi, Tenaya Capital, UOB Venture, Vertex Ventures
Islamic Finance	Ajaib	2021	65,000	Alpha JWC Ventures, Bangkok Bank, David Velez, Horizons Ventures, ICONIQ Capital, Insignia Ventures Partners, Ribbit Capital, Seungun Lee, Softbank Ventures Asia, Y Combinator Continuity Fund
Islamic Finance	BukuWarung	2021	60,000	Goodwater Capital, Valar Ventures
Islamic Finance	Kuda	2021	54,902	
Halal Food	Sary	2021	30,500	VentureSouq
Islamic Finance	Bibit.id	2021	30,000	500 Startups, AC Ventures, East Ventures, EV Growth, Sequoia Capital India
Halal Food	Evermos	2021	30,000	
Halal Pharmaceuticals	Yodawy	2021	7,500	

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

INVESTMENTS BY GEOGRAPHY

The top five countries accounted for 68% of all recorded transactions. Deals were recorded in 19 out of the 56 OIC MS.

Top 5 countries by number of M&A, VC, and PE deals in 2021



SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS

INVESTMENTS BY SECTOR

HALAL FOOD

Deals in Halal Food accounted for 34% of all transactions. The total deal value is US$2.7 billion. Many of the deals involved companies operating in the food delivery or food eCommerce space, with a fair number involved in food processing as well.

TOP THREE COUNTRIES	NO. OF DEALS
Indonesia	12
United Arab Emirates	9
Malaysia	9

- Turkish on-demand delivery service, Getir, received series B, C, and D funding in 2021, amounting to US$128 million, US$300 million, and US$555 million, respectively.
- Big Saudi food players Al-Marai and SAVOLA made acquisitions of UAE-based Bakemart and Bayara, respectively.

ISLAMIC FINANCE

Deals in finance accounted for 23% of all transactions. The total deal value is US$1.8 billion. 53% of the target companies deal with fintech-related work. Payments and money lending are also popular sub-industries receiving investments. Most of the deals are related to conventional finance.

TOP THREE COUNTRIES	NO. OF DEALS
Nigeria	12
Indonesia	9
Egypt	8

- First Abu Dhabi Bank acquired a 100% stake in Audi Bank Egypt. This acquisition will make First Abu Dhabi Bank one of the largest international banks in Egypt.[30]
- OPay, Nigeria received series C round funding, which is the largest on record in Africa's tech scene. Fintech makes banking more accessible for the large population of unbanked and underbanked in Nigeria and Africa as a whole. The company has been valued at US$2 billion.[31]
- Ajaib group, an online investing platform that allows Indonesians to buy and sell stocks, ETFs, and mutual funds, received US$65 million in series A funding. It is considered the fifth-largest stock brokerage in Indonesia by the number of trades.[32]

MUSLIM-FRIENDLY TRAVEL

2021 saw travel slowly recovering from the effects of COVID-19. Deals targeting OIC-based companies in the Muslim-friendly travel sector amounted to US$3.4 million.

TOP THREE COUNTRIES	NO. OF DEALS
Indonesia	2
United Arab Emirates	1
Malaysia	1

- The Indonesian Member.id loyalty platform, a loyalty consulting and technology firm intended to help businesses and brands create profitable loyalty alternatives, received series A funding worth US$1.1 million, with Traveloka as one of the key investors.

MODEST FASHION

For 2021, the deals targeting OIC-based companies in modest fashion amounted to US$1.5 billion, which equates to 19.4% of the total deal value for this period in this region.

TOP THREE COUNTRIES	NO. OF DEALS
Türkiye	1
Saudi Arabia	1
Egypt	1

- The eCommerce platform Trendyol became Türkiye's first decacorn (a company valued at over US$10 billion) by raising US$1.5 billion, subsequently valuing the company at US$16.5 billion. The new financing also makes Trendyol among the highest-valued private tech companies in Europe. Trendyol ranks as Türkiye's largest eCommerce company, serving more than 30 million shoppers and delivering more than 1 million packages per day.[33]
- Saudi-based fashion eCommerce platform Nejree has raised US$15 million in a series A led by Impact46's growth fund, it announced in a statement today. The round takes Nejree's total financing to over US$19 million. The Riyadh-headquartered startup raised US$4 million in a Pre-series A round in December 2019. The investment has allowed Nejree to introduce the Try-Before-You-Buy feature, where customers can try on items in their homes before purchasing them. Nejree is the first company to do this at scale.[34]

PHARMACEUTICALS

Deals in pharmaceuticals accounted for 12.7% of the total deal value for 2021 in the OIC. This equates to a total deal value of US$1 billion.

TOP THREE COUNTRIES	NO. OF DEALS
United Arab Emirates	5
Egypt	3
Bangladesh	3

- In order to further Abu Dhabi's economic diversification, ADQ acquired Egypt's Amoun Pharmaceuticals for US$740 million, as the current owner, Bausch Health Cos., works to reduce its debt.[35]
- UAE-based Amanat Holdings, which invests in healthcare and education, fully acquired the local rehabilitation institute, Cambridge Medical and Rehabilitation Centre (CMRC), for an enterprise total of US$232 million. This has been one of the biggest deals in the Gulf's healthcare sector in recent years.[36]

COSMETICS

Cosmetics deals targeting OIC-based countries were worth US$19.5 million in 2021.

COUNTRIES	NO. OF DEALS
Malaysia	2
Indonesia	1

- Indonesia-based eCommerce brand Hypefast, raised US$19.5 million in its series A round led by Monk's Hill Ventures, with participation from Jungle Ventures and Strive. The eCommerce roll-up firm has now acquired 25 eCommerce native brands, including cosmetics brand Bonnel.[37]

MEDIA AND ENTERTAINMENT

Investments in media and entertainment accounted for 9.6% of deals made. This equates to a deal value of US$756 million.

TOP THREE COUNTRIES	NO. OF DEALS
United Arab Emirates	5
Indonesia	3
Türkiye	2

- UAE-based Anghami is the first Arab technology company to list on NASDAQ New York via a merger with Vistas Media Acquisition Company Inc., a publicly-traded special purpose acquisition company that raised US$100 million in its August 2020 initial public offering.[38] Anghami was acquired for US$220 million.
- Warner Music Group (WMG) has made an investment worth US$200 million in Saudi Arabia's Rotana Group-owned Rotana Music, which claims to be the largest record label in the Middle East. This will expand WMG's presence in the Middle East and North African (MENA) region.[39]

EDUCATION

Education deals with target companies in the OIC equated to US$75 million. Most deals were in the edtech sub-sector, which caught the attention of investors after the significant increase in demand arising from the pandemic.

TOP THREE COUNTRIES	NO. OF DEALS
Indonesia	8
United Arab Emirates	4
Nigeria	3

- Nigeria-based uLesson, a two-year-old startup that first launched by providing a product pack of SD cards and dongles with pre-recorded videos for K-12 students, raised US$15 million in its series B round. This is the largest disclosed investment in an African edtech startup. Investors include Tencent.[40]
- Indonesian edtech startup Cakap raised US$10 million in a funding round led by Singapore-based Heritas Capital and Centauri Fund, a fund backed by Telkom Indonesia's MDI Ventures and Korean investment firm KB Investment. Cakap aims to use the funds to improve its technology by exploring the use of machine learning and artificial intelligence that provides more personalized learning for users through adaptive learning. It also plans to expand its reach to second and third-tier cities in Indonesia.[41]

2. FDI ANALYSIS

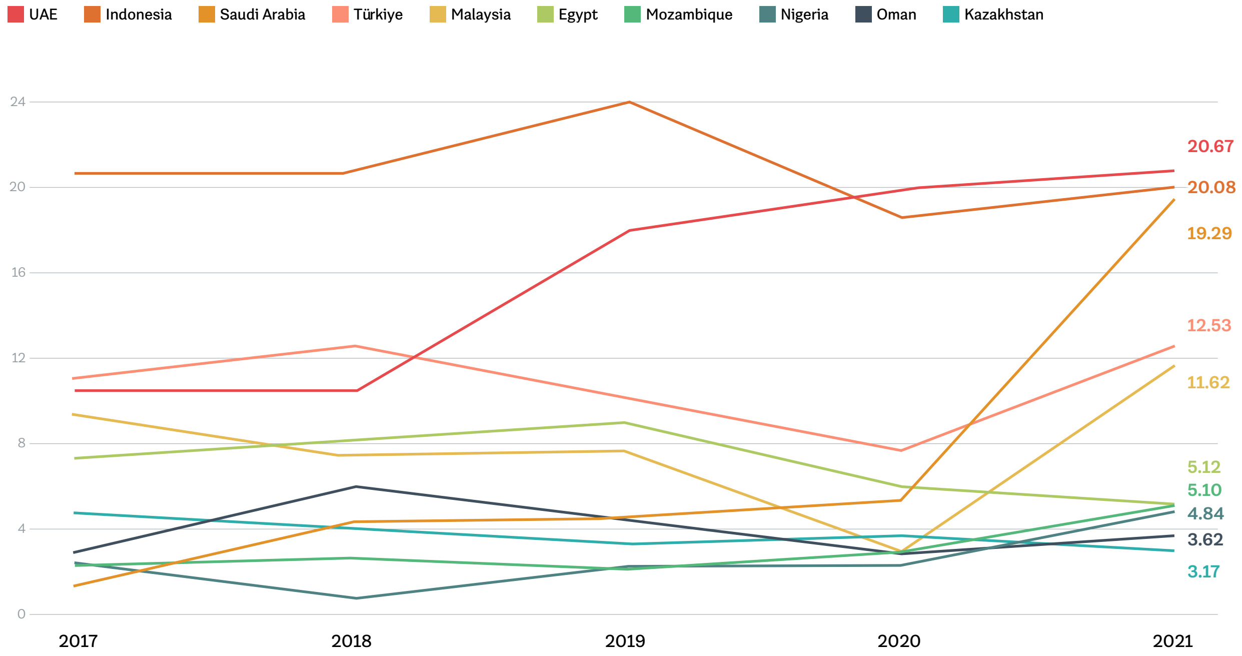
GLOBAL FLOWS OF FOREIGN DIRECT INVESTMENT RECOVERED TO PRE-PANDEMIC LEVELS LAST YEAR, GROWING BY 64% TO REACH US$1.6 TRILLION. CROSS-BORDER DEALS AND INTERNATIONAL PROJECT FINANCE WERE PARTICULARLY STRONG, ENCOURAGED BY LOOSE FINANCING CONDITIONS AND INFRASTRUCTURE STIMULUS. HOWEVER, THE RECOVERY OF GREENFIELD INVESTMENT IN INDUSTRY REMAINS FRAGILE, ESPECIALLY IN DEVELOPING COUNTRIES.[42]

Although global FDI flows rebounded strongly in 2021, industrial investment remains weak and well below pre-pandemic levels, especially in the poorest countries; SDG investment—project finance in infrastructure, food security, water and sanitation, and health—is growing but not enough to reach the goals by 2030; and investment in climate change mitigation, especially renewables, is booming but most of it remains in developed countries, and adaptation investment continues to lag well behind. While infrastructure-oriented international project finance increased by 68% and cross-border M&As increased by 43%, greenfield investment numbers increased by only 11%, still one-fifth below pre-pandemic levels. However, the value of greenfield announcements overall rose by 15%, to US$659 billion, but remained flat in developing countries at US$259 billion – stagnating at the lowest level ever recorded. This is a concern, as new investments in industry are crucial for economic growth and development prospects.[43]

In 2021, the UAE received US$20.67 billion in total FDI inflows. The UAE received the highest amount of FDI inflows in the OIC. This was followed closely by Indonesia and Saudi Arabia, which saw a 257% increase in FDI from 2020. The top five OIC MS by total FDI inflows are ranked within the top 30 countries globally.

PEXELS/KAROLINA GRABOWSKA

TOP 10 OIC COUNTRIES BY FDI INFLOW IN 2021



SOURCE: UNCTAD

FDI OUTLOOK

Global growth estimates for the year are already down by a full percentage point.[44] Additional pressure points such as the crisis in Ukraine causing a triple food, fuel, and finance crisis, along with increased climate disruptions and the lagging impact of the COVID-19 pandemic, there is a significant risk that the momentum for recovery in international investment will stall prematurely, hampering efforts to boost finance for sustainable development.

Investor uncertainty and risk aversity could put significant downward pressure on global FDI this year. The 2021 growth momentum is unlikely to be sustained. Preliminary data for Q1 2022 has already shown a 21% decrease in the number of greenfield projects and a 4% decrease in international project finance deals. The expected interest rate rises in the United States, Europe, and other major economies that are seeing significant rises in inflation could slow down M&A markets later in the year and dampen the growth of international project finance. Negative financial market sentiment and signs of a looming recession could accelerate an FDI downturn.[45]

4

HALAL FOOD SECTOR

Food security has become an important concern in OIC countries due to the implications of the COVID-19 pandemic and the Ukraine crisis. To address this issue, OIC countries have started efforts to reduce their reliance on non-OIC imports and bolster intra-OIC trade. However, the lack of a unified halal food standard across OIC countries complicates trade. Meanwhile, increased consumer demand for food delivery and healthy (organic, plant-based) food options have given rise to eCommerce and food delivery platforms, along with plant-based food products, with several investments in food delivery platforms and ghost kitchens in 2021. However, obtaining Islamic financing remains a challenge for many small companies across the halal food supply chain.

With the fear of food security or the increasing needs of GCC and OIC countries, producing staple food has become a mammoth opportunity."

A.Ş. ROHAIZAD HASSAN

DIRECTOR OF FOOD SAFETY BOARD PRESIDENCY

YILDIZ HOLDING (TÜRKIYE)

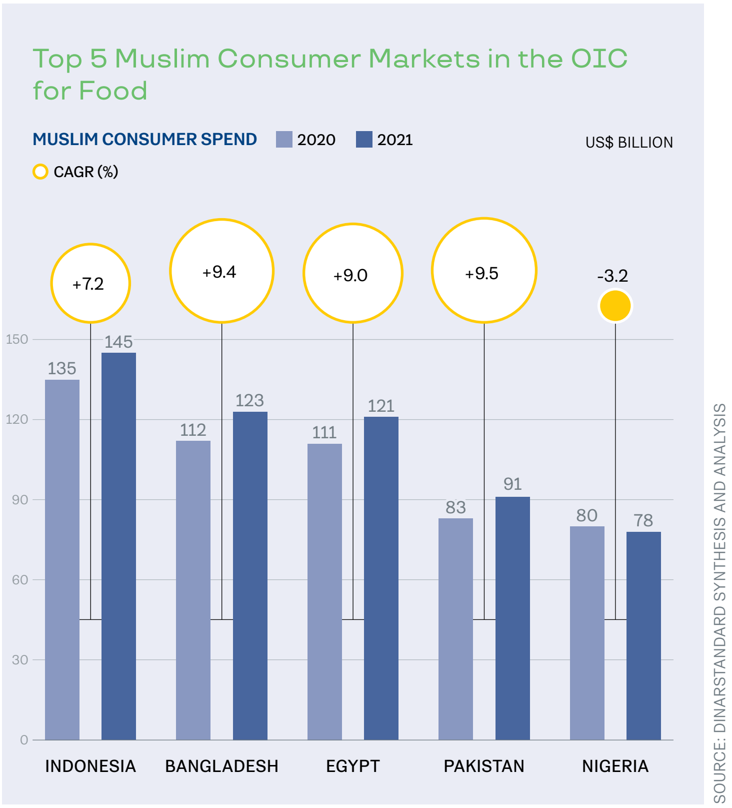
4.1.
Halal Food Sector Sizing and Landscape

Food spend by Muslim consumers in OIC countries was worth US$1.07 trillion in 2021. This is forecasted to reach US$1.14 trillion in 2022, which is a 7.1% growth. In terms of trade, OIC countries imported US$232.61 billion in food products in 2021 and exported US$163.57 billion worth of food, making them net importers with a trade deficit of US$69 billion. Meanwhile, the total deal value of investments in 2021 was US$2.7 billion.

1. CONSUMER SIZING AND LANDSCAPE

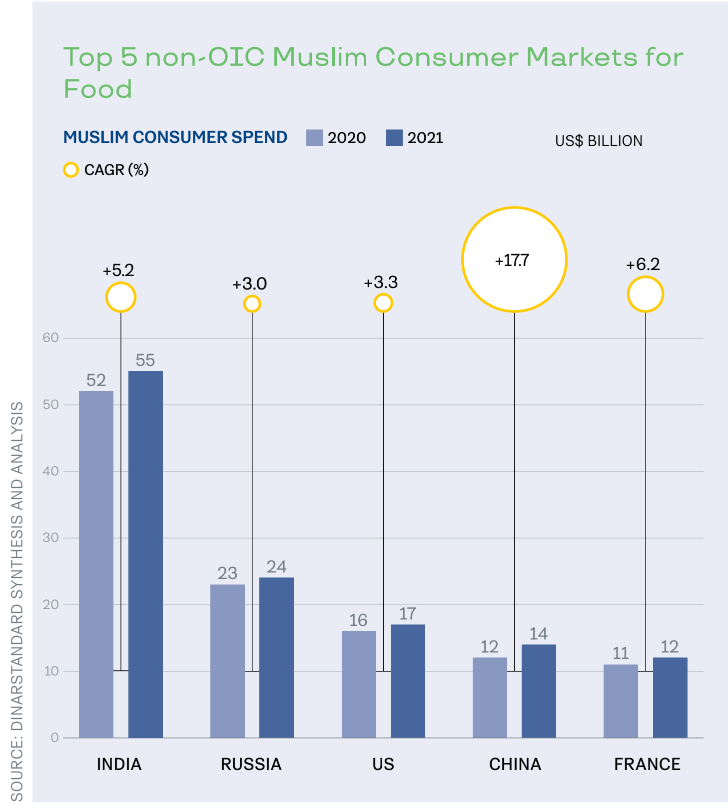
a. Consumer spending sizing and landscape

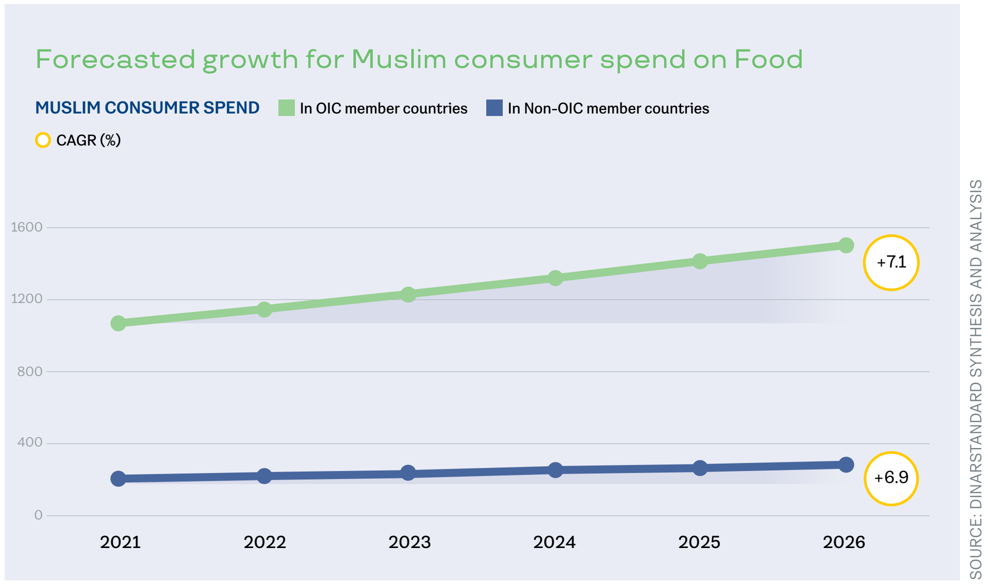
In 2021, Muslim consumer spend on food in OIC member countries was worth US$1.07 trillion. This is forecasted to grow a further 7.1% in 2022 to reach US$1.14 trillion. The top three markets for 2021 are Indonesia, Bangladesh, and Egypt. This is unchanged from 2020. By 2026, spend is forecasted to reach US$1.5 trillion, at a 5 year CAGR of 7%.



b. Benchmarking with non-OIC member countries

Of the top 10 global Muslim consumer markets for food, nine are OIC member countries. The only non-OIC member country in the top 10 is India. In 2021, OIC member countries accounted for 83.4% of global Muslim consumer spend on food. While OIC member countries' Muslim spend on food grew at a CAGR of 1.0% between 2016 and 2021, non-OIC member countries grew at a CAGR of 0.3%. However, for the forecast period of 2021-2026, the expected CAGR for non-OIC and OIC Muslim consumer spend is more similar at 6.9% and 7.1%, respectively.





2. OIC FOOD TRADE ANALYSIS

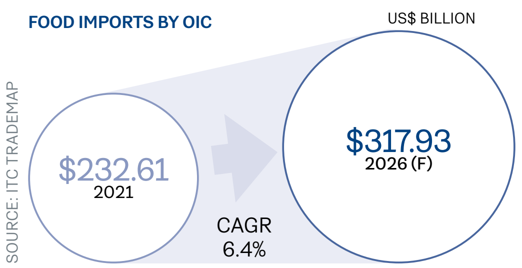
a. Trade sizing and landscape

OIC imports in food growing at 6.4% CAGR in the next 5 years

OIC countries imported US$232.61 billion in food products in 2021. This covers 13.8% of the US$1.69 trillion global imports in food products.

OIC imports in food are forecasted to grow at 6.4% CAGR to reach US$317.93 billion by 2026. This is a slower growth rate than the global average at 7% CAGR.

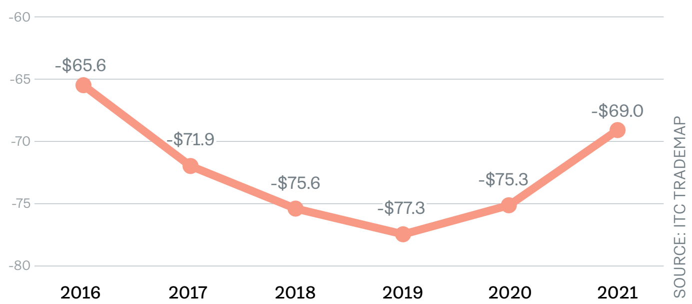
FOOD IMPORTS BY OIC



Major trade gap in food imports by OIC countries

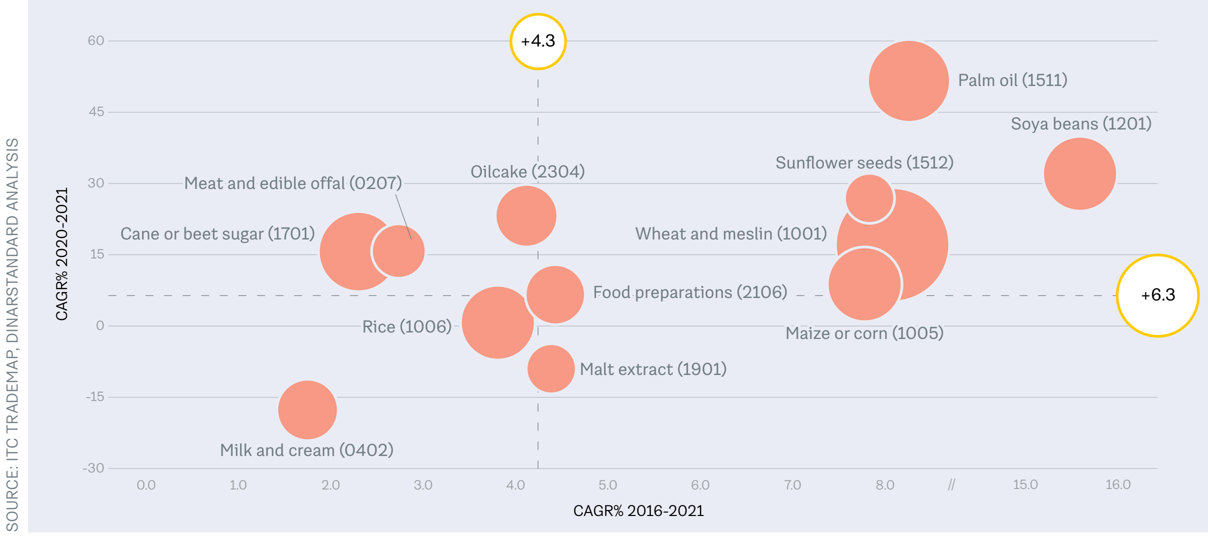
OIC countries have been over-reliant on their imports to meet the increasing demand for food products. Their trade balance (exports fewer imports) recorded a negative US$69 billion in 2021. The trade balance has been improving since 2019, with exports growing faster than imports. However, more efforts are needed for the OIC to be self-sufficient in production and increase intra-OIC collaboration.

FOOD TRADE BALANCE



Top imported food categories cover 51% of the total OIC food imports

The top 12 imported food categories represented up to 51% of the total OIC imports in food in 2021. These include wheat, palm oil, cane, maize, rice, and others. Of these 12 categories, those growing over 7% CAGR over the past four years are soya bean, palm oil, wheat, sunflower seeds, and corn.



Top OIC importing and exporting markets and categories traded

The following table shows the top OIC importers, exporters, and food categories these markets are trading in. The top five OIC importers represent up to 41% of total OIC imports in food, while the top five OIC exporters make up 71% of total OIC exports in food. Indonesia and Türkiye are both among the top importers and exporters. Most wheat imported by Türkiye is used to manufacture wheat-based products for re-export.

TOTAL OIC IMPORTS IN 2021

US$ BILLION

$232.61

TOP OIC IMPORTERS

Indonesia	Saudi Arabia	Malaysia	Türkiye	UAE
$22.26	$21.62	$20.10	$16.77	$14.99
16%	5%	6%	16%	6%
Wheat and meslin (HS 1001)	Meat and edible offal (HS 207)	Cocoa beans (HS 1801)	Wheat and meslin (HS 1001)	Meat and edible offal (HS 207)

TOP IMPORTED CATEGORY, % OF COUNTRY IMPORT

TOTAL OIC EXPORTS IN 2021

$163.57 (31% exports to OIC)

TOP OIC EXPORTERS

Indonesia	Malaysia	Türkiye	Morocco	Egypt
$49.31	$29.03	$24.15	$7.72	$6.01
(23% exports to OIC)	(21% exports to OIC)	(39% exports to OIC)	(12% exports to OIC)	(55% exports to OIC)
77%	65%	10%	24%	5%
Palm oil (HS 1511)	Palm oil (HS 1511)	Wheat and meslin (HS 1001)	Cane or beet sugar (HS 1701)	Soya bean oil (HS 1507)

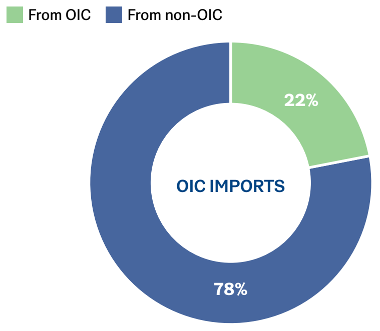
TOP EXPORTED CATEGORY, % OF COUNTRY EXPORT

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

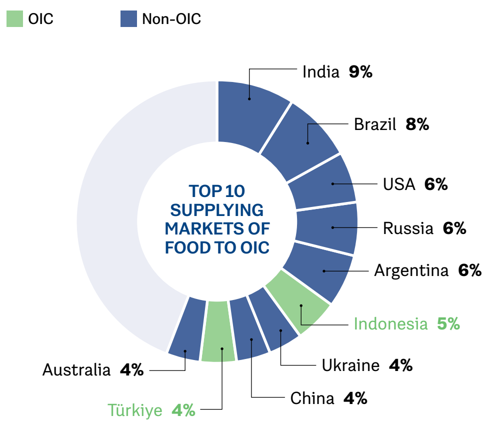
b. Benchmarking with non-OIC trade

Eight of the top 10 exporters to OIC are non-OIC countries

Of the total OIC imports in food products, only 22% are sourced from member OIC countries.



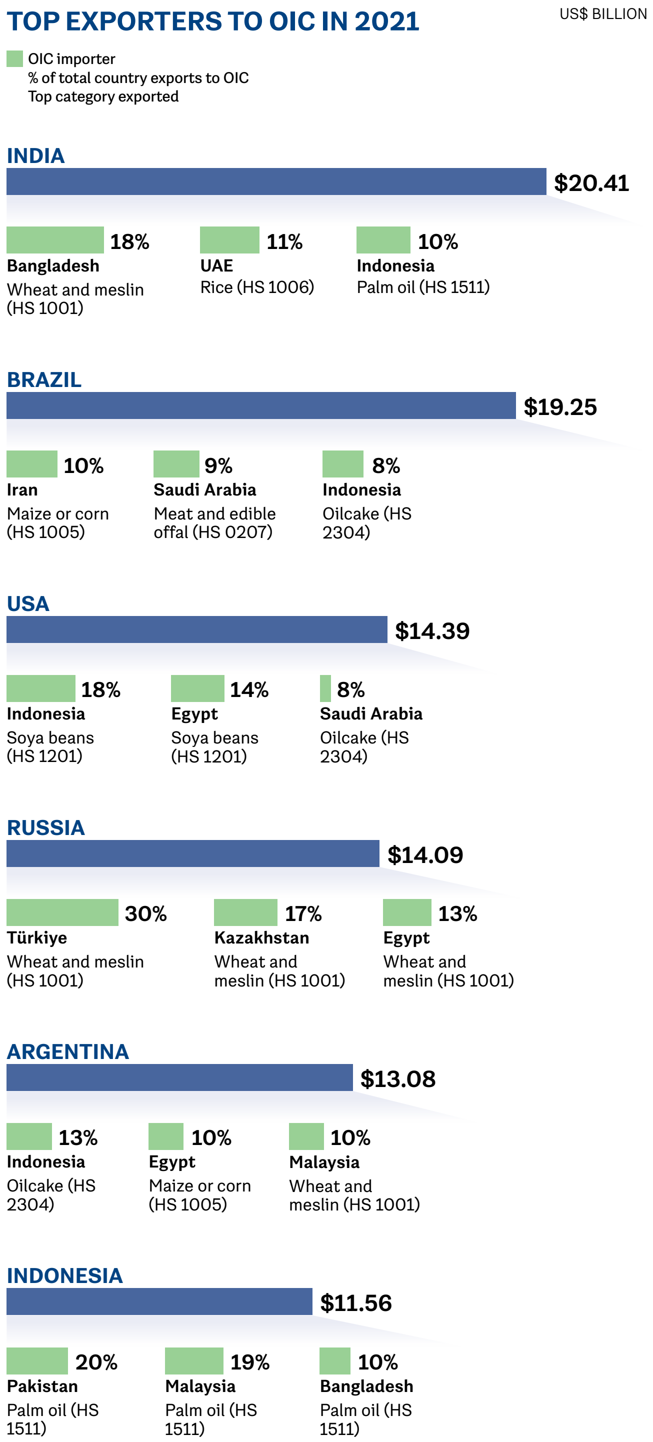
The top 10 supplying markets (exporters) of food to OIC make up about 56% of the total exports to OIC, where eight of the 10 are among non-OIC countries.



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top global exporters to OIC and categories traded

The following table shows the top six supplying markets to OIC for food products, OIC countries exported to, and categories traded.



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

3. INVESTMENTS SIZING AND LANDSCAPE

Deals in halal food accounted for 34% of all transactions. The total deal value is US$2.7 billion. Many of the deals involved companies operating in the food delivery or food eCommerce space, with a fair amount involved in food processing as well.

OIC MEMBER STATES INVESTMENT DEALS IN HALAL FOOD

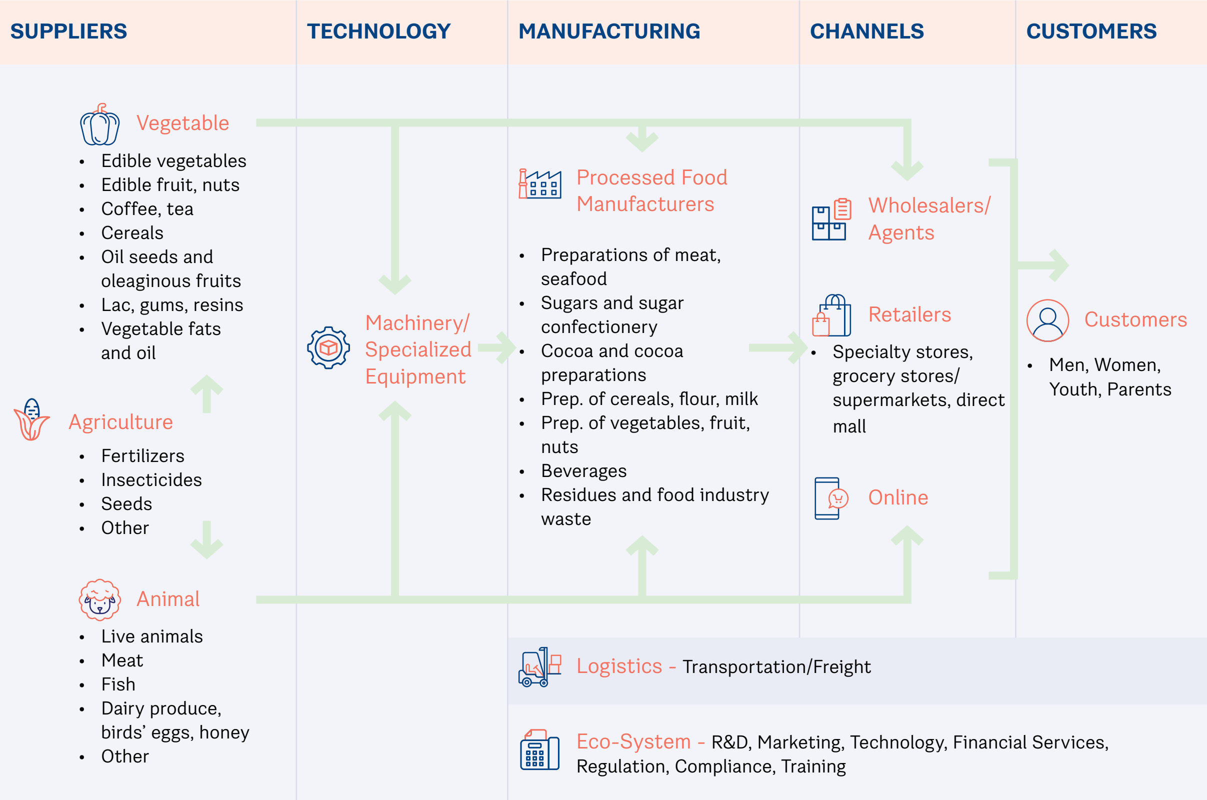
COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
Türkiye	Private Equity	Delivery Service, eCommerce, Grocery, Logistics, Mobile Apps	Getir	555,000
United Arab Emirates	Private Equity	Cloud Infrastructure, Delivery, Food and Beverage, Food Delivery, Restaurants	Kitopi	415,000
Türkiye	Private Equity	Delivery Service, eCommerce, Grocery, Logistics, Mobile Apps	Getir	300,000
United Arab Emirates	Merger/Acquisition	Food	Bayara Holding	260,000
Saudi Arabia	Merger/Acquisition	Food	C3	200,000

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

4. SECTOR VALUE CHAIN

The halal food value chain covers core suppliers, specialized technology, food processing, channels (wholesale, retail, online), logistics and an ecosystem of supporting services. Almost every segment of the value chain is impacted by the halal food certification process.

HALAL FOOD SECTOR VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN, ALIGNED WITH INTERNATIONAL HARMONIZED (HS) CODES

VALUE CHAIN	SEGMENTS	SELECT KEY PLAYERS	
		MAJOR CORPORATIONS WITH OPERATIONS IN OIC	OIC HQ COMPANIES
Suppliers	B2B Ingredients	Kerry Group (Ireland) Royal DSM (Netherlands)	Bidara Herba Niaga (Malaysia)
Processed Food Manufacturing	Meat/Poultry	BRF (Brazil) Cargill (USA) Allanasons (India)	Al Islami Foods (UAE) Paulina (Tunisia) Zalar Holding (Morocco)
	Dairy	Fonterra (New Zealand) Lactalis (France) Nestlé (Switzerland)	Almarai (Saudi Arabia) Delice (Tunisia) Giplait (Algeria)
	Oil & Fats	Wilmar International (Singapore)	GAR (Indonesia) Savola (Saudi Arabia)
	Processed Food Snacks	Nestlé (Switzerland) Kelloggs (USA)	Indofood CBP (Indonesia) Tat Gida (Türkiye) Saida group (Tunisia)
Channels	Grocery/Retail	Tesco (UK) Carrefour (France)	LULU Group (UAE) Panda (Saudi Arabia) Marjan (Morocco)

TOP 10 OIC COMPANIES IN FOOD

COMPANY	REVENUE US$ MN	COUNTRY	DESCRIPTION
Lulu Group	7,400 (2019)	United Arab Emirates	A multinational conglomerate headquartered in Abu Dhabi, UAE, that operates a hypermarket and retail chain. Currently, the Lulu group operates 239 Lulu stores and 24 shopping malls across GCC, Egypt, India, and the Far East. Lulu also launched various white-label products.
Savola Group Company	6,985	Saudi Arabia	The largest food company in Saudi Arabia, produces edible oils, sugar, fresh dairy products and fast food. It is the largest edible-oil company in the world in refined consumer oils, with 1.4 million tons processed a year. Savola also operates Panda, one of the largest food chains in the Middle East.
PT Indofood Sukses Makmur Tbk	6,973	Indonesia	Indofood is Indonesia's largest food processing company and the world's biggest producer of instant noodles.
Kuala Lumpur Kepong Berhad	5,774	Malaysia	One of the largest palm oil companies worldwide.
Alfamart	5,725	Indonesia	PT Sumber Alfaria Trijaya Tbk, a majority-franchised convenience store chain with more than 14,000 stores across Indonesia.
Yidiz Holding	5,400*	Türkiye	The largest food manufacturer in CEEMEA (Central and Eastern Europe, the Middle East, and Africa), generating revenues of 34.3 billion TL (US$1.85) in 2016 across all businesses, with over 300 brands available in more than 130 countries. The only Turkish company in S&P global ESG 20201 index.
FGV Holdings Berhad	4,696	Malaysia	A Malaysia-based global agribusiness and food company. One of the world's largest producers of crude palm oil.
Sime Darby Plantation Berhad	4,607	Malaysia	The world's largest palm oil producer based on hectarage, with more than 600,000 hectares spanning Indonesia and Malaysia and accounting for about 2.47 million tons, or 5% of global crude palm oil, annually.
Almarai Company	4,453	Saudi Arabia	The world's largest vertically integrated dairy company.
IOI Corporation Berhad	3,633	Malaysia	The largest vegetable oil-based oleochemical manufacturer in Asia.

Notable Emerging Companies: Kitopi (UAE), Pure Harvest Smart Farms (UAE)

Revenues sourced from company annual reports, news, or third-party data intelligence
Revenue for 2021 period unless otherwise stated

* Estimated revenue number

4.2. Halal Food Sector OIC Developments and Opportunities

A nascent category, plant-based food products, has been growing strongly over the last decade, driven by the demand for healthy foods and alternative proteins. Meanwhile, growing consumer demand for food delivery in OIC countries has given rise to eCommerce and food delivery platforms. To address rising food insecurity, the Islamic Organization for Food Security (IOFS) and the Islamic Development Bank (IsDB) launched bold initiatives to boost intra-OIC food trade and investment. The backing of development banks and international donors is further expected to support food security efforts. Another initiative that is expected to bolster trade and investment in OIC countries is the African Continental Free Trade Area (AfCFTA) agreement.

1. CONSUMER DEVELOPMENTS

PLANT-BASED PRODUCTS ARE GAINING PROMINENCE IN MUSLIM MARKETS.

- UAE-based manufacturer Al Islami Foods launched a preservative-free plant-based 'beef' burger.[46]
- Egyptian Juhayna Food Industries is launching plant-based products, including a full UHT plant-based milk range.[47]
- IKEA Indonesia added four new plant-based dishes to its menu.[48]
- Starbucks also launched new plant-based collaborations in Hong Kong, Indonesia, and the Middle East.[49]
- Nestlé's new plant-based manufacturing facility for its Harvest Gourmet brand in Selangor, Malaysia, will cater to the retail and food service sectors.[50]

NEW PRODUCTS ARE LAUNCHED TO MEET THE GROWING DEMAND FOR HALAL FOOD IN NON-OIC MARKETS.

- Little Maryam is the world's first baby food that is both halal and organically certified. This brand was founded by Dutch brothers in 2021 and is currently sold in Belgium and Netherlands.[51]
- South Korean convenience store chain CU released two ready-to-eat meal packages made with halal-certified ingredients.[52]

OPPORTUNITY

Consumers are looking for healthy and organic foods and alternative proteins such as plant-based products. The latter is still a very nascent category globally but has been accelerating strongly over the last decade. Continued momentum is expected through plant-based innovation and improvements to quality, texture, and taste. With these enhancements, more customers will engage with plant-based lifestyles.

ECOMMERCE AND FOOD DELIVERY PLATFORMS ARE EXPANDING THEIR ACTIVITIES IN OIC COUNTRIES AMID GROWING DEMAND FROM CONSUMERS.

- Glovo, one of the world's leading multi-category delivery platforms, announced in September 2021 the expansion of its operations in Africa to include Ghana and Tunisia, bringing its current operations to a total of seven countries on the continent.[53]
- UAE-based GrubTech, an online platform that provides digital solutions for cloud kitchens and restaurants, officially launched its operations in the Egyptian market in early August 2022 by opening an office in the country. The company intends to make Egypt its launching pad for its expansion in Africa.[54]

PEXELS/COTTONBRO

- In partnership with Emirates Red Crescent, delivery service provider Deliveroo has launched a campaign to encourage and facilitate its customers to donate food boxes through its app. Offered in five different sizes, customers can order the boxes for prices ranging from Dh50 up to Dh500 (US$ 13.6 to US$136) until the end of October 2022.[55]
- Saudi Arabian food delivery app Jahez has kicked off pilot operations in Bahrain as part of its expansion strategy within the Gulf Cooperation Council. Earlier in 2022, Jahez became the first-ever local technology start-up to list on the Kingdom's parallel market Nomu.[56]
- According to the Saudi Communications and Information Technology Commission, the number of delivery apps operating in Saudi Arabia has risen by over 460% between 2019 and the end of 2021.[57]

OPPORTUNITY

Consumer appetite for faster on-demand delivery options has greatly boosted eCommerce and food app companies that have become an integral part of the F&B industry in many OIC countries.

2. TRADE AND NATIONAL DEVELOPMENTS

THE PANDEMIC AND RECENT REGIONAL CONFLICTS HAVE FORCED OIC COUNTRIES TO DOUBLE DOWN ON FOOD SECURITY STRATEGIES.

- The Tunisian government and the UN Food and Agriculture Organization have signed cooperation agreements for two projects aiming to enhance food security and resilience to climate change through a National Action Plan for the agricultural sector in Tunisia.[58]

- Malaysia will offer government-backed insurance plans to help compensate farmers for losses after natural disasters as part of measures to strengthen food security. As part of this initiative, the government will establish Agro-Food Takaful Insurance with the help of the Ministry of Agriculture and Food Industries (MAFI). About 189,500 rice farmers will benefit from this insurance. The insurance coverage will stretch in stages to sectors, which include fisheries and other food industry sub-sectors.[59]

- UAE Ministry of Climate Change and Environment (MoCCAE) and Emirates Development Bank (EDB) signed a Memorandum of Understanding in August 2022 to set up a scheme to offer finance solutions to modern agricultural SMEs and start-ups in a bid to contribute to the UAE's sustainable economic development and food security.[60]

PEXELS/THISISENGINEERING

- MoU was signed between the Australian Trade and Investment Commission (Austrade) and Malaysia's Halal Development Corporation (HDC) to enable the food trade of halal food.

- The National Center for Palms and Dates has officially launched "Saudidates," an online B2B platform connecting date traders and enabling global trade.[61]

- Oman's agriculture ministry has urged farmers to diversify crop production and establish commercial fields to grow grapes, mangoes, bananas, and sweet lemons.[62]

OIC COUNTRIES ENTERED INTO BILATERAL TRADE AGREEMENTS TO BUILD FOOD SECURITY.

- Egypt and Jordan had agreed on July 2022 to draft and activate a joint action plan in the realm of food security. The joint plan will be executed in partnership with the private sector in both countries. As part of this plan, both ministers agreed to take steps towards attaining food security through activating a memorandum of understanding which set the stage for establishing, operating, and developing logistics zones between Jordan and Egypt.[63]

- Saudi Arabia and Kazakhstan have agreed to boost their bilateral ties and cooperation in several sectors with the signing of new Memoranda of Understanding (MoU). Food and agriculture are among the key sectors covered by the MoU.[64]

- UAE, Egypt, and Jordan signed in May 2022 an industrial partnership agreement to enhance economic growth in the three countries across selected key sectors, including food, agriculture, and fertilizers. By way of the industrial partnership agreement, a US$10 billion investment fund has been allocated and will be managed by ADQ Holding. According to Jordan's Ministry of Industry, Trade and Supply, the three countries have agreed to plant wheat, barley, and corn in Jordan via a UAE investment. Jordan would also get ammonia from Egypt and gas from the UAE to produce fertilizers under the framework of the project. All products will be first used to meet the needs of the three countries, with the rest being exported, the ministry said, adding that the projects are expected to start in three months.

- Malaysia and Türkiye announced that bilateral ties between both countries have been upgraded to Comprehensive Strategic Partnership, effective from Malaysia's Prime Minister's recent visit to Ankara in August 2022. Both countries are currently in the final round of negotiations to conclude the expansion of the Malaysia-Türkiye Free Trade Agreement (MTFTA), which would cover new areas such as food security.[65]

- GCC countries increased payments to other MENA countries (such as Egypt and Algeria) to help them counter inflation. In return, these countries have diverted their commodities exports (such as grains, cooking oil, and oilseeds) to the Gulf.[66]

OIC SPECIALIZED INSTITUTIONS SUCH AS THE ISLAMIC ORGANIZATION FOR FOOD SECURITY (IOFS) AND THE ISLAMIC DEVELOPMENT GROUP (ISDB) ARE LAUNCHING BOLD INITIATIVES TO ADDRESS OIC REGION FOOD SECURITY ISSUES AND BOOST INTRA-OIC FOOD TRADE AND INVESTMENT.

- As part of its 10-year development strategy until 2031, The Islamic Organization for Food Security (IOFS) is looking to launch regional food security reserves and humanitarian food aid programs to support OIC countries in food crises, increasing the competitiveness of the OIC agri-food industry, promoting financial cooperation to support special projects and investments, transferring technical experience to develop the potential of participating countries, which includes aspects such as education in the field of food safety, development of bio-and agricultural technologies, impact on the climate development of gene banks and the ecosystem of halal food. The Islamic Chamber of Commerce, Industry and Agriculture (ICCIA) is making efforts to transform OIC into a major exporter of halal products rather than relying on imports.

- On 9th September 2021, MOU was signed between ICDT, IOFS and ICARDA to support on food and agriculture security initiatives. Trade and investment in agri-food sector will be provided through co-organizing exhibitions, business forums, B2B meetings and knowledge exchange.

- The Organization of OIC organized the 8th Edition of OIC Halal Expo in Istanbul in November 2021. The Halal Expo provides a platform for networking, sharing ideas and promoting trading opportunities. The consecutive events will be held in Istanbul in November 2022 and in Tunis in June 2023.

- ICHCS (Islamic Chamber Halal Certification Services), an affiliated OIC institution, initiated its halal certification program "Islamic Chamber Halal Certification Services" as a private sector service company. It aims to provide producers with reliable halal certificates to ease intra-OIC trade, register a globally recognized halal certification mark, and connect traders and halal producers globally.

THE ENFORCEMENT OF THE AFRICAN CONTINENTAL FREE TRADE AREA AGREEMENT HAS THE POTENTIAL TO BOOST FOOD SECURITY, EXPORT VOLUMES, AND INDUSTRIAL CAPABILITIES OF AFRICAN OIC MEMBER STATES AND FURTHER EXPAND TRADE AND INVESTMENT OPPORTUNITIES IN THE OIC REGION.

- Seven countries, including Cameroon and Egypt, were selected in early August 2022 by the AfCFTA secretariat to start trading under the African Continental Free Trade Area framework in a pilot phase. The initiative will identify companies, products, customs procedures, and logistics processes required to enable a trade to happen under the AfCFTA.[67]

- The World Trade Organization launched a project to support eight African countries in the operationalization of the African Continental Free Trade Area (AfCFTA). The project will support implementing more than 30 activities related to the continental initiative in Burkina Faso, Côte d'Ivoire, Guinea, Mauritania, Niger, Senegal, Togo, and Tunisia, all of which are members of OIC. It should help create an environment where trade can be more efficient and inclusive.[68]

OPPORTUNITY

Trade and investment between OIC countries is a top agenda item, bolstered by new free trade deals such as the African Continental Free Trade Area (AfCFTA), while other collaborations are happening between countries to strengthen halal trade and food security. Regional initiatives led by OIC specialized institutions such as the Islamic Organization for Food Security (IOFS) and the Islamic Development Group (IsDB) are expected to further boost collaborations between OIC Member States while addressing the structural weaknesses and root causes of food insecurity in these countries.

3. INVESTMENT DEVELOPMENTS

DEVELOPMENT BANKS AND INTERNATIONAL DONORS ARE BACKING OIC COUNTRIES' EFFORTS TO ACHIEVE FOOD SECURITY.

- The IsDB group endorsed in July 2022 a US$10.54 billion comprehensive Food Security Response Program package aiming to develop innovative medium and long-term interventions to address structural weaknesses and root causes of food insecurity in the Member States such as productivity, rural poverty, climate change, and weak resilience of regional and national agricultural and food systems.

- The African Development Bank approved in May 2022 a US$1.5 billion facility for 20 million farmers on the continent to avert a looming food crisis brought on by the Ukraine crisis.[69]

- The Islamic Development Bank (IsDB) will disburse US$150 million for the development of Special Agro-Processing Zones in Nigeria.[70]

- Egypt is discussing the activation of a US$500 million development finance agreement with the World Bank, aiming to boost Egypt's efforts to help achieve food security and to strengthen the Egyptian economy in the face of repercussions of the crisis currently going on in Europe.[71]

- In July 2021, The African Development Bank granted Egypt a US$271 million assistance package to support Egypt's Food Security and Economic Resilience Program, which aims to boost agricultural productivity and sustainability by providing additional incentives to local farmers. Under the program, local farmers will have more access to subsidized fertilizers to be more incentivized to grow wheat.[72]

OPPORTUNITY

OIC governments' push for food security, backed by global and regional financial institutions and donors, will lead to more opportunities in farming, agriculture, and secondary processing.

GLOBAL F&B BRANDS ARE EXPANDING THEIR FOOTPRINT IN THE OIC REGION.

- US fast-food chain Chuck E. Cheese will be opening 50 stores across the Middle East, with 25 new stores in Saudi Arabia.[73]

- Brazilian poultry processor BRF SA signed an MoU with Saudi Arabia's sovereign fund to create a joint venture to make poultry products in the Middle Eastern country.[74]

- Kerry, the world's leading taste and nutrition company, has officially opened a new 21,500-square-foot state-of-the-art facility at its Jeddah operation in Saudi Arabia.[75]

- US-based Tyson Foods, a meat-packing giant, acquired a 49% stake in the Malayan Flour Mills' poultry business for US$104 million.[76]

- BRF plans to invest US$7.2 million in its newly acquired Saudi facility, Joody Al Sharqiya, to increase capacity for meats, processed foods, and plant-based food production.[77]

FOOD DELIVERY STARTUPS ARE GAINING TRACTION AMONG VCS AND PE INVESTORS IN THE OIC REGION.

- Algeria-based super app Yassir raised US$30 million in a Series A round. Founded in 2016, Yassir offers ride-hailing and parcel delivery and on-demand delivery services covering multiple verticals such as grocery, food, appliances, and cosmetics, among others. It operates across Algeria, Morocco, and Tunisia, catering to three million users with more than 40,000 partners that include drivers, delivery riders, merchants, FMCGs, and wholesalers. The investment will be used to fuel its expansion across sub-Saharan Africa.[78]

- Lebanon-based delivery app Toters raised US$18 million in a Series B round from International Finance Corporation (IFC) and other investors. The recent funding round will help Toters expand its scale of operations in its home market as well as Iraq. Founded in 2017, Toters offers multiple services such as food delivery, grocery delivery, courier services, and payment and financial transaction services through a single platform.[79]

- Saudi-based healthy food delivery app DailyMealz has raised US$5 million in a pre-series A round from Saudi Airlines Catering and other investment firms. Founded in 2017, the startup partners with restaurants and cloud kitchens to offer their food as meal plans for users through a weekly and monthly subscription fee on its mobile app.[80]

- Saudi Arabia-based food delivery startup Barakah has secured US$300,000 in a pre-Seed round from Alriyadah Investments. Founded in 2021, the company aims to achieve sustainability and tackle food waste by allowing restaurants to list their unsold meals on Barakah's surplus marketplace, where consumers can find nearby discounted meals.[81]

- Qatar-based super app Snoonu has acquired Oman's food delivery platform Akeed for an undisclosed sum in August 2022. Akeed, founded in 2018, offers on-demand food delivery services. It raised US$2.5 million in a Series A round in December last year.[82]

OPPORTUNITY

Consumer appetite for faster on-demand delivery options has given a huge boost to eCommerce and food app companies that have become an integral part of the F&B industry in a growing number of OIC countries.

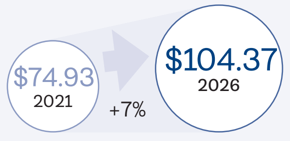
4.3. Case Studies

Saudi Arabia (OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE BALANCE (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in food products grew from US$3.63 billion in 2016 to US$3.89 billion in 2021. Exports to OIC countries amounted to US$3.52 billion in 2021 (91% of Saudi Arabia's global exports).
- Domestic champions such Savola Group and Almarai (the world's largest vertically integrated dairy company) have a strong regional presence and a strong potential to become global champions.[83]

DOMESTIC PROPOSITION

- Highest consumption of chicken in the world with a per capita consumption average of 50 kg annually.[84]
- Global companies present in Saudi market, such as JBS SA, the world's largest meat supplier, established facilities to produce mainly frozen food, including beef, chicken, vegetables, and fruits.[85]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- Saudi Arabia Food and Drug Authority (SFDA) is responsible for issuing halal certificates for all locally produced and imported foodstuff.[86]
- Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), is providing support to Saudi companies to become national and global champions in their sectors.[87]

PRODUCTION CAPABILITIES

- Largest storage capacity in the Middle East for wheat and flour, exceeding 3.3 million tons, with a daily milling capacity of more than 15,000 tons. The poultry industry production increased from 425,000 tons in 2000 to approximately 750,000 tons in 2019.[88]

OPERATIONAL SUPPORT ECOSYSTEM

- Total investments in the food manufacturing and processing sector are projected to reach US$70 billion in 2030, an increase of approximately 59% over total investments in 2016.[89]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

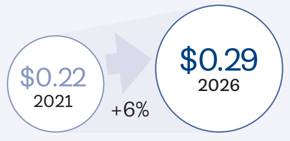
In 2022, PIF launched the Saudi Coffee Company with the aim of Saudi Arabia's coffee bean becoming a global product in the future, with planned investments of almost US$320 million over the next ten years to develop sustainable coffee production in the southern Jazan region, home to the famous Coffee Arabica.[90]

Brazil (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE BALANCE (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in food products grew from US$15.95 billion in 2016 to US$31.26 billion in 2021. Exports to OIC countries amounted to US$14.48 billion in 2021 (46% of global exports).
- Domestic champion JBS is the world's second-largest food company and the largest in animal protein,[91] and BRF SA's One Foods focuses on the Muslim processed foods market.[92]

DOMESTIC PROPOSITION

- The food industry is well developed, with major multinational companies' presence making the sector very competitive.[93]
- Global brands are present in Brazil, including Nestlé, for which Brazil stands as its fifth-largest market by annual sales.[94]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- Fambras Halal Certification LTDA. is the first halal certification body in Latin America to be accredited by GAC (GCC Accreditation Center) and ESMA (Emirates Authority for Standardization and Metrology).[95]

PRODUCTION CAPABILITIES

- Fourth largest agricultural production country in the world, the main producer of coffee, sugarcane, and citrus, and the second-largest soybean, beef, and poultry producer.[96]

OPERATIONAL SUPPORT ECOSYSTEM

- Brazilian National Development Bank is committed to creating "national champions" through subsidized loans as well as purchasing debentures and company shares.[97]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

- Starting in 2007, the Brazilian National Development Bank implemented the "national champions" policy to transform some of the largest Brazilian meat-packing corporations into large TNCs capable of generating significant revenues leading to companies such as JBS becoming the world's largest producer and exporter of meat.[98]

4.4. Opportunity Assessment and Recommendations

Two consumer trends that were accelerated by the COVID-19 pandemic: the rising demand for organic and healthy plant-based food products as well as for food delivery, provide opportunities for companies within the food sector. Intra-OIC trade has become a priority to address food security and to reduce import reliance on Russia and Ukraine. Meanwhile, the current climate provides numerous opportunities for investors, including in agritech and agribusiness, eCommerce, halal ingredients, as well as in halal food value chain integration.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- **Consumers are looking for healthy and organic foods and alternative proteins:** COVID-19 has led to a spike in the global demand for healthy foods, including clean-label foods, hormone free-meat, immunity-boosting foods and supplements, diabetes-friendly foods, and plant-based/vegan foods.
- **eCommerce and delivery apps have become an integral part of the F&B industry:** Digitalization is rapidly transforming the halal food sector, a trend accelerated by the spread of COVID-19. eCommerce and online grocery/delivery became critical as people had to stay at home due to social distancing restrictions.

OBSTACLES:

- **Consumer purchase power deterioration amid food prices surge:** The Ukraine crisis, alongside climate change and lingering pandemic-driven supply-chain issues, have pushed up global food prices by 56% compared to the end-2019. This inflationary environment is impacting the disposable income and purchasing power of consumers in the OIC region, especially those that have a higher share of food consumption as a percentage of total consumption such as African countries. Unfortunately, only a few of these countries have so far embarked on consumer-oriented policies to tackle the problem.
- **Consumer confidence:** The challenge of halal certification goes hand in hand with consumer confidence, which will ultimately hamper further demand. A series of recent halal certification scandals has created skepticism among consumers. Halal food fraud can be difficult to detect due to the challenges of testing products and inspecting practices at every stage of the value chain and with growing international supply chains. The industry is also limiting its positioning with consumers by not focusing on both the halal and tayyab parts of its proposition to satisfy a wider global appeal. To compound this problem, Muslim consumers in OIC countries have limited awareness of halal ingredient concerns.

RECOMMENDATIONS:

Strategic recommendations

- Policy measures to protect the poor from food price shocks and food shortages should be developed as an immediate action by OIC governments amid the current global conjuncture. In this sense, OIC institutions such as the Islamic Organization for Food Security (IOFS) and the Islamic Development Group (IsDB) have a critical role to play in providing technical and financial assistance to OIC countries (especially the least developed countries).
- The convergence of organic with halal and tayyab attracts not just Muslims but non-Muslim consumers. Food brands in the OIC must strategize to incorporate these key features in their products and promote them in the mainstream market.
- Food companies in the OIC must consider deploying advanced technology, such as Blockchain, to enhance traceability and transparency. This will enhance consumer trust at times of heightened concerns for food safety.

Tactical recommendations

- As the food and grocery delivery space heats up in the aftermath of COVID-19, F&B businesses can cut costs and scale faster by switching to the cloud-kitchen model. Grocery chains can also switch to 'dark stores' based on the same model.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- **Intra-OIC trade is on the rise:** Trade between OIC countries is a top agenda item, bolstered by new free trade deals such as the African Continental Free Trade Area (AfCFTA), while other collaborations are happening between countries to strengthen halal trade and food security. Regional initiatives led by OIC specialized institutions such as the IOFS and IsDB are expected to further boost collaborations between OIC Member States while addressing the structural weaknesses and root causes of food insecurity in these countries.
- **A US$69 billion opportunity for OIC-based players:** Many of the large food conglomerates in the OIC countries stand to benefit from the large food trade deficit within OIC countries (US$69 billion in 2021). Their extension into related halal food segments and value chains will make them more naturally synergistic given their hosts' halal markets while offering tremendous growth opportunities.
- **Research and development cooperations:** Organizations shifting their business practice (or partial practice) into the halal sector need to source halal ingredients or their alternatives. Opportunity exists for dedicated facilities which study halal alternatives with the specific objectives of substituting critical ingredients. Malaysia has leading halal-related research initiatives. With other halal markets developing, there is an opportunity to collaborate and scale research in collaboration with other centers in UAE, Australia, Türkiye, Thailand, and Pakistan.

OBSTACLES:

- **Over-reliance of OIC countries on food imports:** As highlighted in the sections above, OIC countries remain dependent on food imports, with 28 of the OIC countries classified as low-income food-deficit countries. Furthermore, OIC countries have higher tariffs on trade with each other than the world average.

- **Rising food protectionism across OIC countries:** The recent macroeconomic shocks, such as the COVID-19 pandemic and the Ukraine crisis, have exacerbated the already pressing issues of food security, increasing food prices and supply-chain disruptions. As a result, countries have taken protective trade measures to meet their local food demand, impacting supply to import-dependent markets. For instance, India banned its wheat exports, and Indonesia banned its palm oil supply for a few weeks to protect its local supply.

- **Climate change is impeding food security efforts in the OIC region:** While countries such as the UAE and Saudi Arabia are focusing on developing the poultry and agriculture sectors, the increasing need for water, extreme weather events, and rising temperatures threaten further progress. OIC countries need to mobilize efforts to fight climate change while also securing trade partnerships with countries rich in natural resources.

- **Availability of halal raw materials, supply chain issues (cost factor, quality, and consistency):** With the massive list of halal raw ingredients to substitute, sourcing will be a challenge for industry players. The most common, talked-about ingredient—halal gelatin—is still barely touching 2% of the global market share, limited by a lack of halal raw materials. The ability to scale and resource these products both in terms of their wider applicability and cost of development is a challenge.

- **Lack of common and unified standards across OIC countries limit halal intra-trade:** This causes confusion for multinational companies seeking to enter the halal food market. For example, there are notable differences between the standards of the Department of Standards Malaysia (DSM) and the ESMA. Unified standards have failed to gain consensus within the industry.

RECOMMENDATIONS:

Strategic recommendations

- With the global economy moving into a recession, OIC governments can strengthen their halal industries and economies through strategic partnerships and free trade agreements. OIC countries must continue efforts to remove barriers to trade and investment by taking advantage of the legal frameworks relating to existing trade in the region, in particular the Trade Preferential System among the Member States of the OIC (TPS-OIC), the Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS), and African Continental Free Trade Area (AfCFTA).

- OIC countries should create trade and investment corridors centered on fostering trade and investment along with land and maritime infrastructures set up to improve connectivity between OIC member countries in the three regions of the OIC space (Sub-Saharan Africa, Middle East, and Asia).

- OIC countries, especially those in North Africa and the Middle East, will have to diversify trading partners to reduce cereal import reliance on Russia and Ukraine. Many within the OIC have the ability to increase exports of cereals to member countries. Top exporters of cereals among the OIC include Pakistan and Kazakhstan, exporting 51% and 27%, respectively, of the total OIC exports of US$4.41 billion in 2021.

- Focus on developing regional value chains aiming at developing raw materials such as ingredients. Support the research and development sector in the various fields of the agri-food industry with a view to modernizing production and marketing mechanisms.

- An OIC emergency response mechanism should be developed and adopted to minimize the adverse impacts of climate change and the consequences of natural disasters causing severe damage to agricultural land.

- Adopting uniform halal standards across the industry will act as a multiplier for trade and investment within the OIC region. OIC countries must rise above political and trade conflicts and ensure they implement these harmonized halal standards through systematic capacity building. This will guarantee ethical food production, improve process efficiency, and strengthen both the perception and share of halal products in the global food trade.

- Organize regular OIC Halal Expos, B2B meetings and investment forums on annually, focusing on food security.

- Organize capacity building programs on value chain management, internationalization of SMEs and trade strategies.

Tactical recommendations

- Traders and producers need better support in commercializing food products by providing useful market information and increasing trade shows.

- Governments need to encourage contingency planning (short term and long term) to maintain food supply issues. Consumers need to be protected from food price hikes stemming from macroeconomic crises.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- **Investments in agritech and agribusiness are on the rise in the OIC region:** OIC governments' push for food security, backed by global and regional financial institutions and donors, will lead to more opportunities in farming, agriculture, and secondary processing to ensure that farms and land are more productive and biosecure.

- **eCommerce and food apps create new opportunities for investors:** Ultra-fast delivery apps for food and eCommerce platforms are gaining huge popularity among consumers all over the OIC region, creating attractive investment opportunities for VCs and PE investors.

- **Large-scale halal ingredients production and processing:** New opportunities exist for investors in the growing space of halal ingredient substitutes. Food manufacturers in the OIC region are already facing sourcing challenges with some materials, such as halal gelatin, in short supply. The main suppliers for ingredients are large international companies such as Cargill, which has 200 halal-certified plants. Other aspects will include technology solutions and the production of chemicals and processing aids for both food and non-food sectors. Given the huge demand, there is an opportunity for OIC-based companies to fill this gap in the ingredients market.

- **Investment opportunities in halal food value chain integration:** Many companies in the halal food market are small and fragmented. Financing vertical integration of the supply chain, from slaughterhouses to distributors, is an investment opportunity that should provide lucrative returns for the investors as well as develop strong companies in this space. The Islamic finance community would play an instrumental role in making this possible.

OBSTACLES:

- **Raising concerns about low and middle-income countries' debt sustainability:** Many countries grappling with the threat of a food crisis are now at the greatest risk of a debt crisis. An overlapping food and debt crisis can have major impacts on investors' confidence and on OIC countries' ability to achieve their growth and development objectives.

- **Industry scale and efficiency:** Many of the OIC-based companies positioned on the halal food supply chain are small and fragmented institutions supplying to a few large global players. The lack of support in financial and investment services for this sector has been a challenge. Many of these entrepreneurs are seeking Islamic-compliant financing options but are struggling to find these options.

RECOMMENDATIONS:

Strategic recommendations

- Most of the food production is led by the private sector. Governments play a key role in supporting private sector growth and sustainability. This can be done through Government-to-Business (G2B) initiatives, such as arranging forums, and Private Public Partnerships (PPP).
- Investments in R&D activities, including new agricultural practices and innovations in new crop varieties, should be further promoted and encouraged at a national and regional level in the OIC region through developing specific incentives, streamlining regulatory processes, and revising other institutional bottlenecks.
- Large Arab companies should invest in joint ventures in African countries to contribute to the transfer of agri-food technology and the fight against local unemployment of women and young people.

Tactical recommendations

- Governments should help optimize export funding sources to the halal industry. Traders need to be aware of the various financial instruments available to them.
- Governments can provide marketing and capacity-building support for SMEs to help them expand internationally.

5

HALAL PHARMACEUTICALS SECTOR

Health-conscious consumers are demanding plant-based and animal-free nutraceuticals, and, at the same time, retail pharmacy chains in the GCC have expanded, both physically and online. There has also been a growth in telemedicine and e-health services, providing better convenience for both patients and healthcare providers. OIC countries are improving their local manufacturing capabilities in medicines and vaccines to achieve greater self-reliance, and bilateral collaboration between OIC countries in the pharmaceutical industry field is rising, while African continent multilateral entities have emerged to help support the pharmaceutical ecosystem. The global demand for vaccines and biologics is spurring investments in several OIC countries.

While it is important that we diligently look into expanding the range of halal-compliant and halal-certified pharmaceutical products, we also need to develop halal pharmaceutical awareness.”

WAN JEFFERY MAJID

CHIEF EXECUTIVE OFFICER, COMMERCIAL

DUOPHARMA BIOTECH BERHAD, MALAYSIA

5.1. Halal Pharmaceuticals Sector Sizing and Landscape

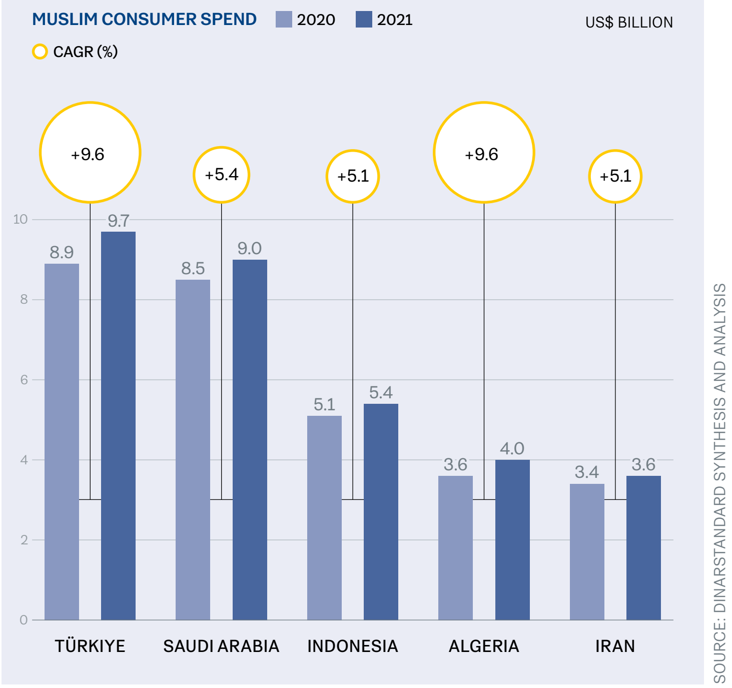
Muslim consumers from OIC countries spent US$66 billion on pharmaceuticals in 2021. This is forecasted to grow by 7.8% to US$71 billion in 2022. In terms of trade, OIC countries imported US$56.93 billion in pharmaceutical products in 2021 and exported US$5.31 billion worth of pharmaceuticals, making them net importers. Meanwhile, the total deal value of investments in 2021 was US$998 million.

1. CONSUMER SIZING AND LANDSCAPE

a. Consumer spending sizing and landscape

In 2021, Muslim consumers spent US$66 billion on pharmaceuticals in OIC member countries. This is expected to grow a further 7.8% in 2022 to reach US$71 billion. The top three markets for 2021 are Türkiye, Saudi Arabia, and Indonesia. This remains unchanged from 2020. By 2026, spend is forecasted to reach US$96 billion at a CAGR of 7.8%.

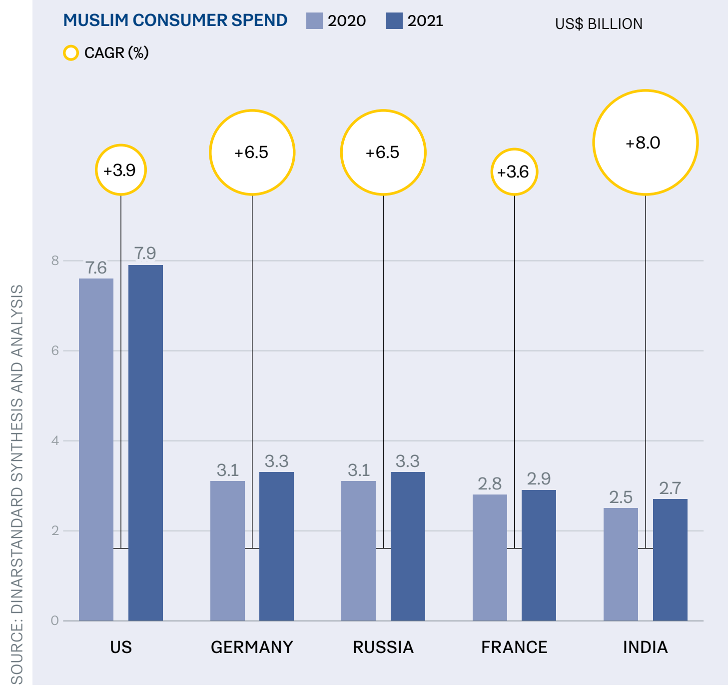
Top 5 Muslim Consumer Markets in the OIC for Pharmaceuticals



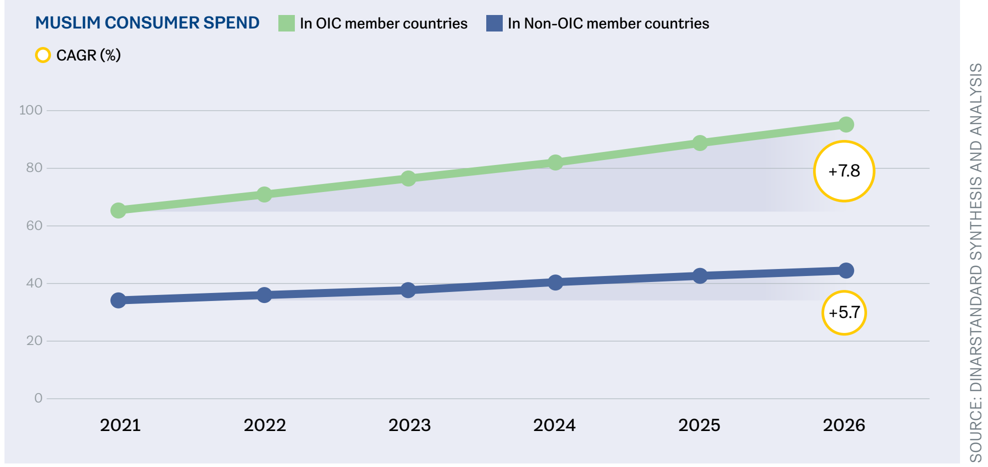
b. Benchmarking with non-OIC member countries

The top 10 global Muslim consumer markets for pharmaceuticals are made up of six OIC member countries and four non-OIC member countries, namely the US, Germany, Russia, and France. In 2021, OIC member countries accounted for 65.8% of global Muslim consumer spend on pharmaceuticals. Non-OIC member countries' Muslim spend on cosmetics grew at a CAGR of 4.2% between 2016 and 2021, while OIC member countries lagged slightly behind at a CAGR of 3.9%. However, for the forecast period of 2021-2026, OIC Muslim consumer spend is expected to grow at a CAGR of 7.8%, while the expected CAGR for non-OIC member countries is slower at 5.7%.

Top 5 non-OIC Muslim Consumer Markets for Pharmaceuticals



Forecasted Growth for Muslim Consumer Spend on Pharmaceuticals



2. OIC PHARMACEUTICALS TRADE ANALYSIS

a. Trade sizing and landscape

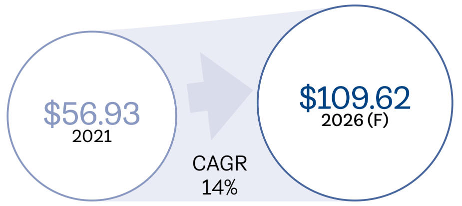
OIC imports in pharmaceuticals growing at 14% CAGR in next five years

OIC countries imported US$56.93 billion in pharmaceutical products in 2021. This covers 6.7% of the US$850 billion global imports in pharmaceutical products.

OIC imports in pharmaceuticals are forecasted to almost double by 2026. Imports may grow at 14% CAGR to reach US$109.62 billion by 2026. This is a faster growth rate compared to the global average of 10.7% CAGR.

PHARMACEUTICALS IMPORTS BY OIC

US$ BILLION



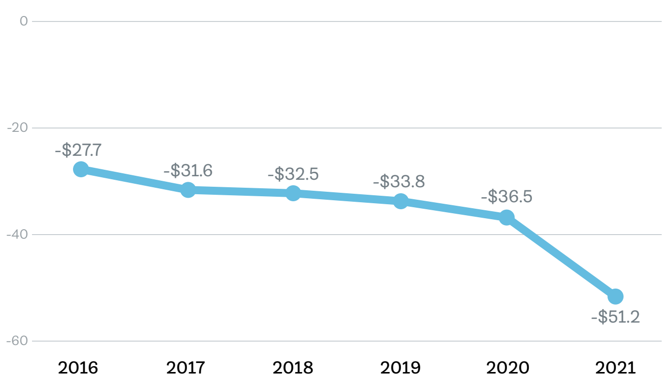
SOURCE: ITC TRADEMAP

Major trade gap in pharmaceutical imports by OIC countries

OIC countries have been over-reliant on their imports to meet the increasing demand for pharmaceutical products. Their trade balance (exports fewer imports) recorded a negative US$51 billion in 2021, the highest net import in the last five years.

PHARMACEUTICALS TRADE BALANCE

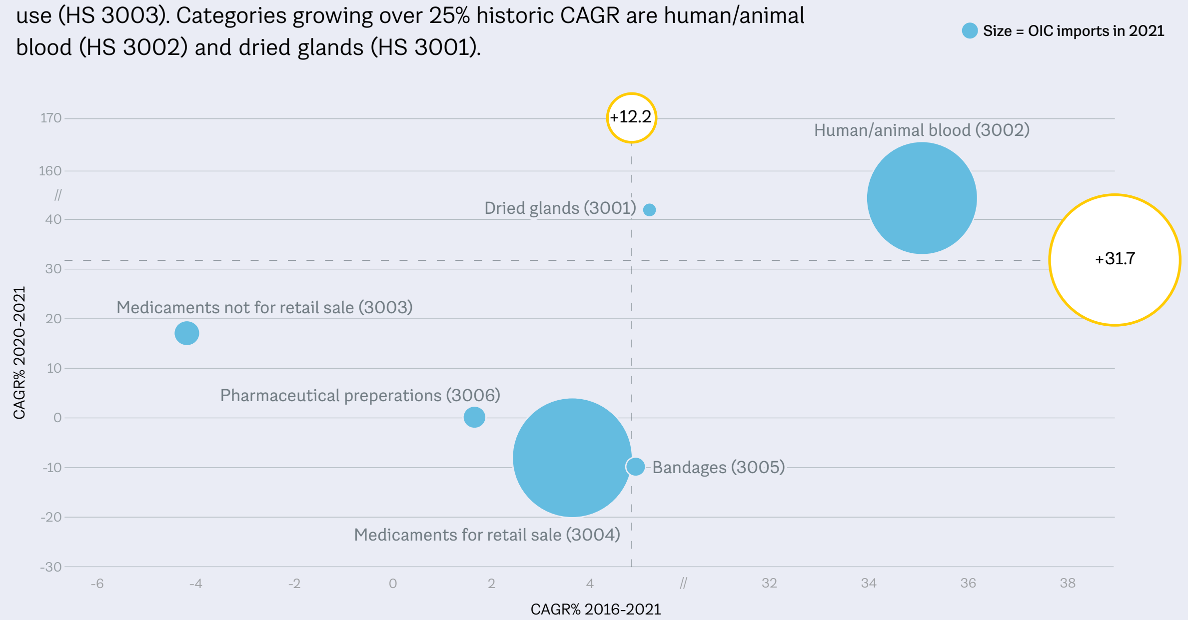
US$ BILLION



SOURCE: ITC TRADEMAP

Top imported pharmaceuticals categories cover 97% of the total OIC pharmaceuticals imports

The top three imported pharmaceuticals categories make up 97% of the total OIC imports in pharmaceuticals in 2021. These are medicaments for retail use (HS 3004), human/animal blood (HS 3002), and medicaments not for retail use (HS 3003). Categories growing over 25% historic CAGR are human/animal blood (HS 3002) and dried glands (HS 3001).



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top OIC importing and exporting markets and categories traded

The following table shows the top OIC importers and exporters and pharmaceuticals categories these markets are trading. The top five OIC importers make up 47% of total OIC imports in pharmaceuticals, while the top five OIC exporters make up 69% of total OIC exports in pharmaceuticals.

US$ BILLION

TOTAL OIC MPORTS IN 2021

$56.93

TOP OIC IMPORTERS

	Saudi Arabia	Türkiye	UAE	Indonesia	Pakistan
Imports	$6.92	$6.87	$4.53	$4.36	$3.79
TOP IMPORTED CATEGORY, % OF COUNTRY IMPORT	60% Medicaments for retail sale (HS 3004)	58% Human/animal blood (HS 3002)	49% Human/ animal blood (HS 3002)	78% Human/animal blood (HS 3002)	86% Human/animal blood (HS 3002)

TOTAL OIC EXPORTS IN 2021

$5.31 (55% exports to OIC)

TOP OIC EXPORTERS

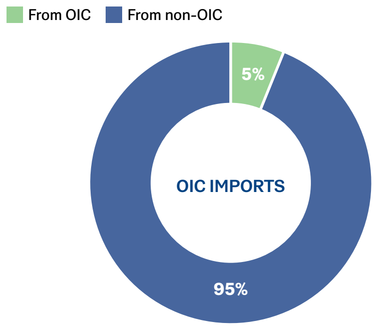
	Türkiye	Indonesia	Malaysia	UAE	Saudi Arabia
Exports	$1.91 (38% exports to OIC)	$0.56 (14% exports to OIC)	$0.41 (25% exports to OIC)	$0.41 (69% exports to OIC)	$0.40 (97% exports to OIC)
TOP EXPORTED CATEGORY, % OF COUNTRY EXPORT	89% Medicaments for retail sale (HS 3004)	73% Medicaments for retail sale (HS 3004)	88% Medicaments for retail sale (HS 3004)	90% Medicaments for retail sale (HS 3004)	87% Medicaments for retail sale (HS 3004)

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

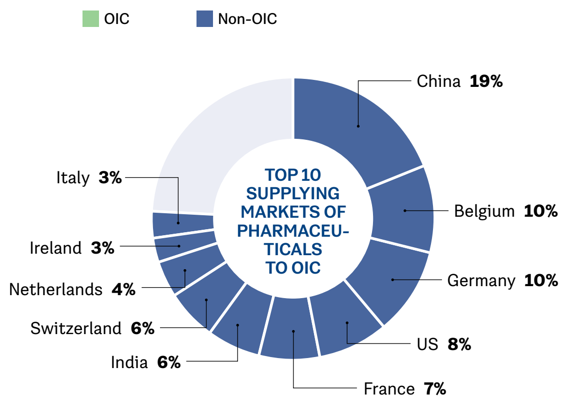
b. Benchmarking with non-OIC trade

The top 10 exporters to OIC are non-OIC countries

Of the total OIC imports in pharmaceutical products, only 5% is sourced from member OIC countries.



The top 10 supplying markets (exporters) of pharmaceuticals to OIC make up about 75% of the total exports to OIC, all of which are non-OIC countries.

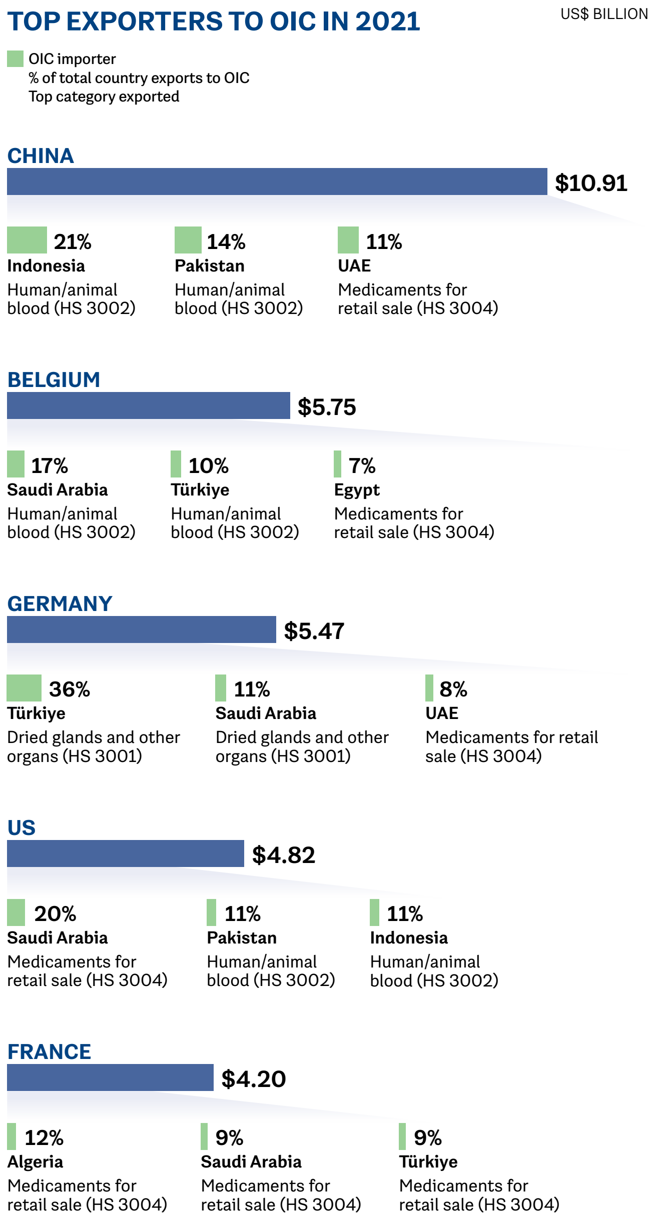


SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top global exporters to OIC and categories traded

The following table shows the top five supplying markets to OIC for pharmaceutical products, OIC countries exported to, and categories traded.

TOP EXPORTERS TO OIC IN 2021



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

3. INVESTMENTS SIZING AND LANDSCAPE

Deals in pharmaceuticals accounted for 12.7% of the total deal value for 2021 in the OIC. This equates to a total deal value of US$998 million.

OIC MEMBER STATES INVESTMENT DEALS IN PHARMACEUTICALS

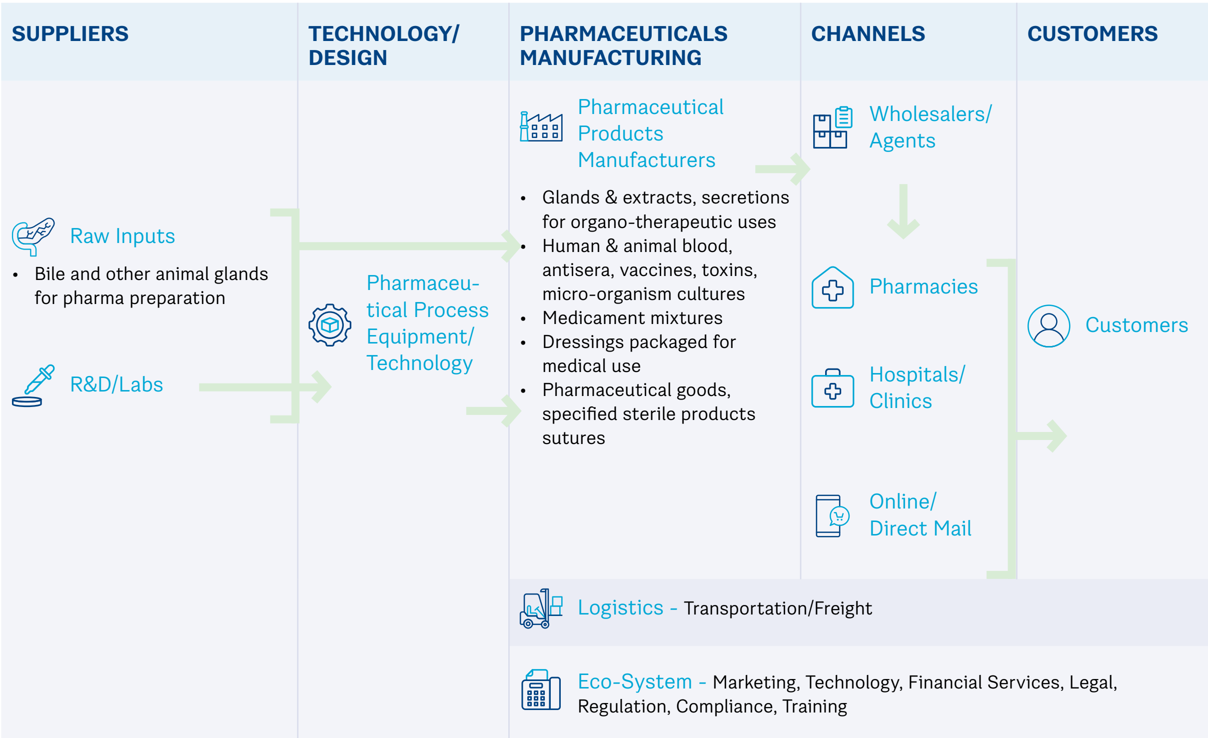
COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
Egypt	Merger/Acquisition	Biotechnology, Food and Beverage, Health Care, Pharmaceutical	Amoun Pharmaceutical	740,000
United Arab Emirates	Merger/Acquisition	Health Care, Medical, Rehabilitation	Cambridge Medical and Rehabilitation Center	232,000
Bangladesh	Venture Capital	Health Care, Wellness	Praava Health	10,600
Egypt	Venture Capital	Health Care, Internet, Marketplace, Pharmaceutical	Yodawy	7,500
Nigeria	Venture Capital	Health Care, Pharmaceutical	DrugStoc	4,400

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

4. SECTOR VALUE CHAIN

The halal pharmaceuticals value chain involves suppliers (raw inputs and R&D), technology, manufacturers, and channels. It is supported by logistics as well as a support ecosystem.

HALAL PHARMACEUTICAL SECTOR VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN, ALIGNED WITH INTERNATIONAL HARMONIZED (HS) CODES

VALUE CHAIN	SEGMENTS	SELECT KEY PLAYERS	
		MAJOR CORPORATIONS WITH OPERATIONS IN OIC	OIC HQ COMPANIES
Suppliers	Active pharmaceutical ingredients (Raw inputs)		GPh (Türkiye); (Türkiye)
Pharmaceutical manufacturing	Pharmaceutical products manufacturers	Pfizer (US); GSK (UK); sanofi (France); NOVARTIS (Switzerland)	ABDI IBRAHIM (Türkiye); Unimed (Tunisia); PHARCO (Egypt); BioPharm (Algeria); Julphar (UAE); (Malaysia)
Channels	Wholesalers/ Distributors	TRIDEM PHARMA (France); eurapharma (France)	(Algeria); TAMER (KSA); COTUPHA (Tunisia)
	Pharmacies (chains)		(KSA); care (Egypt); Aster Pharmacy (UAE)

TOP 10 OIC COMPANIES IN PHARMACEUTICALS

COMPANY	REVENUE US$ MN	COUNTRY	DESCRIPTION
Bio Farma	2,874	Indonesia	The largest vaccine manufacturer in Southeast Asia, with a production capacity reaching 3.2 billion doses annually.
Hikma	2,553	Jordan	A multinational Jordanian company headquartered in the UK.
Nahdi Pharmacy	2,129	Saudi Arabia	A leading chain of Saudi retail pharmacies.
PT Kalbe Farma Tbk.	1,900	Indonesia	One of the largest publicly-listed pharmaceutical companies in Southeast Asia.
Abdi Ibrahim Ilaç Sanayi ve Ticaret A.S.	993	Türkiye	A Turkish pharmaceutical leader with operations in 15 countries outside Türkiye.
PT Tempo Scan Pacific Tbk	789	Indonesia	An Indonesia-based company primarily engaging in the pharmaceutical industry. This company manufactures and markets various over-the-counter (OTC) and ethical drugs.
Square Pharmaceuticals Ltd.	668	Bangladesh	The largest pharmaceutical company in Bangladesh.
PT Bina San Prima	543	Indonesia	One of the leading local pharmaceutical companies in Indonesia.
PT Soho Global Health Tbk	508	Indonesia	SOHO Global Health is Indonesia's leading healthcare company with over a 70-year history and core competencies in the areas of natural/herbal healthcare products and services.
Beximco Pharmaceuticals Limited	397	Bangladesh	A Bangladeshi pharma company, a subsidiary of the largest Bangladeshi conglomerate, and the first drug company from Bangladesh to sell products in the US.

Notable Emerging Companies: Jamjoom Pharma (Saudi Arabia), Ibnsina Pharma (Egypt), AUG Pharma (Egypt)

Revenues sourced from company annual reports, news, or third-party data intelligence
Revenue for 2021 period unless otherwise stated

* Estimated revenue number

5.2. Halal Pharmaceuticals Sector OIC Developments and Opportunities

There is a growing demand for wellness products from health-conscious consumers in high-income OIC countries. In the GCC, consumer demand has resulted in the expansion of retail pharmacy chains, both physical and online. Meanwhile, telemedicine and e-health services are growing as patients and healthcare providers begin to value the convenience of virtual care. OIC countries are seeking greater self-reliance for medicines and vaccines by improving their local production capabilities, a need highlighted by the pandemic. While bilateral collaboration between OIC countries in the pharmaceutical industry field is intensifying, new African continental entities are supporting the development of OIC African countries' pharmaceutical ecosystems. The global demand for vaccines and biologics is spurring investments in several OIC countries.

1. CONSUMER DEVELOPMENTS

THE DEMAND FOR CONSUMER-BASED WELLNESS PRODUCTS AND SERVICES REMAINS SUSTAINED IN OIC'S HIGH-INCOME COUNTRIES.

- Malaysian pharmaceutical company Duopharma Biotech Bhd signed an agreement with US-based food-tech company, The Live Green Co, to explore the use of plant ingredients and technology to replace animal, synthetic, and ultra-processed ingredients. The collaboration will involve the development, manufacturing, and commercialization of plant-only wellness foods and plant-based pharmaceuticals for Duopharma Biotech's halal consumer health range.[99]

- Supermarket chain Spinneys signed a joint venture with pharmacy retailer Aster Pharmacy to introduce the first concept of a wellness supermarket in the United Arab Emirates. Set to launch in Q4 of 2022, the joint venture is a direct response to the growing consumer demand for more accessible, quality products that improve their health and well-being.[100]

OPPORTUNITY

There is a growing demand from health-conscious consumers in OIC countries for herbal and animal-free dietary supplements and functional nutrients, which OIC-based, halal-certified manufacturers can target. Multinationals have also entered the segment, providing halal ingredients or halal-certified nutraceuticals and supplements.

GCC'S RETAIL PHARMACY BUSINESSES ARE EXPANDING THEIR ACTIVITIES, DRIVEN BY CONSUMER DEMAND.

- Saudi Arabia's largest pharmacy chain operator Nahdi Medical Company announced its plans to expand its footprint in the UAE. The company, which also operates express clinics, as well as an online platform with more than two million users and approximately 200,000 deliveries per month, is optimistic about the wider GCC region, which it said has "strong demographic tailwinds," including high population growth, disposable income, and healthcare expenditures.[101]

- UAE's family-owned conglomerate Al Khayyat Investments announced the foray of its BinSina Pharmacy brand into Oman with the launch of a flagship outlet in Muscat. It is the first of several BinSina Pharmacy stores already planned to open across Oman in the coming month. BinSina is one of the leading pharmacies in the UAE, with a growing network of more than 150 outlets.[102]

- Malaysian pharmaceutical company Pharmaniaga announced the signing of a partnership agreement with UAE-based healthcare provider Prime Healthcare to sell halal-labeled medicines in Prime Healthcare's medical stores in UAE.[103]

- Saudi pharmacy chain Al-Dawaa announced its plans to grow its store network in Saudi Arabia and grow its e-commerce business following its US$500 million initial public offering. The company currently operates more than 900 pharmacies across 130 cities in Saudi Arabia and aims to increase this to at least 1,065 stores by 2025.[104]

OPPORTUNITY

The rapid expansion of retail pharmacy chains' physical and virtual networks in the GCC region offers a significant opportunity for halal pharmaceutical producers, especially those positioned in the over-the-counter segment. The latter has seen remarkable growth over the last couple of years in the GCC region, driven by the rise in consumers' disposable income, their increased focus on their health and well-being, and increased use of self-medication.

TELEMEDICINE AND E-HEALTH SERVICES ARE TAKING OFF IN THE OIC REGION.

- In March 2022, Tunisia's Council of Ministers adopted a new decree-law regulating telemedicine practice and defining its application fields. Based on this new regulation, pharmacists are now authorized to dispense medicines to patients based on e-prescription (with a few exceptions, such as psychotropic drugs).[105]

PEXELS/BAKYTZHAN BAURZHANOV

- In April 2022, Morocco's Ministry of Health announced the future launch of a national e-health platform that will allow citizens equal access to health records and other online services. According to the minister, the new platform will put an end to the fragmentation of existing e-health systems implemented by university hospitals, regional health authorities, and different national health programs.[106]

- French telecom operator Orange and Moroccan telemedicine startup DabaDoc announced the launch of an e-health platform (Orange Santé) in Côte d'Ivoire intended to offer a range of services to patients and doctors, including online appointment booking, digital medical records, and remote consultations.

- Med-Direct Africa, a Nigerian-based retail pharmacy, announced the launch of its e-pharmacy services aimed at reducing the prices of quality drugs in Nigeria while delivering with speed to the last mile nationwide. The platform will allow Nigerians to access medicines online with swift delivery to their location of preference.[107]

- Pakistani digital healthcare platform, Sehat Kahani, partnered with the Government of Azad Jammu and Kashmir (AJK) to launch the first of its kind public-private partnership in upgrading Basic Health Units across AJK into telemedicine-enabled centers, providing virtual health care to patients, assisted by nurse intermediaries.

- Egypt's General Authority for Health Care agreed in early August to establish a virtual hospital linked to mobile clinics to serve Bedouin communities in South Sinai and ensure better access to healthcare services in a region suffering from a high shortage of healthcare professionals and infrastructures.

- Seha Virtual Hospital in Riyadh provided a range of e-health services (Virtual radiology, virtual stroke, and virtual intensive care) to treat pilgrims in Makkah during the Hajj season in 2022.

- Carepool Asia, a SaaS-based digital health platform, announced the launch of its new telehealth platform in Malaysia, which will offer unlimited teleconsultations to users with a flexible monthly subscription scheme.

OPPORTUNITY

The need for on-demand e-health services and telemedicine infrastructure is growing across the OIC region as patients, healthcare providers, and healthcare authorities begin to value the convenience of virtual care and its pharmacoeconomic benefits.

COUNTERFEIT DRUGS POSE A PUBLIC HEALTH THREAT IN OIC SUB-SAHARAN AFRICA MEMBER COUNTRIES.

- In May 2022, the Senegalese customs authorities announced the seizure of counterfeit medicines worth an estimated US$1.7 million in the capital city of Dakar. In 2021, a similar operation allowed the interception of nearly US$2.8 million in fake drugs in the central region of the country.

- The Nigerian customs services announced the destruction of 48 containers of fake pharmaceutical drugs imported into the country through the nation's seaports.[108] According to Nigeria's National Agency for Food and Drug Administration and Control (NAFDAC), falsified medicine penetration in 2022 was estimated to be between 13% and 15% of the total drugs circulating in the country.[109]

OPPORTUNITY

Blockchain applications used in Malaysia or Indonesia to ensure halal value chain integrity can be leveraged to prevent counterfeit drug circulation in OIC Sub-Saharan Africa member countries and ensure patients in these countries can access good-quality medicines.

2. TRADE AND NATIONAL DEVELOPMENTS

INDONESIA AND MALAYSIA ARE LEAPING FORWARD IN TERMS OF HALAL PHARMACEUTICAL REGULATION.

- In October 2021, Indonesia issued a government regulation requiring pharmaceutical products to be certified halal by 2029 for over-the-counter drugs and by 2034 for prescription medicines. The regulation is based on the Halal Products Assurance Law passed in 2014, which stipulates that starting from October 2019, products such as food, cosmetics, and drugs must undergo a halal certification process. This includes requirements that product packaging or labels must show these goods are halal.[110]

- Malaysia is expected to launch detailed halal certification for medical devices in 2022, an innovative regulatory move that could make the country a world leader in the segment. The new Malaysian system will be available for certification of a wide range of medical devices such as pacemakers, patient monitors, dialysis systems, or gloves.[111]

OIC COUNTRIES ARE SEEKING GREATER SELF-RELIANCE FOR MEDICINES AND VACCINES BY IMPROVING THEIR LOCAL PRODUCTION CAPABILITIES.

PEXELS/KAROLINA GRABOWSKA

- Indonesia Health Minister Budi Gunadi Sadikin announced in June 2022 that Indonesia now has the target to locally produce 50% of the active pharmaceutical ingredients used to produce medicines to reduce the country's dependence on pharmaceutical imports and improve Indonesia's health security.[112]

- Egypt, Tunisia, Senegal, Nigeria, and two other non-OIC states (South Africa and Kenya) were announced on February 2022 as participants in a World Health Organization (WHO) program to transfer mRNA technology to produce advanced coronavirus vaccines in Africa. These countries will receive gear and training to set up their own mRNA vaccine production plants and tackle the continent's low vaccination rates. The WHO set up the program in response to rich nations making large-scale purchases of vaccines and pushing poorer countries to the back of the line for shots.

- Malaysia's Minister of Technology and Innovation, Datuk Seri Dr Adham Baba, announced in September 2022 that the Malaysian-made COVID-19 vaccines entered into the preclinical trials stage (test on animals). The launch date of this first Malaysian-origin COVID-19 vaccine is set for 2024. In 2021, Malaysia launched the National Vaccine Development Roadmap and MGVI to turn the country into a hub for vaccine production.

- In August 2022, Burkina Faso inaugurated its first generic drug manufacturing plant. The new plant, valued at US$23 million, aims to boost the country's self-sufficiency in medicine production by producing several essential medicines, such as paracetamol. According to a joint report published in 2021 by the French Development Agency (AFD) and the United Nations Economic Commission for Africa (UNECA), African countries such as Burkina Faso are not yet self-sufficient in vaccine and drug production and import more than 97% of their locally consumed pharmaceutical products.[113]

- In January 2022, Morocco inaugurated the construction of a COVID vaccine manufacturing plant in partnership with Swedish firm Recipharm. Named SENSYO Pharmatech, this plant will be dedicated to the manufacture and syringing of vaccines (active substances for more than 20 vaccines, three of which would be against coronavirus) and will have three industrial lines whose combined production capacity will reach 116 million units in 2024 covering more than 70% of the needs of the Kingdom and more than 60% of those of Africa. Morocco is already producing the Chinese Sinopharm vaccine, with more than three million doses being made per month.[114]

- Senegal unveiled plans to begin constructing a new COVID-19 vaccine plant in Dakar in late 2021 to produce 25 million doses per month by the end of 2022. The African Development Bank would provide US$3 billion in funding to the project, led by the Pasteur Institute. Senegal will start producing COVID-19 vaccines in the next eight to 12 months, according to Nicaise Ndembi, senior science adviser to the director of Africa CDC.

- Indonesia's state-owned PT Bio Farma has processed the halal or Shariah-compliant certification for its IndoVac COVID-19 vaccines, a recombinant protein subunit vaccine produced from yeast. Post-necessary permits, PT Bio Farma will produce 20 million doses of the primary series vaccine in the first year before increasing output to 40 million doses in 2023. The production may increase to 100 million doses in 2024, depending on the demand and market need.

- Cote d'Ivoire's Minister of Health, Pierre Dimba, announced during a national event dedicated to traditional and herbal medicine held in August 2022 that the government of Cote d'Ivoire is looking to increase the rate of local drug production from 6% to 30% by 2030 in order to reduce the reliance on pharmaceutical imports.

- According to Kazakh Health Deputy Minister Zhandos Burkitbayev, domestic pharmaceutical production output in Kazakhstan is set to rise to 50% by 2025 versus 25% in 2021.[115]

- In a move to boost its local pharmaceutical production capacity and attract new investments in this sector, Uzbekistan has announced the launch of six new free economic zones fully dedicated to the pharmaceutical industry. Companies establishing production in these zones are offered tax holidays for up to 10 years, exemption from land and property taxes, as well as duties on imported raw materials. According to local media sources, 18 new projects have been proposed so far, providing for the release of about 600 types of drugs. Uzbekistan is currently producing 3,500 drugs domestically and aims to double this number by approving 800 new drugs annually by 2025.[116]

OPPORTUNITY

The pandemic has highlighted the need for increased local pharmaceutical production in the OIC region, especially in low and middle-income countries. The move by several OIC countries to develop their local manufacturing capabilities can act as a springboard to produce vaccines and other essential health products, thereby lowering import dependency of these countries and, at the same time, creating new economic opportunities at local and regional levels.

BILATERAL COLLABORATION BETWEEN OIC COUNTRIES IN THE PHARMACEUTICAL INDUSTRY FIELD IS INTENSIFYING.

- In June 2022, Egypt and Saudi Arabia announced the signature of 14 cooperation agreements worth US$7.7 billion as part of the visit to Egypt by the Saudi Crown Prince, Mohammed Bin Salman. The deals were related to different domains, which included the establishment in Saudi Arabia of a pharmaceutical city by Egypt's Pharma company Pharco.[117] As part of the same event, Saudi Pharma company, Jamjoom Pharmaceuticals, announced the future launch of a new factory in Egypt. Mahmoud Youssef, Vice President of Jamjoom Pharma, confirmed that Egypt will be a regional center for exporting the company's products to Africa over the next three years.[118]

- In May 2022, Algeria's Minister of the pharmaceutical industry and Senegal's Minister of Health and Social Action signed a cooperation agreement in the field of the pharmaceutical industry. As part of this agreement, Algeria and Senegal committed to facilitating procedures for launching partnerships and creating joint ventures between operators of the two countries in this sector.[119]

- Algeria and Cote d'Ivoire are exploring means of strengthening bilateral cooperation in the field of pharmaceuticals. In June 2022, the two parties expressed their desire to organize, both in Algiers and Abidjan, exhibitions specialized in the pharmaceutical industry, allowing operators and investors from both countries to inquire about the business opportunities in the production, distribution, and logistics as well as in the export of pharmaceutical products both at the sub-regional and continental level.[120]

- UAE, Egypt, and Jordan signed in May 2022 an industrial partnership agreement to enhance economic growth in the three countries across selected key sectors, including pharmaceuticals. By way of the industrial partnership agreement, a $US10 billion investment fund has been allocated and will be managed by ADQ Holding. According to UAE Deputy Prime Minister and Minister of Presidential Affairs, the value of the opportunities for projects in medicines as part of this partnership is estimated at about US$5 billion, especially in the field of producing alternative medicines and manufacturing active ingredients for medicines.[121]

OPPORTUNITY

Cross-country cooperation agreements between OIC countries in pharmaceutical production, trade, and scientific research broaden the possibilities for halal pharmaceutical companies regarding geographic expansion, partnership development, and ingredient sourcing.

NEW AFRICAN CONTINENTAL ENTITIES TO SUPPORT THE DEVELOPMENT OF OIC AFRICAN MEMBER COUNTRIES' PHARMACEUTICAL ECOSYSTEMS.

- The African Development Bank's Board of Directors has approved the establishment of the African Pharmaceutical Technology Foundation. This new institution will spend US$3 billion over the next decade to bolster the continent's pharmaceutical and vaccine manufacturing sector. The African Pharmaceutical Technology Foundation will work closely with the African Union Commission, the World Health Organization, and other regional and international healthcare NGOs. In addition, it will foster collaboration between the public and private sectors in developed and developing African countries.

- African Union's commissioner for Health confirmed in August 2022 during the 72nd session of the WHO Regional Committee for Africa that the African Medicine Agency will soon become operational. The new agency, which will be based in Rwanda, will coordinate national and regional regulatory efforts in Africa, support local manufacturing, and act against substandard and falsified medicines.

OPPORTUNITY

The future operationalization of the African Pharmaceutical Technology Foundation and the African Medicines Agency should substantially contribute to the development of Africa's pharmaceutical ecosystem and boost trade and investment volumes across the continent.

3. INVESTMENTS DEVELOPMENTS

THE GLOBAL DEMAND FOR VACCINES AND BIOLOGICS IS SPURRING PRIVATE INVESTMENTS AND JVS IN A NUMBER OF OIC COUNTRIES.

- Saudi Minister of Industry and Mineral Resources, Chairman of the Manufacturing Vaccines and Vital Medicines Committee, Bandar Alkhorayef, announced the launch of several investment opportunities in the vaccines and vital medicines industry, valued at US$3.4 billion. The opportunities will achieve the Kingdom's goals of pharmaceutical and health security and make Saudi Arabia an important center for this promising industry.[122]

- Malaysian Pharmaceutical company, Pharmaniaga Bhd, is setting up a US$64 million halal insulin and vaccine plant in Selangor (Malaysia), which is expected to be fully completed by the end of 2023. The plant, which began construction two years ago, would start marketing activities in early 2024 with a production capacity of 100 million to 300 million doses annually.[123] Earlier this year, Pharmaniaga Bhd announced a collaboration with China-based Suzhou Ronnsi Pharma Co Ltd to commercialize a halal ovine-based (sheep and goat) anti-coagulant blood clot thinner.[124]

- Egypt's Gennecs Pharmaceuticals is in the process of establishing a multi-vaccine production facility in the country, in addition to launching a vaccine research center at a total investment of US$150 million. The project, implemented in partnership with investors from the UAE and Saudi Arabia, would be built in two phases, with Phase 1, which covers packaging, scheduled to be completed by 2026, while Phase 2, which includes actual vaccine production, would be completed by 2029.[125]

- Halavet Food in Türkiye announced in July 2021 the launch of a new halal gelatin plant in the country. This plant, valued at US$25 million, has the largest capacity in Europe and Türkiye regarding bovine gelatin and is producing raw materials for the first time for hard medicine capsules, which are still not produced in Türkiye. The new plant was opened as the first facility to have certificates in this field. With global demand for halal gelatin rising, Halavet food aims to export US$100 million of gelatin collagen to North America for the first time in 2022, in addition to Europe, the Middle East, and the Far East.[126]

- European Wellness Biomedical Group, through its Malaysian subsidiary European Wellness Academy, and Dubai-based healthcare distribution and technology group, AK International LLC, have signed a Memorandum of Understanding on March 2022, which aims to strengthen health tourism linkages and access to Biological Regenerative Medicine services in UAE and Malaysia. The partnership is also set to explore potential investments into the Iskandar Malaysia Development Area in Johor for the development of a world-leading Halal Hub for Biotechnology and Regenerative Medicine.[127]

- Tunisian pharmaceutical company, Unimed, announced the signing of a partnership with Japanese company GCUBE to manufacture and promote a biological marker for rapid diagnosis of COVID-19 and another marker for rapid diagnosis of antibodies against the virus. A second partnership between both entities has also been announced for the establishment of an incubator of medical research and development institutions.[128]

- Global private equity firm General Atlantic will invest US$55 million in Kalbe Genexine Biologics (KGBio), a joint venture of Indonesian pharmaceuticals firm PT Kalbe Farma and South Korean biotech firm Genexine Inc focused on the in-licensing, clinical development, and manufacturing of novel biologicals and biosimilar molecules. The investment will go towards KGBio's ongoing clinical development and help boost its production capacity for biologics.[129]

- In August 2022, Abu Dhabi investment and holding company ADQ announced the acquisition of Birgi Mefar Group, one of Türkiye's leading producers of sterile injectable products. The company also specializes in the growing demand for drug lyophilization, also known as freeze drying. The acquisition is expected to boost the UAE's ability to manufacture and distribute quality health products as the region's leading pharmaceutical hub.[130]

OPPORTUNITY

While most of the investments currently occurring in the OIC pharmaceutical space are focusing on vaccines and biologics, there is also a significant opportunity for governments, professional investors, and industrials to invest in the production of halal-certified active pharmaceutical ingredient manufacturing. For instance, since the majority of gelatin coating used in medicine and vitamins in the market comes from non-halal sources, there is a large opportunity for companies that produce the halal alternative such as alginates, pectins, or synthetic molecules which can be reformulated to offer the same physical properties.

E-PHARMACY BUSINESS IN NIGERIA IS GAINING TRACTION AMONG PROFESSIONAL INVESTORS AND STARTUPS.

- Nigerian startup Remedial Health secured US$1 million in pre-seed funding in February 2022 to digitize pharmacies and stem the supply of fake and substandard pharmaceutical products, starting with Nigeria before expanding to the rest of Africa. Remedial Health's system allows pharmacies to manage their operations and make and track orders. The platform also stores patients' medical records and supports reporting and accounting.[131]

- Nigerian e-health pharmaceutical distribution startup DrugStoc secured US$4.4 million in Series A funding in late 2021, which will be used by the company to expand its presence and services in Nigeria. DrugStoc currently links 400 manufacturers to 3,200 doctors, hospitals, and pharmacies in Nigeria.[132]

- In September 2022, Ghanaian health tech startup mPharma announced the acquisition of a majority share of HealthPlus, the leading pharmacy chain in Nigeria, for an undisclosed amount. According to mPharma, this acquisition will provide expansion opportunities for the startup within Nigeria and a platform to expand mPharma's multi-pharmacy retail footprint across the continent.[133]

OPPORTUNITY

Investors are betting on health supply chain startups' potential to reproduce the success story of retail e-commerce startups in Africa and other emerging OIC countries. The models of these companies mirror their retail B2B e-commerce peers as they use tech-enabled solutions to digitally connect distributors and wholesalers to underserved pharmacies and other health service providers. However, this segment is yet to record the type of investments that have poured into B2B retail e-commerce in the previous two years.

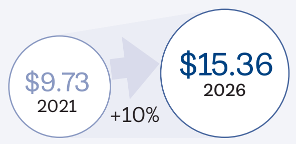
5.3.
Case Studies

Türkiye (OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)[134]



TRADE BALANCE (US$ BN)[135]

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in pharmaceuticals products grew from US$0.83 billion in 2016 to US$1.90 billion in 2021. Exports to OIC countries amounted to US$0.73 billion in 2021 (38% of Türkiye's global exports). Ranks as OIC region's number one pharmaceutical exporter
- Domestic champions such as Abdi Ibrahim are thriving, with the potential to grow as global leaders

DOMESTIC PROPOSITION

- Largest pharma market in OIC region, ranks 17th largest in Europe, 28th largest in the world with US$7 billion in value (2020)
- Global pharmaceutical companies have been present in Türkiye with significant manufacturing activities, using Türkiye as a hub to access regional markets

ENABLING PILLARS

GOVERNMENT COMMITMENT

- Biotechnological drugs are of strategic importance, 11th Development Plan for 2019-2023 designates medicine and biomedical equipment as priority
- Strong incentives for Biotechnology and clinical research
- Heavy investments in healthcare infrastructure and services

PRODUCTION CAPABILITIES

- 94 companies manufacturing pharma products in Türkiye, 11 API-producing companies, and 36 R&D accredited centers
- One of the rare countries in OIC region with mRNA vaccine production capabilities
- Developing halal gelatine and collagen production capabilities

OPERATIONAL SUPPORT ECOSYSTEM

- Strong education capacity in Medical and Pharma sciences
- Large pool of skilled workforce for pharmaceutical production
- Established R&D ecosystem including national research institutes, university research labs, technoparks, and incubators

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

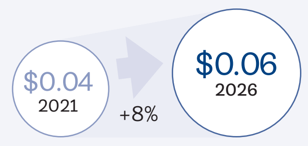
In 2019, Türkiye launched a program to increase local production and exports of high-tech products in biotechnology, vaccines, and artificial tissue. The program, known as the Tech-Driven Initiative, provides support to investors and entrepreneurs, and is expected to reduce the current import deficit by US$30 billion over the medium term.

South Korea (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE BALANCE (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in pharmaceutical products increased from US$2.41 billion in 2016 to US$8.44 billion in 2021 (19th largest exporter globally). Exports to OIC countries amounted to US$0.80 billion in 2021 (9.% of South Korea's global exports)
- Two national companies, Samsung Biologics and Celltrion, are already considered world leaders in the biotech industry

DOMESTIC PROPOSITION

- South Korea was ranked as 3rd largest pharma region in Asia in 2019
- With over 900 new medicines under development, Korean companies now boast ownership of a full 4% of global drug development pipelines

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The Korean government chose bio-health industry as the next growth engine to open the "post-IT industry" era and established a systematic government support plan for industry promotion

PRODUCTION CAPABILITIES

- Nearly 618 companies manufacturing pharma products in South Korea (2020)[136]
- R&D investment as a proportion to the national GDP ranked second among OECD countries[137]
- South Korean drug manufacturers have also invested in halal production, with encouragement from the authorities

OPERATIONAL SUPPORT ECOSYSTEM

- Special incentives by the government for innovative pharmaceutical companies
- Nationwide Collaboration Network between the industry, academia, and public research organizations
- Highly educated & experienced R&D manpower

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

The Korean government enacted the "Special Act on the Promotion and Support of Pharmaceutical Industry" in 2012. Based on this law, five-year comprehensive plans, led by the Ministry of Health and Welfare, were established to systematically support the development of the pharmaceutical industry.[138]

5.4. Opportunity Assessment and Recommendations

Consumer-led opportunities in the pharmaceutical sector include growing demand for plant-based and animal-free nutraceuticals, the expansion of retail pharmacies in the GCC, the gradual adoption of virtual care, and the use of blockchain to combat drug counterfeiting. In terms of trade, OIC governments are supporting the development of local pharmaceutical production, new pharmaceutical ecosystem-enabling entities have emerged in Africa, while cross-country cooperation is opening new prospects for halal pharma trade and investments. In terms of investment, there's an opportunity to invest in halal ingredient manufacturing and health-tech startups.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- **Growing demand for plant-based and animal-free nutraceuticals:** There is a growing demand from health-conscious consumers in OIC countries for herbal and animal-free dietary supplements and functional nutrients, which halal-certified manufacturers can target. Multinationals have also entered the segment, providing halal ingredients or halal-certified vitamins and supplements.

- **Pharmacy chain rapid expansion in the GCC region:** The rapid expansion of retail pharmacy chains' physical and virtual networks in the GCC region offers a significant opportunity for halal pharmaceutical producers, especially those positioned in the over-the-counter segment. The latter has seen remarkable growth over the last couple of years in the GCC region, driven by the rise of consumers' disposable income, their increased focus on their health and well-being, and increased use of self-medication.

- **Virtual care gradual adoption in OIC countries:** The need for on-demand e-health services and telemedicine infrastructure is growing across the OIC region as patients, healthcare providers, and healthcare authorities begin to value the convenience of virtual care and its pharmacoeconomic benefits.

- **Using blockchain to combat drug counterfeiting in Africa:** Blockchain applications used in OIC countries such as Malaysia or Indonesia to ensure halal value chain integrity can be leveraged to prevent counterfeit drug circulation in OIC Sub-Saharan Africa member countries and ensure patients can access good-quality medicines.

OBSTACLES:

- **Lack of consumer awareness:** While the concept of halal pharmaceuticals is gaining popularity among OIC consumers and healthcare professionals (especially in Southeast Asian countries), it hasn't yet gained the same traction as other Islamic economy sectors, such as Islamic finance, halal food, or modest fashion. This is partly due to the heightened visibility of modest fashion in the media and on the street or, in the case of halal food, the widespread use of halal labels on the products. Moreover, consumers in OIC countries mostly rely on their governments to ensure the halal status of their medicines and health supplements. Meanwhile, the majority of OIC countries' governments have yet to adapt their regulations and standards to ensure full compliance of these products with Islamic shariah requirements.

- **Limited traction of halal pharmaceuticals in African markets:** Southeast Asia is the epicenter of halal pharmaceuticals in the OIC region (especially Malaysia and Indonesia), followed by the GCC region and Central Asia. However, halal-certified brand market penetration is still very limited in OIC North and Sub-Saharan African member countries, where conventional products from mainstream global companies dominate the market.

- **Halal pharmaceuticals are still seen as a niche,** and without substantial branding efforts, the market may be limited to Muslim consumers only, and wider awareness may be lacking, which could restrict industry sales to e-commerce and specialty stores.

RECOMMENDATIONS:

Strategic recommendations

- The OIC region presents a set of multi-faceted markets, which are highly heterogeneous in terms of halal ecosystems, halal regulations, and competitive intensity. Pharma companies aiming to develop new halal product lines or expand their geographic footprint need, beforehand, to understand the local nuances and specificity of each market (overall halal awareness, consumer preference in terms of products/brands, key sales channels, epidemiological patterns, etc.) to build a winning Go-To-Market model tailored for each market. One standard approach across the entire OIC region is a recipe for failure.

- Halal pharmaceutical manufacturers should consider collaborating with local authorities, national halal certification bodies, and regional OIC organs to raise awareness about halal pharmaceuticals in OIC countries and, thus, increase the related demand at retail and institutional levels. This can be done by launching targeted "beyond the pill" initiatives such as consumer information campaigns, continuous medical education events for healthcare practitioners, and capacity-building sessions about halal pharmaceutical requirements and standards for local regulatory bodies.

- National halal certification bodies and related regulatory entities should explore the possibility of applying halal labeling for halal over the-counter (OTC) products such as vitamins and supplements to help consumers make an informed decision when purchasing these types of products and support the development of this market overall.

Tactical recommendations

- OIC companies marketing halal OTC products should consider partnering with retail pharmacy chains, especially those based in GCC, to maximize consumer reach. They should also consider selling their products online on e-commerce platforms if it is legally permissible.

- Halal pharma companies specializing in OTC business can increase their market shares by tapping into growing consumer demand for plant-based and animal-free nutraceuticals.

- Pharma companies in the OIC region must consider using track & trace technologies such as blockchain to enhance halal supply chain integrity, especially in sub-Saharan African markets where counterfeit drug penetration is relatively high.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- **Governments in OIC markets are supporting the development of local pharmaceutical production:** The pandemic has highlighted the need for increased local pharmaceutical production in the OIC region, especially in low and middle-income countries. The move by several OIC countries to develop their local manufacturing capabilities can act as a springboard to produce vaccines and other essential health products, thereby lowering import dependency of these countries and, at the same time, creating new economic opportunities at local and regional levels.

- **OIC cross-country cooperation opening new prospects for halal pharma trade and investments:** Bilateral agreements between OIC countries in pharmaceutical production, trade, and scientific research broaden the possibilities for halal pharmaceutical companies regarding geographic expansion, partnership development, and ingredient sourcing.

- **Emergence of new pharmaceutical ecosystem enabling entities in Africa:** The future operationalization of the African Pharmaceutical Technology Foundation and the African Medicines Agency should substantially contribute to the development of Africa's pharmaceutical ecosystem and boost trade and investment volumes across the continent.

OBSTACLES:

- **Regulations/certifications:** While Malaysia has put robust standards in place, and SMIIC is developing OIC standards, the lack of a universally accepted standard is holding back halal pharmaceutical development. Differences in certification standards and regulations may become one of the main growth challenges for the halal pharmaceuticals sector especially. Moreover, for established companies in the pharmaceutical industry, strict adherence to halal principles may mean a total revamp of their value chains. Therefore, some firms have been opposing regulations for a stricter halal law, such as the case in Indonesia.

- **Lack of quality halal ingredients produced in OIC countries:** New halal brands have struggled to source quality halal-certified ingredients from within the OIC, relying on European and American ingredients to meet production needs, presenting an opportunity for ingredient manufacturers to improve quality given burgeoning demand.

RECOMMENDATIONS:

Strategic recommendations

- National strategies for the halal ecosystem have largely prioritized halal food and Islamic finance over halal pharmaceuticals and other related products. OIC governments need to link halal pharmaceuticals to their national halal strategy and, more generally, to their national economic agenda and foreign economic policy. At a national level, OIC countries can generate substantial economic returns from halal pharmaceutical production exports. Halal pharmaceutical development and production can lessen import dependency while creating jobs and providing drugs at more affordable prices to consumers and governments.

- Cross-country collaboration between OIC countries in the pharmaceutical field should not only be limited to trade and investment agreements but should also cover the other critical components of the pharmaceutical value chain, such as:
  - **Research & Development:** There are opportunities for OIC governments to develop new regional halal research and innovation hubs, such as the OIC Center of Excellence on Vaccines and Biotechnology Products in Indonesia, to increase knowledge in halal pharmaceuticals, improve halal local production performance, create skilled jobs for researchers and scientists and to anticipate future health-related crises.
  - **Regulation:** The lack of a unified standard has prevented investments in the development of the halal pharmaceutical market in the OIC region. More globally recognized standards would ease greater adoption and act as a multiplier for trade and investment within the OIC region.
  - **Market Access:** Inter-Islamic country fast-track registration of halal pharmaceutical products can be considered by OIC member states to expedite time to market and boost the growth of the halal pharmaceutical industry.

Tactical recommendations

- As mentioned in the halal food section, there are substantial opportunities to provide dedicated training platforms for halal industry professionals, going beyond food to cover a wide range of products. Training providers and regulators (including accreditation bodies and certifiers) can develop formal training qualifications to ensure appropriate skillsets for halal production.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- **Halal ingredient manufacturing latent potential:** While most of the investments currently occurring in the OIC pharmaceutical space are focusing on vaccines and biologics, there is also a significant opportunity for governments, professional investors, and industrials to invest in the production of halal-certified active pharmaceutical ingredient manufacturing. For instance, since the majority of gelatine coating used in medicine and vitamins in the market comes from non-halal sources, there is a large opportunity for companies that produce the halal alternative such as alginates, pectins, or synthetic molecules which can be reformulated to offer the same physical properties.

- **Supply chain health-tech startups promising growth:** Investors are betting on health supply chain startups' potential to reproduce the success story of retail e-commerce startups in Africa and other emerging OIC countries. The models of these companies mirror their retail B2B e-commerce peers as they use tech-enabled solutions to digitally connect distributors and wholesalers to underserved pharmacies and other health service providers. However, this segment is yet to record the type of investments that have poured into B2B retail e-commerce in the previous two years.

OBSTACLES:

- **Lack of industrial scale:** Many of the dedicated halal product manufacturers are small and in need of funding to ensure they can compete with global manufacturers with sizable marketing and advertising budgets and expansion capital, which a private equity firm can provide to address demand in a growing, sizeable market.

- **Lack of awareness at investor level:** While there is a pressing need for more pharmaceuticals to be halal certified, professional investors have not yet realized the scale of the opportunity, especially the returns on investment in the medium to long term, as demand ramps up.

- **Long product development cycles:** Pharmaceutical companies have been challenged to develop new halal products based on alternative halal ingredients as well as ensure the integrity of the full process due to the time required to develop a new pharma product. This challenge, coupled with weak consumer awareness, has limited many investments in this area.

RECOMMENDATIONS:

Strategic recommendations

- Develop halal-certified Active Pharmaceutical Ingredients (APIs) and vaccines. The pandemic has highlighted weaknesses in supply chains and over-reliance on imports of APIs, the central ingredient in drugs. With OIC countries wanting to address such shortcomings, there are significant opportunities to invest in the production of halal-certified APIs for biosimilar drugs. Heightened localization of pharmaceutical production can also be extended to producing halal-certified vaccines for endemic diseases.

- Digital healthcare has taken off during the pandemic as more services went online across all of the OIC region. While there have been notable investments in digital health in Africa and the Middle East, few have ventured into the halal segment.

- Enter joint ventures in Muslim-majority markets lacking halal pharma. Many of the lower-income Muslim-majority countries are unable to develop their own halal-certified pharmaceuticals yet have both market size and consumer demand. More advanced pharmaceutical companies can enter joint ventures to gain market entry but also better understand the local market.

Tactical recommendations

- While halal pharmaceutical manufacturing is on the rise, there are significant gaps that need to be addressed in the value chain, from halal-certified raw materials and logistics to suppliers and retailers, consultants, and laboratories. Incubators for startups, backed by corporate investors, could push such developments.

6

HALAL COSMETICS SECTOR

Muslim consumers are becoming increasingly aware that the cosmetics and personal care products they use—which are absorbed into the body—need to be halal. This has led to the development of the halal cosmetics sector. However, while the sector is growing, most Muslims are still not aware of or concerned about halal certification in cosmetics. This puts the onus on companies to continue educating consumers. One of the niche emerging segments is brands that have organic, plant-based ingredients that are halal certified, which provides an opportunity for brands to target ethically minded consumers concerned about animal welfare and the ingredients they put on their skin, whether they are Muslim or not.

Halal quality infrastructure based on common OIC/SMIIC Standards should be enhanced as fast as possible to diminish technical barriers to international trade and build consumer trust in halal products and services."

H.E. MR. IHSAN ÖVÜT

SECRETARY GENERAL

THE STANDARDS AND METROLOGY INSTITUTE FOR THE ISLAMIC COUNTRIES (SMIIC)

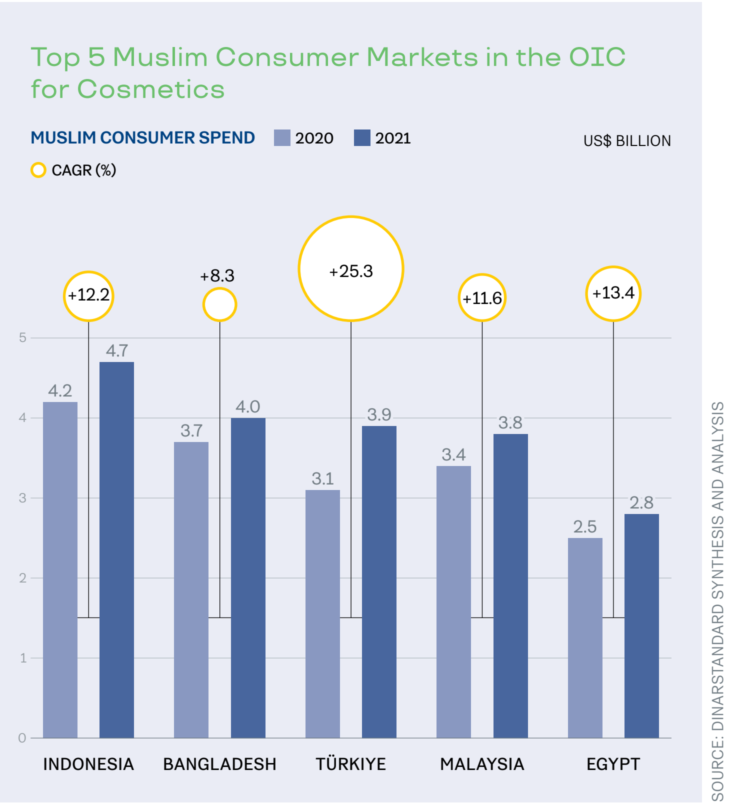
6.1. Halal Cosmetics Sector Sizing and Landscape

Muslim consumers from OIC countries spent US$47 billion on cosmetics in 2021. This is forecasted to grow by 7.9% to US$51 billion in 2022. By 2026, this is forecasted to reach US$69 billion. OIC countries constitute eight out of the top 10 global Muslim consumer markets for cosmetics. In terms of trade, OIC countries imported US$13.65 billion in cosmetics products in 2021 and exported US$4.4 billion, resulting in a negative trade balance of US$9.25 billion in 2021. Meanwhile, investment deals targeting OIC-based cosmetics companies amounted to US$19.5 million in 2021.

1. CONSUMER SIZING AND LANDSCAPE

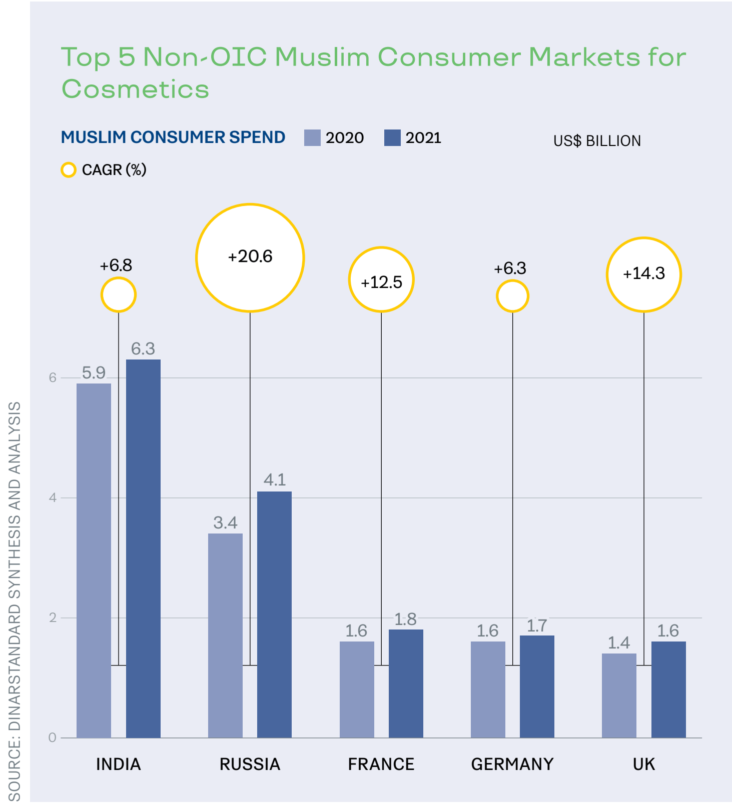
a. Consumer spending sizing and landscape

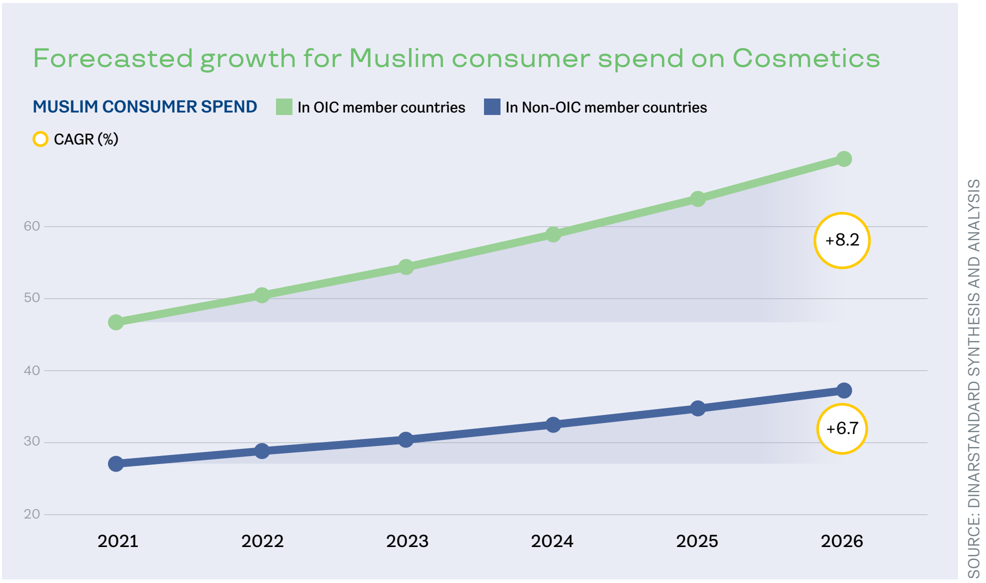
Muslim consumer spend on cosmetics in OIC member countries was valued at US$47 billion in 2021. This is forecasted to grow a further 7.9% in 2022 to reach US$51 billion. The top three markets for 2021 are Indonesia, Bangladesh, and Türkiye. In 2021, Türkiye has moved up from 4th position in 2020 to replace Malaysia as the 3rd largest cosmetics market. By 2026, spend is forecasted to reach US$69 billion at a CAGR of 8.2%.



b. Benchmarking with non-OIC member countries

OIC member countries occupy eight out of the top 10 global Muslim consumer markets for cosmetics. The remaining countries in the top 10 are India and Russia. In 2021, OIC member countries accounted for 80.4% of global Muslim consumer spend on cosmetics. While OIC member countries' Muslim spend on cosmetics grew at a CAGR of 6.8% between 2016 and 2021, non-OIC member countries grew at a CAGR of 2.7%. For the forecast period of 2021-2026, the expected CAGRs for non-OIC and OIC Muslim consumer spend are 6.7% and 8.2%, respectively.





2. OIC COSMETICS TRADE ANALYSIS

a. Trade sizing and landscape

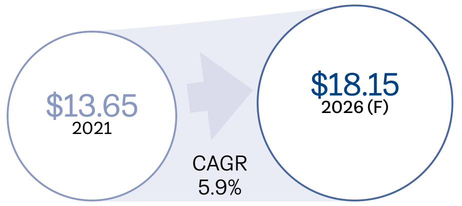
OIC imports in cosmetics growing at 5.9% CAGR in the next five years

OIC countries imported US$13.65 billion in cosmetics products in 2021. This covers 8.3% of the US$165 billion in global imports of cosmetics products.

OIC imports in cosmetics are forecasted to grow at 5.9% CAGR to reach US$18.15 billion by 2026. This is a slower growth rate compared to the global average of 12.2% CAGR.

COSMETICS IMPORTS BY OIC

US$ BILLION



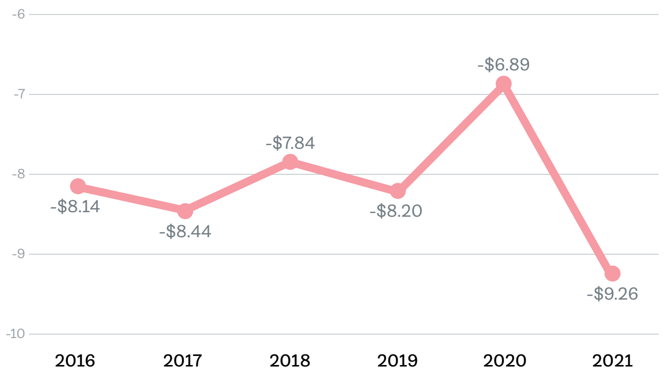
SOURCE: ITC TRADEMAP

Major trade gap in cosmetics imports by OIC countries

OIC countries have been over-reliant on their imports to meet the increasing demand for cosmetics products. Their trade balance (exports fewer imports) recorded a negative US$9.26 billion in 2021, the highest net imports in the last five years.

COSMETICS TRADE BALANCE

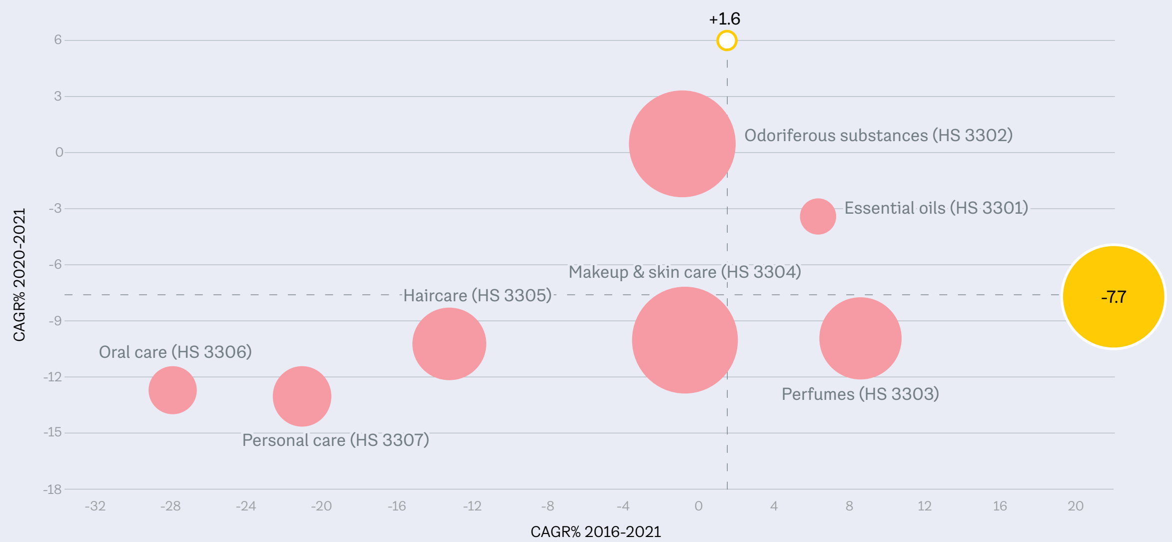
US$ BILLION



SOURCE: ITC TRADEMAP

Top imported cosmetics categories cover 83% of the total OIC cosmetics imports

The top four imported cosmetics categories made up approximately 83% of the total OIC imports in cosmetics in 2021. These are odoriferous substances, makeup and skincare, perfumes, and haircare. However, over the past five years, essential oils have been one of the fastest-growing categories, with a 4% CAGR growth.



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top OIC importing and exporting markets and categories traded

The following table shows the top OIC importers and exporters and cosmetics categories these markets are trading. The top five OIC importers constitute 60% of total OIC imports in cosmetics, while the top five OIC exporters constitute 80% of total OIC exports in cosmetics.

US$ BILLION

TOTAL OIC MPORTS IN 2021

$13.65

TOP OIC IMPORTERS

	UAE*	Saudi Arabia	Indonesia	Türkiye	Malaysia
Imports	$2.51	$1.90	$1.27	$1.26	$1.08
TOP IMPORTED CATEGORY, % OF COUNTRY IMPORT	32% Perfumes (HS 3303)	33% Makeup & skincare (HS 3304)	36% Odoriferous substances (HS 3302)	36% Odoriferous substances (HS 3302)	35% Makeup & skincare (HS 3304)

TOTAL OIC EXPORTS IN 2021

$4.40 (40% exports to OIC)

TOP OIC EXPORTERS

	Türkiye	Indonesia	UAE	Egypt	Malaysia
Exports	$1.11 (45% exports to OIC)	$0.88 (16% exports to OIC)	$0.75 (77% exports to OIC)	$0.48 (69% exports to OIC)	$0.44 (19% exports to OIC)
TOP EXPORTED CATEGORY, % OF COUNTRY EXPORT	27% Haircare (HS 3305)	25% Makeup & skincare (HS 3304)	27% Perfumes (HS 3303)	65% Odoriferous substances (HS 3302)	44% Makeup & skincare (HS 3304)

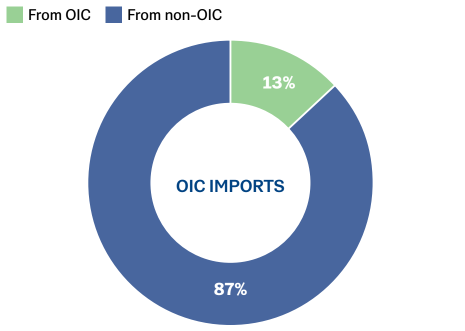
* UAE IS A MAJOR RE-EXPORTER, HENCE IT IMPACTS THE LEVEL OF HIGH IMPORTS AS WELL

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

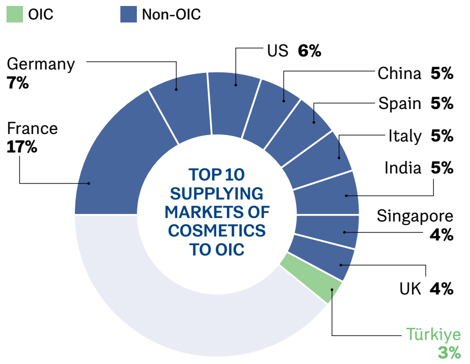
b. Benchmarking with non-OIC trade

Nine of the top 10 exporters to OIC are non-OIC countries

Of the total OIC imports in cosmetics products, only 13% are sourced from OIC country Member States.



The top 10 supplying markets (exporters) of cosmetics to OIC constitute about 61% of the total exports to OIC, where nine of the 10 are among non-OIC countries.

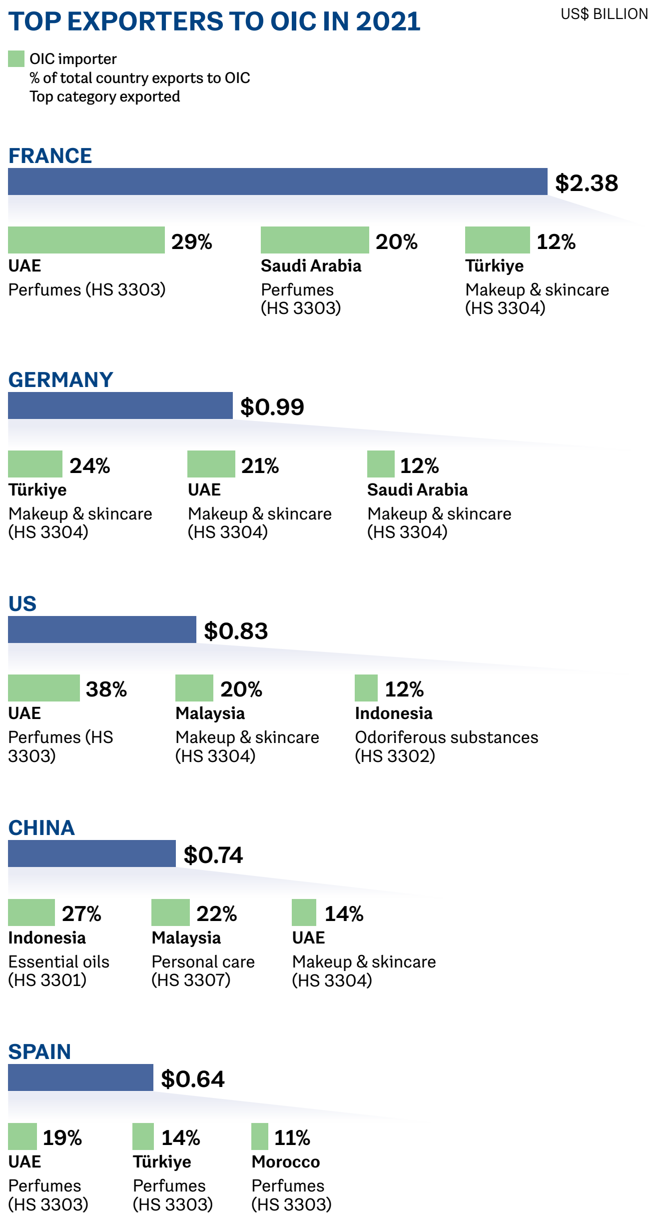


SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top global exporters to OIC and categories traded

The following table shows the top five supplying markets to OIC for cosmetics products, OIC countries exported to, and categories traded.

TOP EXPORTERS TO OIC IN 2021



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

3. INVESTMENTS SIZING AND LANDSCAPE

Cosmetics deals targeting OIC-based companies were worth US$19.5 million in 2021.

OIC MEMBER STATES INVESTMENT DEALS IN COSMETICS

COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
Indonesia	Venture Capital	Baby, Beauty, Cosmetics, eCommerce, Fashion	Hypefast	19,500

Other deals from the past few years include the following:

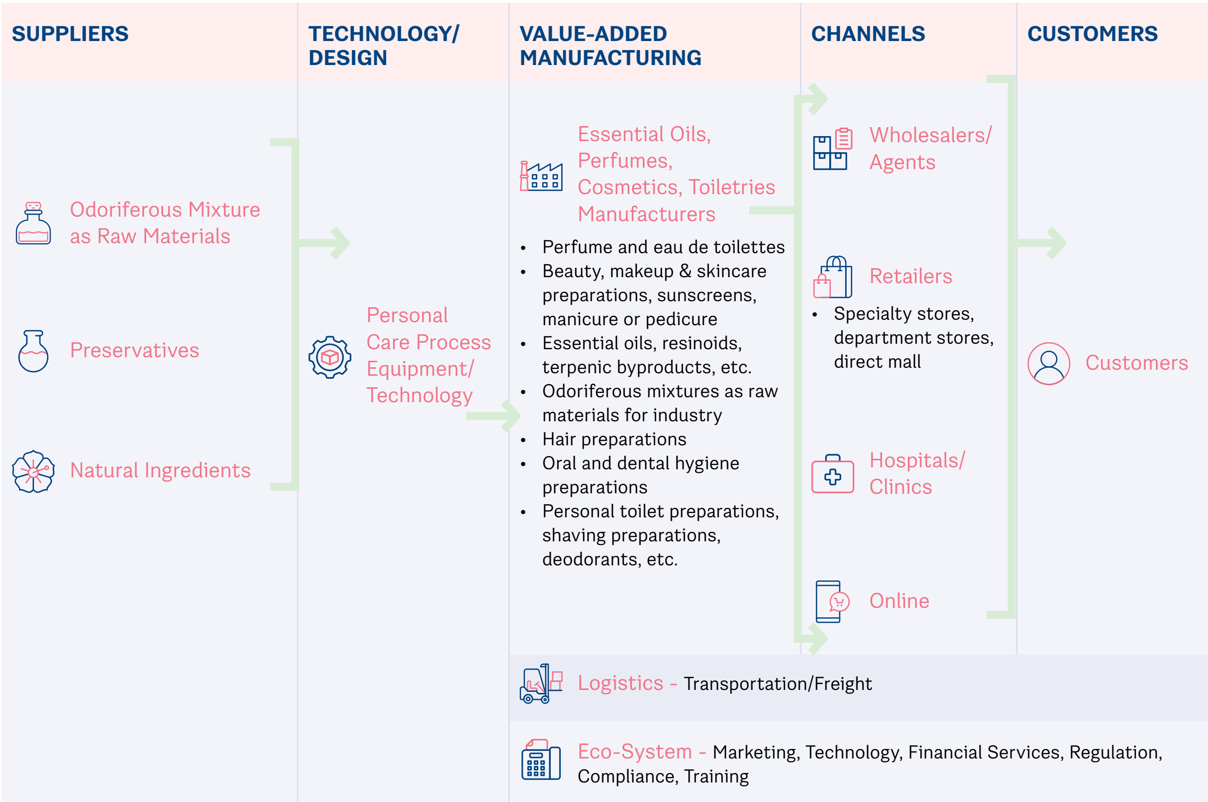
YEAR	COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
2020	Indonesia	Venture Capital	Beauty, Cosmetics, eCommerce	Sociolla	58,000
2020	Türkiye	Merger/Acquisition	Beauty, Cosmetics	Özen Kişisel Bakım	26,700
2019	Indonesia	Venture Capital	Beauty, Cosmetics, eCommerce	Sociolla	40,000
2018	Kuwait	Venture Capital	Beauty, Cosmetics, eCommerce, Fashion, Marketing	Boutiqaat	45,000

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

4. SECTOR VALUE CHAIN

The halal cosmetics value chain includes suppliers, technology, value-added manufacturing, and channels. It is supported by logistics and an ecosystem of supportive services.

HALAL COSMETICS SECTOR VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN, ALIGNED WITH INTERNATIONAL HARMONIZED (HS) CODES

VALUE CHAIN	SEGMENTS	SELECT KEY PLAYERS			
		MAJOR CORPORATIONS WITH OPERATIONS IN OIC		OIC HQ COMPANIES	
Manufacturing	Essential oils, perfumes, cosmetics, toiletries manufacturers	L'ORÉAL (France)	Lakeham (UK)	Ivy (Malaysia)	(KSA)
		COLGATE-PALMOLIVE (US)	P&G (US)	FARMASI (Türkiye)	(UAE)
		AVON (US)	PURE COSMETICS (Canada)	Wardah (Indonesia)	(KSA)
Distribution Channels	Stores	SEPHORA (France)		FACES (UAE)	
		MAC (Canada)		(Tunisia)	
		Marionnaud (France)		Abdul Samad Al Qurashi (KSA)	
		Nawena (France)			

TOP 10 OIC COMPANIES IN COSMETICS

COMPANY	COUNTRY	DESCRIPTION
Ajmal	United Arab Emirates	The leading fragrance company with over 180 exclusive retail outlets across GCC.
Arabian oud	United Arab Emirates	The largest fragrance manufacturer and retailer around the world specializing in incense, oriental perfumes and oil perfumes. It has over 800 branch in 35 countries.
Eva Cosmetics	Egypt	Part of Armanious Group. With capacity over 385 million units a year, Eva Cosmetics is one of the leading Egyptian personal care manufacturers and distributors.
EVYAP	Türkiye	One of the largest soap and cosmetics manufacturers of the world. A market leader in Türkiye, with beauty soaps, skincare products, pre and after shave products.
Farmasi	Türkiye	International beauty and personal care manufacturer, retailer and direct selling company from Türkiye. The company owns the largest cosmetics manufcturing facility in Europe.
Flormar	Türkiye	One of the leading cosmetics companies with over 950 stores located in 250 cities.
Huda Beauty	United Arab Emirates	Founded by Huda Kattan, Huda Beauty is an international beauty brand from the UAE.
Kopas Cosmetics	Türkiye	Part of Bilfar Holding, it is one of the leading cosmetics companies in Türkiye. The main porduct lines of Kopas are baby care, hair care, skincare, depilatories and waxes, make up, baby accesories and fragrances. Kopas products are sold in 32 countries aside from Türkiye.
PT Paragon Technology dan Innovation	Indonesia	One of the leading cosmetics companies in Indonesia, and a pioneer of halal cosmetcs in the country.
Vitctoria Care Indonesia	Indonesia	A publicly listed beauty and personal care company from Indonesia with a popular hair colouring product.

Notable Emerging Companies: Izil Beauty (Türkiye), The Camel Soap Factory (UAE), Somethinc (Indonesia)

Companies are included based on DS analysis, put in alphabetical order

6.2. Halal Cosmetics Sector OIC Developments and Opportunities

New product launches targeted under-tapped segments, including haircare and men's products. Global cosmetics brands focused on the growing East Asian and GCC markets to drive sales, with several non-OIC-based brands entering the halal cosmetics market through investment and by acquiring halal certification. Meanwhile, efforts continued in OIC countries to strengthen the halal certification process.

1. CONSUMER DEVELOPMENTS

COSMETICS BRANDS ARE INTRODUCING NEW HALAL PRODUCT RANGES TO CATER TO THE GROWING DEMAND.

- Indonesia's PT Paragon (owner of the cosmetics brand Wardah) launched a halal-certified male line, Kahf, in the local market.[139]
- Malaysia's SimplySiti is rebranding in 2022 to target the younger segment of makeup users (aged 20-30), educate consumers on halal cosmetics, and focus on direct-to-consumer (DTC) marketing through an eCommerce platform. [140]
- UAE's Mikyajy launched GCC's first fully halal-certified cosmetics line, starting with lipsticks. Mikyajy halal-certified its European manufacturers as well.[141]

GLOBAL BRANDS ARE INCREASINGLY FOCUSING ON THE BURGEONING ASIAN AND GCC MARKETS TO DRIVE FUTURE SALES.

- Unilever opened a halal research center in Indonesia. The Muslim Center of Excellence will be the reference for Unilever's global market of 180 countries.[142]
- US brand MAC has collaborated with actresses and makeup artists from the OIC region. Collaborations are with Lebanese actress Nadia Nadine Njeim, Egyptian actress Yasmine Sabri, and Saudi makeup artist Nora Bo Awadh.[143]
- L'Oréal Kérastase launched its first anti-hair fall range, Genesis, in Malaysia to appeal to hijab-wearing women.[144]

HALAL-CERTIFICATION REQUIREMENTS AIM TO ENHANCE PRODUCT QUALITY AND MEET DEMAND.

- Indonesia has made halal certification mandatory for products sold in the country (products of food, pharmaceuticals, cosmetics, and fashion). Through a phased-in approach, cosmetics manufacturers have until 2026 to be fully halal certified.
- Malaysia's Halal Certification Procedures Manual, Halal Management System, and Halal Standards are to come into effect, with changes set to impact 50-60% of the cosmetics industry.[145]
- Bangladesh Standards and Testing Institution (BSTI) has announced it will issue halal certification for processed foods and cosmetics.[146]

OPPORTUNITY

1. *East Asia and the GCC markets continue to drive halal cosmetics sales and innovation.*
2. *Consumers are demanding brands be eco-friendlier, more inclusive, and halal certified. Natural products have a great opportunity in halal cosmetics.*
3. *The haircare product market has a potential market opportunity where brands can offer solutions to challenges, including heat, humidity, odor, hair loss, and other challenges posed by wearing the hijab (headscarf).*

2. TRADE DEVELOPMENTS

INDONESIA'S PALM OIL EXPORT BAN IMPACTS COSMETICS PRODUCTION.

- Indonesia (the world's largest palm oil producer) announced a halt on palm oil exports to meet local demand in early 2022. The decision was withdrawn after three weeks. Immediate repercussions were felt in populous nations that rely on the import of vegetable oils for food and consumer goods, like India, Pakistan, Bangladesh, and Egypt.[147]

PEXELS/KAROLINA GRABOWSKA

K-BEAUTY EXPORTS RISE TO MEET INCREASING DEMAND.

- South Korean cosmetics products from small and medium-sized enterprises and startups were the second largest export category in the country, with a 1,278% increase in a decade. This increase follows the global attention to Hallyu (Korean wave) and K-beauty.[148] Top OIC destinations for Korean cosmetics were Malaysia, Indonesia, Kazakhstan, the UAE, and Kyrgyzstan.

HIGHER SAFETY STANDARDS ARE ESSENTIAL TO THE HALAL TRADE OF COSMETICS.

- South Korea's Ministry of Food and Drug Safety (MFDS) enforces rules on custom cosmetics for retail businesses to meet higher safety standards amid a rise in sales of bespoke labels.[149]
- China, one of the top exporters to OIC, implemented provisions for New Cosmetic Ingredients (NCI) registration and notification, effective May 2021.[150]

OPPORTUNITY

Countries supporting the cosmetics sector are seeing strong export growth, notably in South Korea, with rising demand for K-beauty.

3. INVESTMENTS DEVELOPMENTS

NON-OIC-BASED BRANDS ARE ENTERING THE HALAL COSMETICS MARKET THROUGH INVESTMENTS AND CERTIFICATION.

- Singaporean halal cosmetics company Believe raises US$55 million in Series C funding led by Venturi.[151]
- Brazil's Adélia Mendonça Cosmetics acquired halal certification with plans to sell in three GCC countries.[152]
- European cosmetics retailer Rituals plans to open 100 stores in the GCC in five years. Rituals currently has 25 stores in the GCC, with 13 in the UAE.[153]


PEACEFULL

Salama Mohamed launched the sustainable skincare brand "Peacefull"

OIC-BASED COSMETICS COMPANIES AND HALAL COSMETICS BRANDS ARE ENTERING NEW MARKETS.

- Indonesia's Wardah is expanding into Southeast Asia and the Middle East, with a focus on Thailand and Türkiye. The halal-certified brand aims to be a top-five global brand by 2023.[154]
- Oman's Amouage, a luxury perfumery, expanded into the US through a subsidiary, Amouage Americas, and partnerships with department stores. It also plans to expand in China.[155]
- Türkiye's Farmasi is opening a new HQ and US$25 million distribution center in Florida, US.[156]

BEAUTY INFLUENCERS ESTABLISH BRANDS IN THE GCC.

- Emirati-Yemeni singer "Balqees Fathi" launched a new luxury makeup brand BEX Beauty.[157]
- UAE-based celebrity makeup artist Mohammed Hindash launched the "Hindash Cosmetics" beauty brand.[158]
- UAE-based content creator Salama Mohamed launched the sustainable skincare brand "Peacefull" for the GCC market.[159]

WITH MANDATORY HALAL CERTIFICATION LAW, INDONESIA IS SUPPORTING INTERNATIONAL BUSINESSES WITH COMPLIANCE.

- The Indonesian Ulema Council (MUI) has opened a representative office in Japan to offer quick halal certification for Japanese businesses wanting to sell in Indonesia.[160]

OPPORTUNITY

The outlook for the halal cosmetics market in the APAC and GCC regions is very bright, with emerging beauty brands and expansions to international markets.

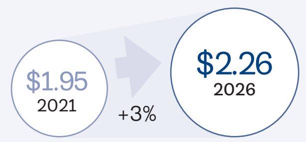
6.3. Case Studies

UAE (OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE BALANCE (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in cosmetics products increased from US$1.12 billion in 2016 to US$3.64 billion in 2021. Exports in cosmetics to OIC countries amounted to US$2.80 billion in 2021 (77% of UAE's global exports).
- Domestic players have a strong regional presence, such as Mikyajy and Cosmo Cosmetics, with Shade M going global.[161]

DOMESTIC PROPOSITION

- Largest OIC importer and largest exporter to OIC countries of cosmetics products.
- International players in the market include Australia's Inika, UK's PBH Ethical Beauty, and India's Iba Cosmetics.[162]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The Dubai-based International Halal Accreditation Forum (IHAF) is developing unified standards and product verification schemes for halal cosmetics.[163]
- The Emirates Standardization and Metrology Authority (Esma), upon request from the Organization of Islamic Cooperation (OIC), has developed unified halal codes for perfumes and cosmetics.[164]

PRODUCTION CAPABILITIES

- Access to halal ingredients with companies such as Sterling Perfumes establishing its R&D perfumer lab for the development of fragrances and cosmetic ingredients using cutting-edge Gas Chromatography-Mass Spectrometry (GC-MS) technology and machinery.[165]

OPERATIONAL SUPPORT ECOSYSTEM

- Competitive financing costs, high levels of liquidity, and a strong banking system, in addition to a new visa system, enabling the attraction of qualified workforce.[166]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

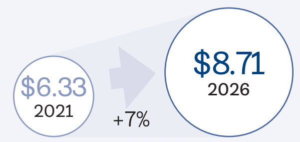
The Ministry of Industry and Advanced Technology "Make in the Emirate" initiative encourages industrialists and entrepreneurs to develop, manufacture and export their products from the UAE by offering a range of incentives.[167]

India (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE BALANCE (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in cosmetics products increased from US$1.54 billion in 2016 to US$2.16 billion in 2021. Exports to OIC countries amounted to US$0.63 billion in 2021 (29% of UAE's global exports).
- Domestic player Iba cosmetics, the first Indian cosmetics company to become halal certified, has a strong presence on the global stage and has an annual revenue of US$10 million.[168]

DOMESTIC PROPOSITION

- Largest Muslim cosmetics consumer market (9% of Muslim consumer spend in cosmetics in2021).[169]
- Global brands present on the market include Unilever, Procter & Gamble, and L'Oréal.[170]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The government is providing export incentives in line with self-reliance and made-in-India initiatives to improve reach of local products.[171]

PRODUCTION CAPABILITIES

- Largest producer and exporter of castor oil in the world (90% of global exports).[172]

OPERATIONAL SUPPORT ECOSYSTEM

- Presence of private and not-for-profit halal certifying bodies, including Halal India, Halal Committee, and the Halal Trust, with its halal logo being widely recognized.[173]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

In 2020, the Indian cabinet approved production-linked incentive (PLI) scheme that will provide US$ 19.72 billion over a five-year period in support of the 'Make in India' initiative to promote economies of scale with modern and high-end technology boosting domestic capacity and enhancing exports.[174]

6.4. Opportunity Assessment and Recommendations

Opportunities exist in product innovation to target untapped segments. Therefore, it is important to establish training and R&D centers. Meanwhile, increasing local and regional ingredient sourcing is an opportunity, given the impact of the COVID-19 pandemic on supply chains. This can be supported by improving intra-trade collaboration among OIC countries and easing trade restrictions. Another opportunity lies in developing high-quality vegan ingredients within OIC countries, as they are currently not widely available outside of Europe and North America. Meanwhile, accelerator programs need to be established to support startups in raising funds while providing technical support on the halal certification process.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- **Increasing awareness of the transdermal nature of cosmetics:** An increasing number of Muslim consumers are realizing the transdermal nature of cosmetics and, thus, are concerned about what ingredients are slowly being absorbed into their bodies. Driven by this need, as well as the rising global demand for organic and healthy products, halal-certified cosmetic brands are emerging in many countries.
- **Product innovation:** The halal cosmetics sector is ripe for product innovation, with untapped market segment opportunities such as male grooming or children's cosmetics.
  - **Male grooming:** There is a substantial opportunity for existing cosmetics companies to develop a range of personal care products marketed to Muslim men to complete a modest lifestyle, including, for instance, alcohol-free fragrances, beard oils, and dental cleansing products.
  - **Children's cosmetics:** Likewise, companies can also explore the opportunity to develop a specific product range for children. The marketing and branding of such products can leverage the popularity of popular Muslim cartoon characters and emerging television channels, such as Muslim Kids TV.
- **Decorative products:** Although personal care products tend to have a steadier growth rate compared to makeup products, the success of halal nail polish in the GCC region reveals that there is an interesting market opportunity in decorative products that serve the specific needs of Muslim women.
- **Increasing demand for organic and sustainable cosmetics:** Consumers are increasingly looking for sustainable and ethical products, which halal-certified products can tap into, especially if halal brands are also natural and/or organic, but few halal cosmetic companies currently possess multiple certifications (halal, vegan, eco-friendly, cruelty-free, etc.). Those who have more than one logo and certification have been able to appeal to a broader consumer base.
- **Growing synergy between halal cosmetics and modest fashion brands:** New products are being launched that blur the boundaries between modest fashion accessories and halal cosmetics, such as a makeup applicator for hijab wearers. Modest fashion brands are also partnering with halal cosmetics brands and making the latter's products available for sale on their website.
- **The pandemic has pushed digitalization:** Cosmetics companies are adapting their portfolio and commercial strategies to consumers' post-COVID-19 behaviors and demands, while sales are being driven by eCommerce and digital marketing.

OBSTACLES:

- **Education and awareness:** It is true that increased consumer knowledge of halal cosmetics ingredients and the global trend of healthier lifestyles are pushing the growth of halal-certified cosmetics. However, this is still a very small segment. The majority of the consumers (especially in Muslim-majority markets) are ambivalent or unaware of non-allowed ingredients in medicine or cosmetics.
- **Positioning and marketing:** The cosmetics sector is challenged by how best to position and market its halal credentials, especially in an industry where the products are associated with glamour and perceived beauty. As is the case with the Muslim fashion industry, the halal cosmetics sector is frequently under criticism for displaying and promoting the physical aspects of a woman. A great sensitivity toward different Muslim markets is required by the industry.

RECOMMENDATIONS:

Strategic recommendations

- Halal cosmetics players should explore portfolio expansion in underserved niche segments such as male grooming, children's personal care, or hijab products (especially in Southeast Asia, where the tropical climate is challenging for hijab-wearing women). They should also consider developing halal makeup & skincare products such as nail polish and/or eyeliners, given the growing demand for these products among consumers in the OIC region.
- Halal cosmetics companies should develop omnichannel strategies to maximize consumer reach. These brands need to be adaptive to post-COVID-19 consumer demands, from offering multiple sales avenues—online and in physical stores—to adopting new technologies such as chatbots or augmented reality to interacting with buyers. An omnichannel strategy also allows for unifying consumer data across digital platforms and systems to bolster the consumer business experience.

Tactical recommendations

- Halal cosmetics brands need to have first-mover market advantages by emphasizing eco-friendly products and packaging while tapping into consumer demand for organically sourced and ethical products. By covering more consumer demands, brands have an opportunity to cater to a wider consumer base globally.
- Halal cosmetics companies should try to market their products to Muslim and non-Muslim consumers alike, highlighting the features, such as ingredients and quality, that go beyond halal certification.
- Halal cosmetics companies should explore the feasibility of partnering with modest fashion companies to offer an attractive and unique value proposition for consumers looking to pair their outfits and makeup.

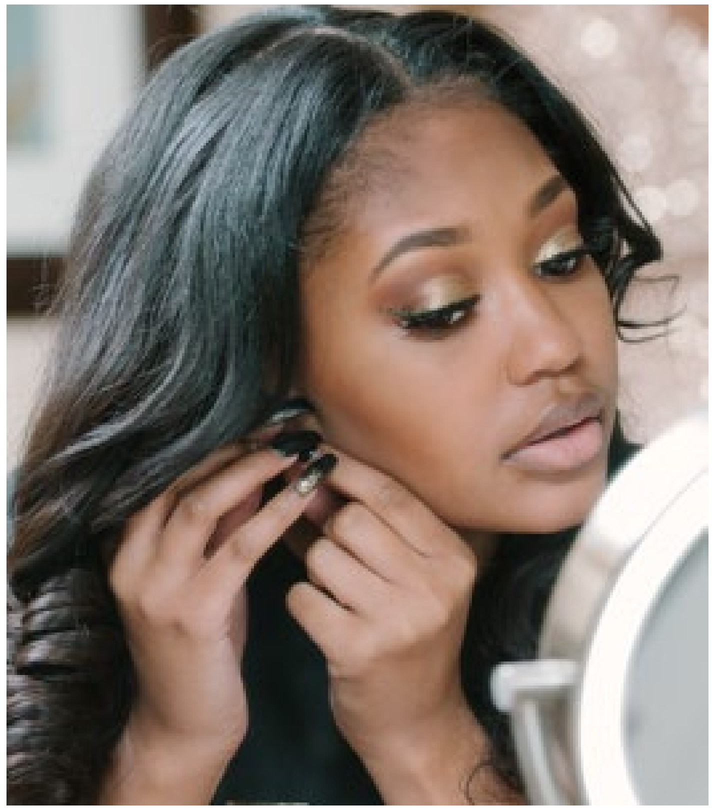
2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- **Countries supporting the cosmetics sector are seeing strong export growth:** From training to promotion and amending regulations, government support is bolstering cosmetics exports, notably South Korea, which, as outlined above, has increased its export of cosmetics (also called K-Beauty) by more than 1000% during the last decade, as highlighted in the previous section.
- **Regional expansion:** Halal cosmetics sales have been particularly strong in domestic markets first and then regionally, signaling the potential for greater regional penetration, particularly in Southeast Asia and the GCC region.

OBSTACLES:

- **Fragmented market:** The halal cosmetics segment is dominated by small and medium-sized enterprises, with the sector at risk of remaining niche. No major halal brand has emerged regionally or globally, while multinationals have only launched limited halal lines.
- **Limited traction of halal cosmetics in African markets:** Southeast Asia is the epicenter of halal cosmetics in the OIC region (especially Malaysia and Indonesia), followed by the GCC region and Central Asia. However, halal-certified brand market penetration is still very limited in OIC North and Sub-Saharan African member countries, where conventional cosmetics from mainstream global companies dominate the market.



- **Lack of quality halal ingredients produced in OIC countries:** New halal brands have struggled to source quality halal-certified ingredients from within the OIC, relying on European and American ingredients to meet production needs, presenting an opportunity for ingredient manufacturers to improve quality given burgeoning demand.
- **Competition from global companies:** The halal cosmetics segment in the OIC region is dominated by small and medium-sized enterprises which are facing aggressive competition from mainstream global companies and non-OIC SMEs, in particular South Korean companies, which can compete more effectively with bigger advertising budgets and established distribution. Without proper support and funding for these companies, the sector is at risk of remaining niche.
- **Limited standardization inhibits market expansion:** Companies lacking compliance certificates such as Good Manufacturing Practices (GMP), ISO standards on animal testing, and halal standards may face restrictions to entering some strategic markets such as Malaysia, Saudi Arabia, or Indonesia, making growth difficult for small and medium-sized enterprises in a highly competitive industry with leading, well-established global brands.

RECOMMENDATIONS:

Strategic recommendations

OIC governments have an opportunity to match South Korea's burgeoning interest in halal cosmetics by strengthening the overall ecosystem through:

- Enhancing intra-OIC cooperation, as South Korea and Malaysia have done through mutual production agreements.
- Increasing production competitiveness through the adoption of high-tech production and sourcing cheaper raw materials of high quality. This can be efficiently achieved through collaboration with countries with advanced technology and encouraging investments in upstream and downstream industries.
- Supporting the development of R&D centers aiming to develop the overall halal cosmetics ecosystem and support the sourcing and local development of local halal ingredients.

Tactical recommendations

- The OIC region presents a set of multi-faceted markets, which are highly heterogeneous in terms of halal ecosystems, halal regulations, and competitive intensity. Halal cosmetics companies aiming to expand their regional and international presence need, beforehand, to understand the local nuances and specificity of each market (overall halal awareness, consumer preference in terms of products/brands, key sales channels, etc.) in order to build a winning Go-To-Market model tailored for each market. One standard approach across the entire OIC region is a recipe for failure.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- **OIC markets attractive to western countries:** As the demand for halal cosmetics is growing, so is the appetite of western companies and countries to invest in important halal markets such as Malaysia, Türkiye, and Indonesia. For instance, Poland has signed agreements with Malaysia to grow its presence in the Malaysian market and use it as a hub for both halal cosmetics and food products.

OBSTACLES:

- **Revenue developments in halal cosmetics have been slow:** While consumer spend has shown substantial growth over the last decade, the halal cosmetics sector remains niche and less attractive for investors than halal food or halal nutraceuticals.
- **Lack of funding:** Halal cosmetics companies struggle to raise seed funding, as investors often fail to understand the growing demand for halal cosmetics and consider the market too niche.

RECOMMENDATIONS:

Strategic recommendations

- Strategic actions need to be taken by OIC countries to attract and promote investment in high-potential halal sectors such as halal cosmetics. One of the key actions is the provision of targeted incentives such as tax allowance, import duty exemptions, land tax reduction, and ease of licensing and permits. These incentives should target not only foreign investors but also domestic investors.

Tactical recommendations

- Accelerator programs and assistance in the halal certification process can help startups and SMEs scale and expand business.

7

MODEST CLOTHING SECTOR

The Islam-inspired modest clothing sector is a nascent sector in the halal economy and is part of the vast global clothing and accessories industry and value chain. Although not a new concept, the greater commercialization of businesses in the sector has seen a steady increase over the last few years, driven by the boom of online retailing, wider exposure through social media, and a growing interest from investors and mainstream fashion brands. Muslim millennials, women in particular, are driving this market forward, both as consumers and designers.

For a niche industry like the modest fashion industry to become global, governments should both promote their local industries whilst also being open to other global players that want to enter their market. We need to collaborate better to make this niche market bigger and sustainable."

When a modest fashion business wants to enter a new market, respect the market by listening to what the market actually needs, and then understand who are the actual players in the market, how you can collaborate with them and make effective strategy for your brand."

FRANKA SOERIA, CO-FOUNDER #MARKAMARIE, MODEST FASHION EXPERT

7.1. Modest Clothing Sector Sizing and Landscape

Muslim consumer spend on apparel and footwear in OIC member countries was worth US$239 billion in 2021 and is forecasted to grow to US$257 billion in 2022, reaching US$361 billion by 2026. The OIC member countries dominate global Muslim consumer spend on apparel and footwear, making up eight out of the top 10 consumer spend markets.

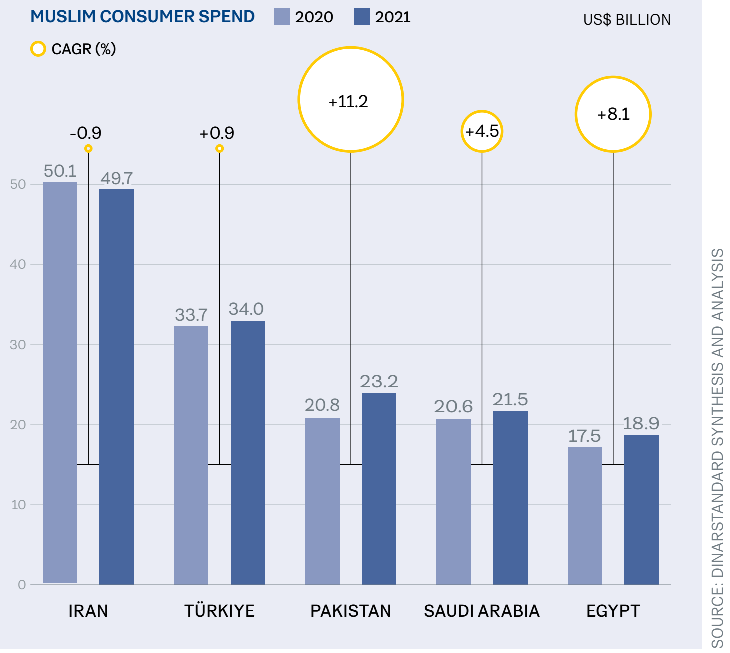
OIC countries imported US$34.96 billion in fashion products (apparel and footwear) in 2021 and exported US$101.94 billion, recording the highest positive trade balance of US$66.6 billion in 5 years. Investment deals targeting OIC-based modest fashion companies amounted to US$1.5 million in 2021.

1. CONSUMER SIZING AND LANDSCAPE

a. Consumer spending sizing and landscape

In 2021, Muslim consumer spend on apparel and footwear in OIC member countries was valued at US$239 billion. This is forecasted to grow a further 7.6% in 2022 to reach US$257 billion. The top three markets for 2021 are Iran, Türkiye, and Pakistan. This remains unchanged from 2020. By 2026, spend is forecasted to reach US$361 billion, at a CAGR of 8.7%.

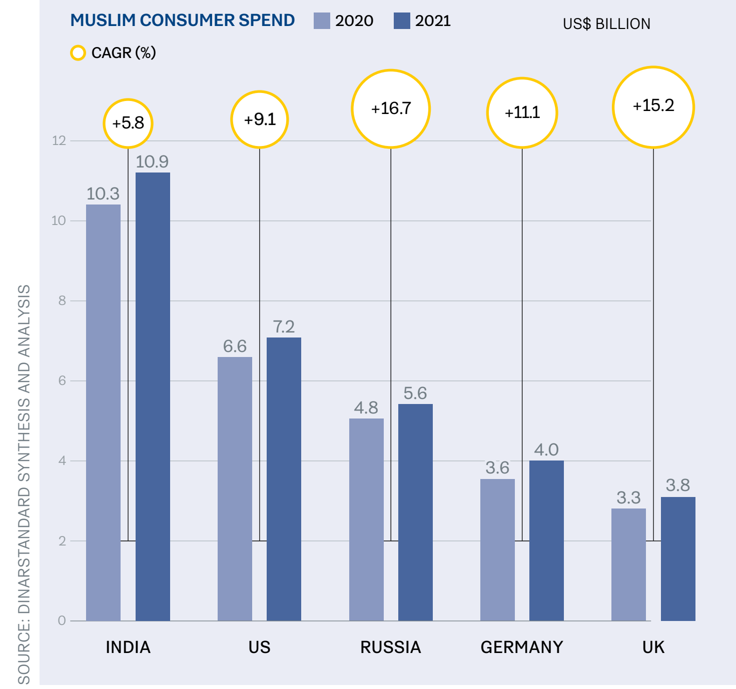
Top 5 Muslim Consumer Markets in the OIC for Apparel and Footwear



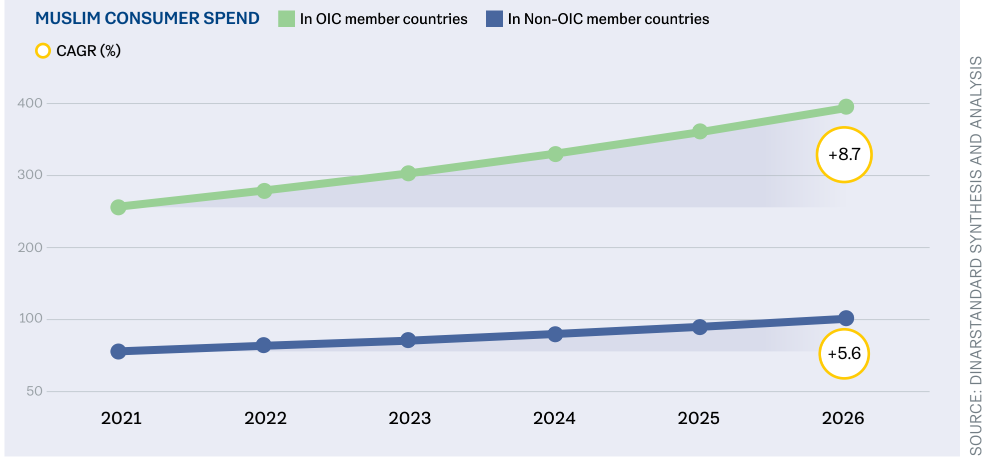
b. Benchmarking with non-OIC member countries

Only two non-OIC member countries are ranked in the top 10 global Muslim consumer markets for apparel and footwear, and these are India and the US. In 2021, OIC member countries accounted for 81.4% of global Muslim consumer spend on apparel and footwear. Between 2016 and 2021, Muslim consumer spend on apparel and footwear in OIC member countries grew significantly, at a CAGR of 4.3%, compared to that of non-OIC members, which experienced a decline of 3.9% CAGR over the period. For the forecast period of 2021-2026, OIC Muslim consumer spend is expected to continue its stronger growth trajectory at a CAGR of 8.7%, compared to the lower CAGR of 5.6% for non-OIC member countries.

Top 5 non-OIC Muslim Consumer Markets for Apparel and Footwear



forecasted growth for Muslim consumer spend on Apparel and Footwear



2. OIC MODEST CLOTHING TRADE ANALYSIS

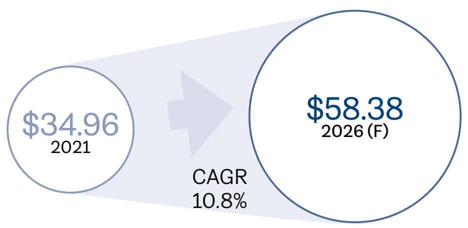
a. Trade sizing and landscape

OIC imports in fashion growing at 10.8% CAGR in the next five years

OIC countries imported US$34.96 billion in fashion products (apparel and footwear) in 2021. This covers 6% of the US$579 billion global imports in fashion products.

OIC imports in fashion are forecasted to grow at 10.8% CAGR to reach US$58.38 billion by 2026. This is a faster growth rate compared to the global average of 5% CAGR.

FASHION IMPORTS BY OIC US$ BILLION

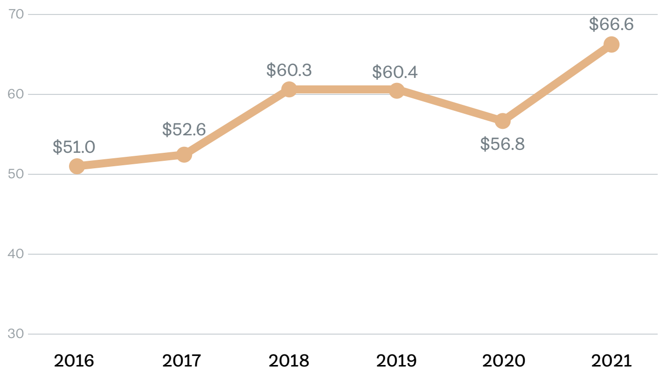


SOURCE: ITC TRADEMAP

OIC countries sustain net exports of fashion products

OIC countries have been net exporters of fashion products, with the highest recorded positive trade balance (exports minus imports) of US$66.6 billion in 2021.

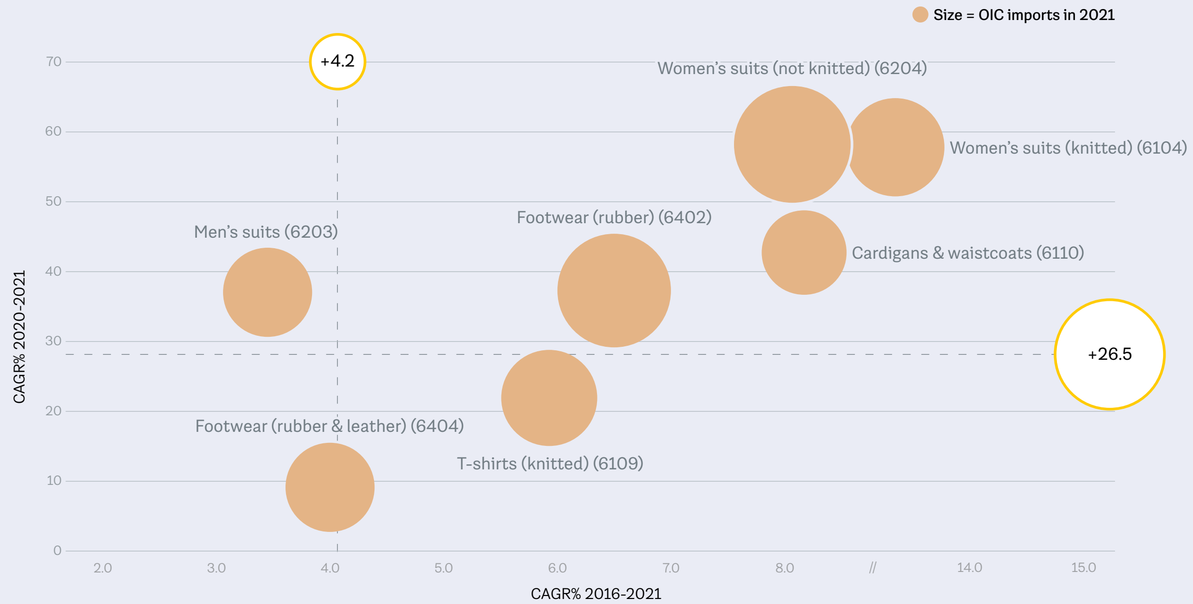
FASHION TRADE BALANCE US$ BILLION



SOURCE: ITC TRADEMAP

Top imported fashion categories cover 53% of the total OIC fashion imports

The top seven imported fashion categories made up 53% of the total OIC imports in fashion in 2021. These include women's suits (knitted and others), footwear (rubber and leather), t-shirts, men's suits, and cardigans. However, the fastest-growing fashion categories are women's overcoats (HS 6202) and men's overcoats (6201), women's suits (6104), and cardigans (6110), with more than 13% CAGR growth over the past five years.



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top OIC importing and exporting markets and categories traded

The following table shows the top OIC importers and exporters and fashion categories these markets are trading. The top five OIC importers make up 58% of total OIC imports in fashion, while the top five OIC exporters make up 85% of total OIC exports in fashion.

TOTAL OIC IMPORTS IN 2021 US$ BILLION

$34.96

TOP OIC IMPORTERS

UAE	Saudi Arabia	Kazakhstan	Türkiye	Malaysia
$7.51	$4.79	$4.47	$2.09	$1.65
12%	21%	16%	11%	15%
Women's suits (not knitted) (HS 6204)	Women's suits (not knitted) (HS 6204)	Footwear (rubber) (HS 6402)	Footwear (rubber & leather) (HS 6404)	Professional clothing (HS 6114)

TOP IMPORTED CATEGORY, % OF COUNTRY IMPORT

TOTAL OIC EXPORTS IN 2021

$101.94 (5% exports to OIC)

TOP OIC EXPORTERS

Bangladesh	Türkiye	Indonesia	Pakistan	Morocco
$45.62	$19.38	$14.63	$8.03	$3.66
(2% exports to OIC)	(14% exports to OIC)	(2.5% exports to OIC)	(4% exports to OIC)	(1.6% exports to OIC)
16%	18%	20%	34%	35%
T-shirts (HS 6109)	Women's suits (not knitted) (HS 6204)	Footwear (rubber & leather) (HS 6403)	Men's suit (HS 6203)	Women's suits (not knitted) (HS 6204)

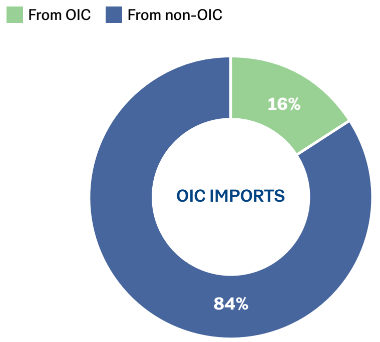
TOP EXPORTED CATEGORY, % OF COUNTRY EXPORT

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

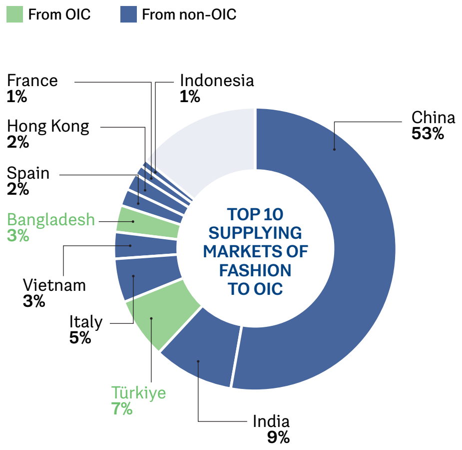
b. Benchmarking with non-OIC trade

Eight of the top 10 exporters to OIC are non-OIC countries

Of the total OIC imports in fashion products, only 16% are sourced from member OIC countries.



The top 10 supplying markets (exporters) of fashion to OIC make up about 86% of the total exports to OIC, where eight of the 10 are among non-OIC countries.

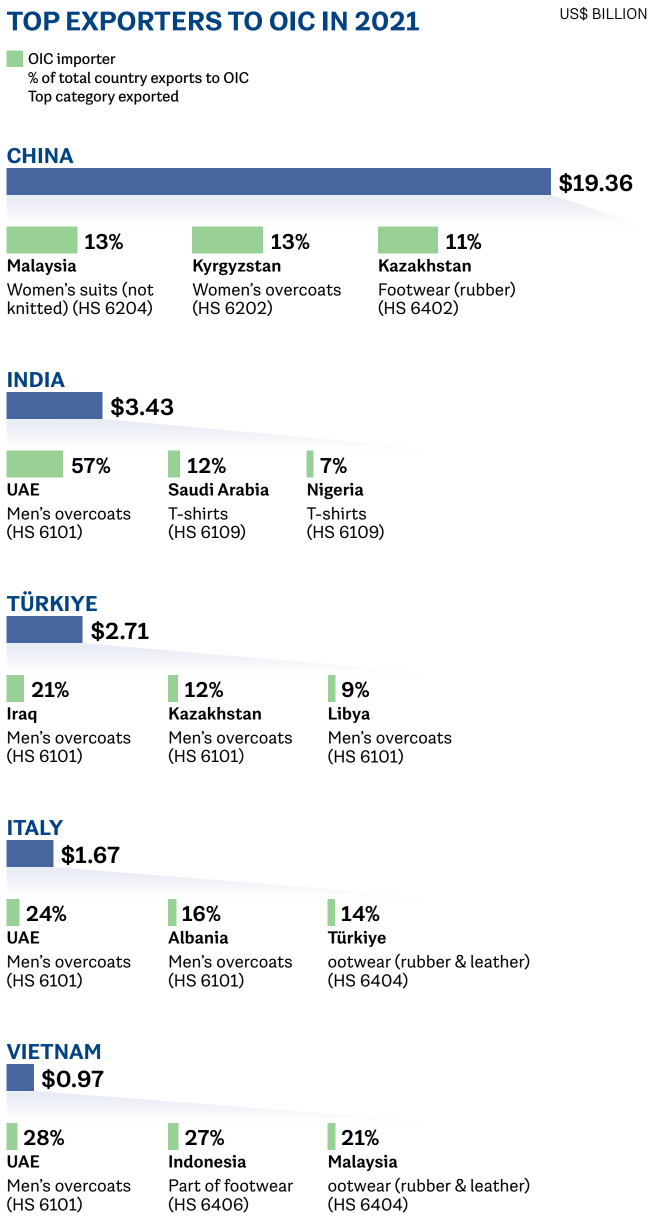


SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Top global exporters to OIC and categories traded

The following table shows the top six supplying markets to OIC for fashion products, OIC countries exported to, and categories traded.

TOP EXPORTERS TO OIC IN 2021



SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

3. INVESTMENTS SIZING AND LANDSCAPE

For 2021, the deals targeting OIC-based companies in modest fashion amounted to US$1.5 billion, which equates to 19.4% of the total deal value for this period in this region. All deals were invested in by OIC-based investors. The four deals with disclosed values are detailed in the table below:

OIC MEMBER STATES INVESTMENT DEALS IN MODEST FASHION

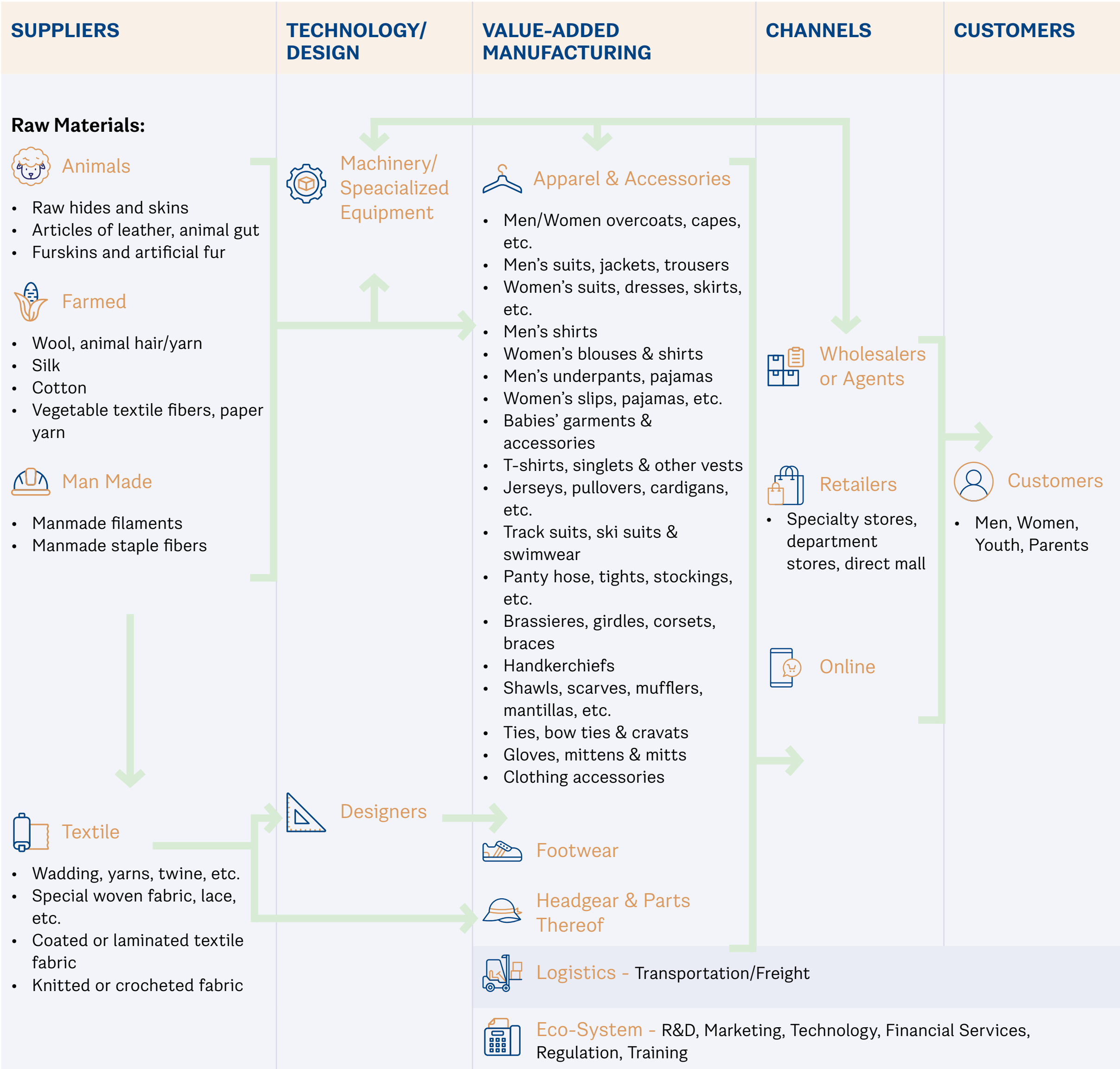
COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
Türkiye	Private Equity	eCommerce, Fashion, Mobile Apps, Shopping	Trendyol Group	1,500,000
Saudi Arabia	Venture Capital	Fashion	Nejree	15,000
Egypt	Merger/Acquisition	Apparel, Accessories, and Luxury Goods (Primary)	Dice Sport & Casual Wear (CASE:DSCW)	4,760
Pakistan	Venture Capital	Beauty, eCommerce, Fashion, Lifestyle	Bagallery	4,500

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

4. SECTOR VALUE CHAIN

The modest clothing sector value chain encompasses raw material providers, technology and design, value-added manufacturing, and channels. It is supported by logistics and an ecosystem of supportive services.

MODEST CLOTHING SECTOR VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN, ALIGNED WITH INTERNATIONAL HARMONIZED (HS) CODES

VALUE CHAIN	SEGMENTS	SELECT KEY PLAYERS	
		MAJOR CORPORATIONS WITH OPERATIONS IN OIC	OIC HQ COMPANIES
Technology/ Design	Designers	ISLAMIC DESIGN HOUSE.COM (UK)	RABIA Z (UAE) DIAN PELANGI (Indonesia)
Value-Added Manufacturing	Apparel & Accessories	Mumine (Belgium) Veil (US) AL SHARIFA (US)	TEKBİR (Türkiye) IRADA (Russia) ZUHRE (Türkiye) BOKITTA (Lebanon)
Distribution Channels	Stores	H&M (Sweden) ZARA (Spain) DECATHLON (France)	SHUKR (Jordan) balqees (UAE) ARMINE (Türkiye)
	Online	amazon (US)	modanisa (Türkiye) HIJUP (Indonesia)

TOP 10 OIC COMPANIES IN MODEST CLOTHING

COMPANY	REVENUE (US$ MN)	COUNTRY	DESCRIPTION
Landmark Group	7,000 (2016)	United Arab Emirates	The group owns some top UAE fashion brands such as Splash (200+ stores), Max(500+ stores), and Shoemart (150 store+s) across the world.
LC Waikiki	2,557	Türkiye	A worldwide fashion brand with over 1,200 stores in 54 countries and 54,000 employees all around the world.
Boyner Group	1300*	Türkiye	One of the leading retail groups in Türkiye with 50 private label brands and over 250 stores.
Ha-meem Group	966*	Bangladesh	One of the largest Bangladeshi conglomerates in textile and garments.
Defacto	697 (2017)	Türkiye	Positioned as the pioneer brand of Mediterranean fashion in the world and in Türkiye, with over 400 stores in 22 countries
PT Pan Brothers Tbk	689	Indonesia	Established in 1980, the company is one of the largest garment manufacturing companies in Indonesia, manufacturing brands such as Uniqlo and Adidas. This company also produces its own brands, such as Salt n Pepper, Zoe Label, Zoe Black, and Wastu.
Opex & Sinha Textile Group	500	Bangladesh	One of the largest garment and textile manufacturing conglomerates in Asia.
Classic Fashion Apparel Industry Ltd. Co.	500 (2018)	Jordan	The largest apparel manufacturer in the Middle East and North Africa region, it produces 450,000–500,000 garments per day, with an average run of 200 styles per month, and contributes over 30% of all the garment exports of Jordan.
Nishat Mills Ltd.	586	Pakistan	Part of Nishat Group, one of the largest vertically integrated textile companies in Pakistan.
Koton	450* (2020)	Türkiye	Multinational clothing company from Türkiye with 500 stores and over 10,000 employees across 27 countries.

Notable Emerging Companies: Modanisa (Türkiye), Buttonscarves (Indonesia), Naelofar (Malaysia)

Revenues sourced from company annual reports, news, or third-party data intelligence
Revenue for 2021 period unless otherwise stated

* Estimated revenue number

7.2. Modest Clothing Sector OIC Developments and Opportunities

The OIC is home to many successful modest fashion brands, some of which have created a presence across the region. Many countries have well-established trade shows, many of which were held in a hybrid form during the pandemic. OIC governments are starting to recognize the industry and are lending their support as well. Investors are also starting to take note of the industry; however, actual investments have been slow, particularly in the OIC.

1. CONSUMER DEVELOPMENTS

THE COVID-19 PANDEMIC FORCED MODEST FASHION CONSUMERS TO USE ALTERNATIVE MEANS OF SHOPPING OTHER THAN PHYSICALLY VISITING STORES. MANY BUSINESSES UTILIZED SOCIAL MEDIA PLATFORMS TO SELL THEIR GOODS, WHICH WAS ESPECIALLY USEFUL AND COST-EFFECTIVE FOR MODEST FASHION BUSINESSES, WHICH ARE MOSTLY SMMEs. HOWEVER, SHOPPING IN BRICK-AND-MORTAR STORES STILL RETAINS ITS PREFERRED STATUS NOW THAT MOVEMENT RESTRICTIONS HAVE BEEN EASED, BUT SHOPPERS ARE NOW MORE WILLING AND CONFIDENT TO MAKE USE OF THE ALTERNATIVE PLATFORMS AVAILABLE TO THEM.

- Türkiye-based modest clothing online marketplace Modanisa launched a dedicated site for Malaysian consumers.[175]
- Saudi Arabian modest fashion brand Leem launched a shopping app.[176]
- Malaysian modest fashion e-tailer and FashionValet in-house brand, Lilit, opened the first brick-and-mortar store in KL in April and now has five stores in total.[177]
- UAE brand Kashka opened its ninth store in the UAE and its fourth store in Oman.[178 179]

OPPORTUNITY

Creating an omniplatform experience for modest fashion consumers that seamlessly operates can allow brands to expand their customer reach and build brand loyalty. The use of online platforms also allows businesses to collect more data to analyze buying trends and customer preferences. More channels to purchase will also lead to more purchases being made.

IN KEEPING WITH THE REST OF THE FASHION WORLD, MODEST FASHION BRANDS HAVE STARTED TO BECOME MORE INCLUSIVE THROUGH EXPANDED SIZING AND DESIGNING CLOTHING FOR DIFFERENTLY-ABLED CUSTOMERS.

- Egyptian designer Nesma Yahia launched the fashion brand "Breeze," which caters to people with dwarfism and short stature. The range also features modest fashion pieces.[180]
- Malaysian brand Lilit released a modest activewear range, including a modest swimwear range. All designs are plus-size inclusive, which is not common in modest activewear.[181]

OPPORTUNITY

Modest fashion can take the lead in making fashion more inclusive. Brands that are more inclusive will be recognized for their efforts and will be more positively perceived for recognizing the unique needs of their customers.

MODEST FASHION CONSUMERS HAVE UNIQUE NEEDS IN TERMS OF THE COVERAGE AND FIT THEY REQUIRE FROM VARIOUS CLOTHING ITEMS. WITHIN CATEGORIES OF FASHION, SUCH AS ACTIVEWEAR, MODEST FASHION CUSTOMERS HAVE GREAT DIFFICULTY IN MEETING THESE NEEDS SINCE THESE CATEGORIES FOCUS ON FITTED CLOTHING. MODEST FASHION CONSUMERS ALSO REQUIRE MORE THOUGHTFUL FABRIC CHOICES, ESPECIALLY WITH MANY OF THEM LIVING IN COUNTRIES WITH DIFFICULT CLIMATE CONDITIONS SUCH AS HIGH TEMPERATURES AND HUMIDITY.

- Jordan-based RB Fashion focuses on modest activewear. Before being included in the range, each item of clothing is presented to a representative focus group to understand the precise needs and requirements of the customer.[182]
- Malaysian nanotechnology firm NanoTextile has launched a new theme called 'Beneath Hijab,' which focuses on functional underscarves or inners used by hijab wearers. The functional aspect of these underscarves is the nanotechnology embedded into the product, which makes the fabric antibacterial, odorless, and self-cleaning. Nanotechnology-embedded fabrics can be modified to offer UV protection, quick-drying, liquid resistance, and much more.[183]
- The second collection of Vibe by Muneera, a modest activewear brand creating sports abayas and jumpsuit abayas tailored for a variety of popular sports based in Qatar, was launched.[184]

PEXELS/ANTONI SHKRABA

OPPORTUNITY

The modest fashion consumer's clothing and accessories need to fulfill many unique requirements in their function. Modest fashion brands understand these needs more than mainstream brands and are best equipped to design products to meet these requirements. Creating unique, functional products will help the sector define itself within the larger fashion industry.

2. TRADE DEVELOPMENTS

IN Q1 2021, MANY TRADE SHOWS, SPECIFICALLY IN SOUTH EAST ASIA, WERE BEING HELD IN A HYBRID FORMAT DUE TO COVID-19 RESTRICTIONS. IN-PERSON EVENTS RESTARTED BY Q2 2021 IN MOST PLACES, BUT MANY TRADE SHOWS STILL PROVIDED DIGITAL ACCESS OF SOME SORT.

- The 17th Malaysia International Halal Showcase (MIHAS) was presented in a hybrid digital format for the first time. Modest clothing was one of the contemporary sectors featured.[185]

- A group of seven Indonesian modest clothing brands presented their ranges in Ankara, Türkiye. As the biggest fashion markets in the Muslim world, Türkiye and Indonesia could provide vast opportunities for collaboration and joint ventures in design and textiles.[186]

PEXELS/KELVIN OCTA

- The 18th edition of the Heya Arabian Fashion Exhibition was held in Doha, Qatar. Apart from fashion shows, the exhibition also presented interactive sessions on various topics to inspire and educate up-and-coming designers and entrepreneurs in collaboration with partners from the private and public sectors.[187]

- The 3rd Modest Fashion Week was held in Dubai, UAE, and showcased a range of shows, pop-ups, and panel talks with guests and VIPs. About 40 exclusively selected designers and brands from the region and beyond displayed their designs on the runway. They also provided fans an opportunity to shop the collections from the exhibitor booths.[188]

- Indonesia hosted both the Indonesia Sharia Economic Festival (ISEF) modest fashion showcase and the Jakarta Muslim Fashion Week, which provided a platform for Indonesian designers to connect with resellers. The Indonesian Ministry of Trade plans to hold the Jakarta Muslim Fashion Week each year until 2024, and it is expected to be recognized as an international fashion week.[189]

- The 8th OIC Halal Expo, held in Istanbul in November 2021, also featured modest fashion exhibitors. Supported by ICDT, SMIIC and the Ministry of Trade of Republic of Türkiye, the expo provided a platform for international buyers to connect with modest fashion businesses from across the OIC.

OPPORTUNITY

Trade shows provide an important platform for modest fashion brands to gain international exposure. Having a virtual aspect to the trade show will allow for greater accessibility for the international audience. It is a cost-effective way to increase the trade show's reach.

SUPPORT PROGRAMS FOR THE INDUSTRY, SUCH AS INCUBATOR PROGRAMS AND OTHER GOVERNMENT-BACKED INITIATIVES, ARE IMPERATIVE TO THE GROWTH OF THE INDUSTRY, ESPECIALLY SINCE THE SCALING OF THE MODEST FASHION INDUSTRY FROM MAJORITY SMMES TO LARGER ENTERPRISES DEPENDS UPON SUCCESS ON THE BUSINESS SIDE OF THE BRANDS.

- Indonesia's Modest Fashion Founders Fund incubator program admitted its second intake of entrepreneurs. The hybrid online/offline incubator program starts with a five-day creative workshop, followed by a session with local and international mentors who advise on pitching to investors. The cohort then faces investors, which also include VCs and fintechs.[190]

- The Jakarta Fashion Hub (JFH) was inaugurated in December 2021. The JFH seeks to become a platform for creative minds to unlock the potential of the nation's sustainable fashion, textile, and creative economy industries. Visitors who make use of JFH facilities can contribute to government efforts to make the nation's creative economy products more competitive. JFH offers a space where members can design concepts and fashion products, as well as make use of its workshop areas, co-working space, photo studio, and ready-to-buy fabrics.[191]

OPPORTUNITY

The guidance and networking opportunities provided through incubator programs etc., are imperative for modest fashion businesses to successfully scale up.

3. INVESTMENT DEVELOPMENTS

ECOMMERCE PLATFORMS HAVE ALSO SEEN INTEREST FROM INVESTORS, ESPECIALLY THOSE WITH THE CAPABILITY TO SCALE LIKE MODANISA.

- Saudi Arabia-based try-before-you-buy eCommerce platform Nejree raised US$15 million in a Series A fundraising round*. The unique Nejree Closet feature, which is a try-now-buy-later (TNBL) concept, allows customers to choose products to try on before deciding on purchasing them.[192]

PEXELS/FURKNSAGLAM

- Trendyol, Türkiye's largest eCommerce company, as a dedicated modest fashion section, raised US$1.5 billion in a funding round that valued the company at US$16.5 billion. This makes Trendyol Türkiye's first decacorn and among the highest-valued private tech companies in Europe.[193]

OPPORTUNITY

eCommerce marketplaces have good potential to scale, which is appealing to investors. Expanding an eCommerce platform's reach in terms of the geographies it caters to may be less cost-intensive than setting up physical stores in new regions. eCommerce platforms also have the potential to have unique features, such as Nejree Closet.

* The Series A funding round refers to an investment in a start-up which takes place in the early stages of a company's development after it has proven success in its strategy and begun generating revenue

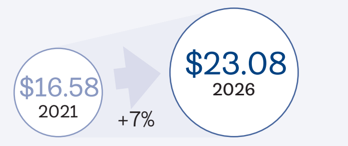
7.3. Case Studies

Indonesia (OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE DYNAMICS (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in fashion products grew from US$11.81 billion in 2016 to US$14.63 billion in 2021. Exports to OIC countries amounted to US$0.36 billion in 2021 (2.5% of Indonesia's global exports).
- Domestic champions such as HIJUP have played an important part in showcasing Indonesian designers on a global level.[194]

DOMESTIC PROPOSITION

- Largest Muslim population in the world and largest Muslim consumer spend across halal economy sectors, totaling US$184.04 billion.[195]
- Global companies such as H&M, Calvin Klein, and Uniqlo have established manufacturing facilities in Indonesia.[196]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- Indonesia has set its sights on becoming the mecca of Islamic fashion in 2024.
- Indonesia Islamic Economic Masterplan is well-linked to the overall economic strategy of the country, covering all sectors of the Islamic economy.[197]

PRODUCTION CAPABILITIES

- Indonesia's Asia Pacific Rayon (APR) is one of the largest viscose rayon producers in Asia, with an annual capacity of 240,000 tons of viscose rayon.[198]

OPERATIONAL SUPPORT ECOSYSTEM

- APR in partnership with seven design schools researching modest sustainable fashion and mentoring local fashion micro, small, and medium enterprises (MSMEs).[199]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

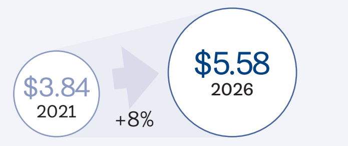
In 2021, the Indonesian government launched initiatives to promote Indonesia's Muslim fashion industry and increase exports of Muslim clothing fabrics and garments through trade agreements with partner countries.

UK (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)



TRADE DYNAMICS (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Exports in fashion products decreased from US$10.07 billion in 2016 to US$6.32 billion in 2021. Exports to OIC countries amounted to US$0.36 billion in 2021 (6% of the UK's global exports).
- Domestic champions such as Debenhams and Marks & Spencer are offering modest fashion locally and in many Muslim-majority countries.[200]

DOMESTIC PROPOSITION

- The size of the UK fashion industry is estimated to be GBP60.1 billion in 2022.[201]
- Global modest fashion brands are present, including the US-based Haute Hijab[202] and the Saudi fashion label Leem.[203]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The UK government allocated GB £30 million through UK Research and Innovation to establish five new research centers that will develop UK-based circular supply chains, one of which will focus on circular textiles technology.[204]

PRODUCTION CAPABILITIES

- The UK is home to some of the world's top fashion colleges, designers, and retailers. Its fashion industry is innovative, with a focus on online fashion retail, sustainable clothing lines, as well as modern textile R&D and manufacturing.[205]

OPERATIONAL SUPPORT ECOSYSTEM

- The UK's Central Bank is providing shariah-compliant liquidity facilities for Islamic Banks operating in the UK.[206]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

The Tradeshow Access Program, led by the Department for International Trade, offers funding for eligible businesses to attend overseas trade shows, helping launch UK fashion and textile industry SMEs at key events using the scheme in Paris, Milan, New York, Shanghai, Berlin, and Florence.

7.4. Opportunity Assessment and Recommendations

There are many opportunities in the modest fashion sector, especially since there's a need for products that combine fashion and functionality – a great access point for companies interested in innovating in this sector. There is also an opportunity for brands to develop a seamless omnichannel shopping experience. As for OIC manufacturers producing clothing for global brands, there's an opportunity to expand into the modest fashion industry.

However, challenges exist, with limited financing options for modest fashion entrepreneurs in OIC markets to scale efficiently. Moreover, mainstream global companies are increasing competition in this market to the extent that smaller OIC-based fashion companies may suffer due to the lack of marketing budgets and retail presence.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- **Vertical specializations:** Entrepreneurs have the potential to address gaps in the market by developing new lines and innovations in several largely untapped verticals such as activewear, menswear, safety wear, maternity wear, clothing for teenagers and tweens, work attires, and plus-size fashion. Opportunities in these areas also include clothing with versatile and adaptive elements using innovative fabrics and technologies.
- **Omnichannel shopping experience:** eCommerce platforms and social media sites have been instrumental in growing and shaping the development of the Muslim fashion industry over the last few years. This was particularly true during the COVID-19 pandemic, as many businesses were able to sustain themselves by leveraging online retail channels and e-marketplaces. Going forward, the easing of COVID-19 social distancing restrictions all over the world should coincide with a strong comeback of customers to brick-and-mortar stores. For brands that have both an online and physical retail space, a seamless omnichannel shopping experience can enhance brand loyalty and help grow the brand's presence by improving the overall shopping experience. If customers enjoy the shopping experience, they are more likely to be repeat customers. Providing more avenues for purchasing also results in more purchases.
- **Fusing traditional elements with modern design:** The Moroccan caftan has transformed from traditional attire into a stylish piece of fashion with a global appeal. Given the richness and diversity of Muslim cultures, there is a wide spectrum of opportunities to combine traditional clothing, fabrics, and other traditional elements with current designs and marketing strategies to appeal to a much larger market.

OBSTACLES:

- **Scale and efficiency:** One of the major challenges for niche clothing producers is achieving scale and efficiency to have competitively priced products and sustainability for their business. Few OIC-based modest fashion companies have succeeded in adopting modern garment sourcing practices, such as just-in-time production, despite some notable investments.
- **Lack of funding:** Lack of funding leads to a lack of vertical integration and slow adaptability. Backward integration with manufacturers and suppliers is still rarely found among Muslim fashion industry players, which creates a challenge to scale as well as to adapt to fast-changing trends and fashion technology.
- **Fast fashion:** Emerging modest fashion companies often find it challenging to respond quickly to market changes by adapting their production process from design through to production and delivery, resulting in missed opportunities.
- **Lack of standards:** With modest fashion lacking standards, major retailers have come under criticism for not being modest enough, while consumers are increasingly concerned about ethical standards, from working conditions to eco-friendly sourcing. OIC governments can address SDGs by improving regulations of the garment industry to be more ethical and sustainable.

RECOMMENDATIONS:

Strategic recommendations

- Modest fashion players should explore vertical expansion in underserved niche segments (activewear, menswear, plus size, etc.) to address customers' unmet needs and generate higher margins as these products are usually sold at premium prices as they are more unique. They should also explore launching unique modern heritage wear collections by combining traditional elements with modern design to differentiate from mainstream brands and build a proper brand identity.
- Investing in supply-chain innovations such as on-demand production, Artificial Intelligence, and Data Science will allow modest fashion companies to make production more efficient, cause less waste, and better identify trends in sales such as common sizes, designs or fabrications purchased.
- Modest fashion should explore strategic partnerships with mainstream brands. Modest fashion brands would offer their innate knowledge of the modest fashion customer and their unique needs, while the mainstream brand would benefit from the improved inclusivity they are offering.
- Modest fashion SMMEs should seek ways to achieve scale and efficiency through benchmarking and collaboration with other players, especially mainstream brands.

Tactical recommendations

- Modest fashion brands should create a strong digital presence which can include an eCommerce or social media selling platform to increase their accessibility to customers. For those brands that already have an omnichannel presence, all channels should connect with each other through the data being collected from the customer at different points, which leads to increased sales. The aim of omnichannel retail should be to make the purchase as easy as possible for the customer.
- By deploying the available and emerging technology, players in the Muslim fashion space can also provide information on provenance, carbon footprints, and other sustainability-related information to an increasingly savvy and environmentally conscious group of customers.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- **OIC exporters/producers:** Clothing production is a major industry for many OIC countries (Bangladesh, Türkiye, Indonesia, Morocco, Tunisia, and Pakistan). Manufacturers producing clothing for global brands from OIC countries already have the infrastructure to engage this market segment in a much more focused way.

- **Modest fashion as a key driver for the economy:** Government support for modest fashion can help promote the sector internationally while developing homegrown talent, promoting job creation, and implementing SDGs.

- **Trade shows:** Trade shows are an important way of expanding the markets for modest fashion companies. Over the last few years, multiple in-person, remote, and hybrid modest fashion events have taken place in both OIC and non-OIC countries, creating opportunities for customers and fashion buyers to view the products on offer as well as create general awareness about modest fashion as an industry.

- **Co-marketing opportunities with tourism & retail:** There are robust co-marketing opportunities for modest fashion companies with players in the travel & tourism sector, with modest fashion acting as a linchpin for attracting Muslim tourists to OIC countries.

OBSTACLES:

- **Supply chain challenges:** Since most modest fashion businesses are classified as SMMEs, shipping products internationally on a small scale can be very complex and expensive, especially during significant world crises/conflicts such as the COVID-19 pandemic and the Ukrainian crisis.

- **Lack of unified payment platforms:** Payment, customs, and logistics issues hamper the growth of digital commerce. Online channels are the ideal platform for stakeholders in a fragmented market, such as the Islamic fashion space, to connect and trade with players from all corners of the globe. However, this opportunity is hampered by a lack of unified payment platforms, varying customs rules, and logistics issues that differ from one country to another.

- **Fragmented market:** Muslim consumers are a very heterogeneous market in terms of socioeconomic class and fashion preference. Scaling from one geographic area to another requires various adaptations to existing product offerings and business processes, which may be challenging for small-scale players.

RECOMMENDATIONS:

Strategic recommendations

- OIC countries should put programs in place to facilitate the growth of the modest fashion industry and support businesses across this supply chain. Multilateral cooperation between OIC countries in this field is also needed and should focus on minimizing taxes and duties related to shipping clothing, specifically between countries with similar styles of modest clothing preferences.

Tactical recommendations

- Modest fashion companies should continue holding hybrid digital and in-person trade shows as they allow for greater exposure to international audiences without international buyers having to incur the expenses of visiting the trade show in person.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- **Multiple high return opportunities for investors:** There are substantial opportunities for investors to provide growth capital to emerging modest fashion brands and online retailers so they can scale and become regional champions such as Modanisa or Haute Hijab. There are also multiple pockets of opportunity, such as utility modest wear for specialized professions, where there has been a limited focus on modest fashion businesses.

OBSTACLES:

- **Limited exits so far:** Although modest fashion has garnered interest from investors, there have not yet been significant exits in the sector, limiting the industry's attractiveness to VCs.

RECOMMENDATIONS:

Strategic recommendations

- Companies with products that appeal to a larger universal customer base would have good investment opportunities. This would include companies that have created innovative products as well as specialized products such as modest athletic wear or utility wear. Investors should look to invest directly into the R&D part of the business as this would help the brand differentiate itself.

- The modest fashion ecosystem is still underdeveloped but holds significant potential for investors. Potential areas to develop include fashion media, which includes publications and modeling and social media influencer agencies, as well as advisory services to assist mainstream brands in incorporating modest fashion ranges.

Tactical recommendations

- Incubator/Acceleration programs for modest fashion SMMEs are key to creating domestic champions and larger-scale companies. These programs also provide networking opportunities and connect businesses with potential investors.


PEXELS/ARIF ID

8

ISLAMIC FINANCE SECTOR

Against a post-pandemic backdrop, the Islamic finance industry is attempting to recover through increased risk management, an improved ecosystem, and targeted investments. The recovery of this sector is critical to the wider Islamic economy, with Islamic finance serving as a major catalyst. Islamic banking is becoming more prevalent than conventional banking in Pakistan, Indonesia, and Türkiye, all of which are emerging as important growth areas. This development is partly due to government efforts.

The involvement of Islamic Banks as financier to the halal industry is still at poor level due to few issues and challenges occurred like lack of understanding on the halal concept and regulation among entrepreneurs as well as, poor awareness on Islamic finance system among halal industry players and others. The convergence of the Islamic finance institution and halal industry brings a huge potential for work opportunity to the public, helping in the growth and expansion of Islamic economies on global market."

MD. SIDDIQUR RAHMAN, DEPUTY MANAGING DIRECTOR, ISLAMI BANK BANGLADESH LIMITED (IBBL)

8.1. Islamic Finance Sector Sizing and Landscape

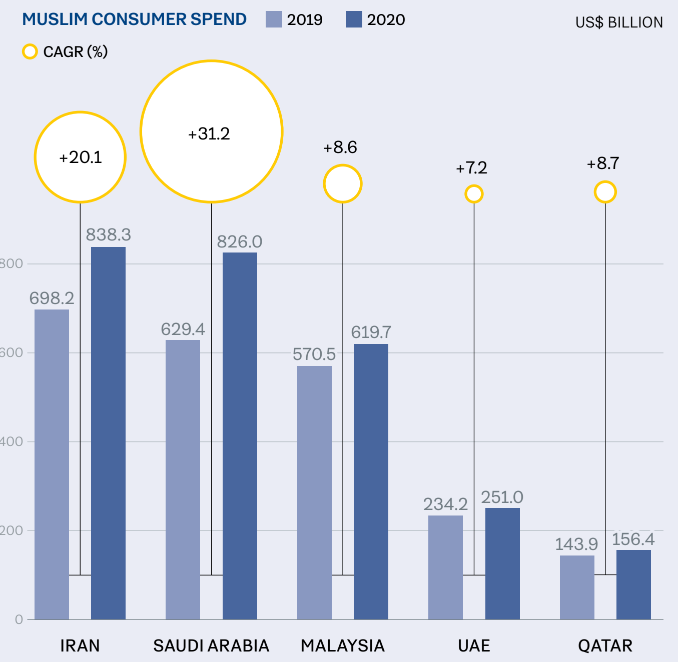
Islamic finance assets in OIC countries were worth US$3.32 trillion in 2020 and are forecasted to reach US$4.82 trillion in 2025, at a CAGR of 7.8%. Meanwhile, investment deals in Islamic finance were valued at US$1.8 billion, with 53% of the target companies involved in fintech. OIC states constitute the top 10 countries globally with the highest Islamic finance assets.

1. CONSUMER SIZING AND LANDSCAPE

a. Consumer spending sizing and landscape

In 2020, Islamic finance assets in OIC member countries were worth US$3.32 trillion. This is forecasted to have grown a further 7.4% in 2021 to reach US$3.56 trillion. The top three markets for 2020 were Iran, Saudi Arabia, and Malaysia. This remains unchanged from 2019. By 2025, Islamic finance assets in the OIC are forecasted to reach US$4.82 trillion at a CAGR of 7.9%.

Top 5 Muslim Consumer Markets in the OIC by Islamic Finance Assets

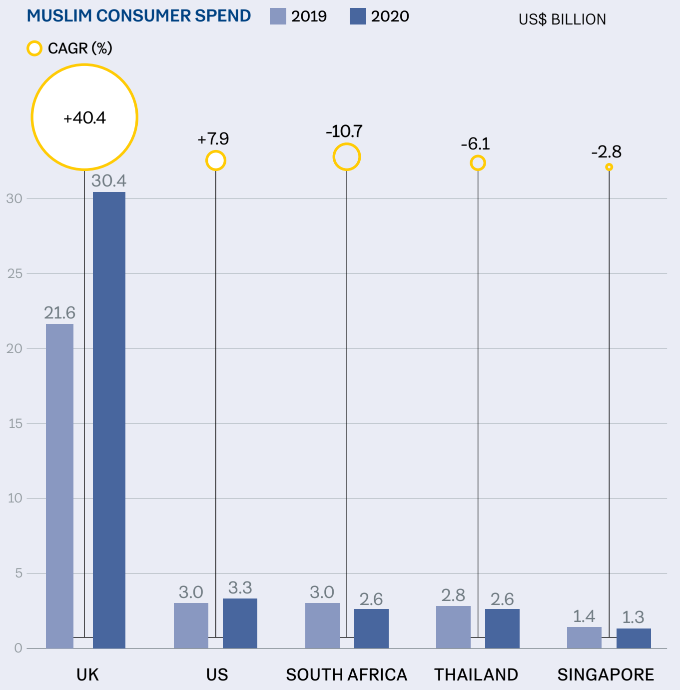


SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS

b. Benchmarking with non-OIC member countries

Of the top 10 countries globally with the highest Islamic finance assets, all are OIC member countries. The highest-ranked non-OIC member country is the United Kingdom, which is ranked 12th. In 2020, OIC member countries accounted for 98% of global Islamic finance assets.

Top 5 non-OIC by Islamic Finance Assets



SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS

2. INVESTMENTS SIZING AND LANDSCAPE

In 2021, finance deals accounted for 23% of all transactions in OIC countries. The total deal value is US$1.8 billion. 53% of the target companies deal with fintech-related work. Payments and money lending are also popular sub-industries receiving investments. Most of the deals are related to conventional finance.

OIC MEMBER STATES INVESTMENT DEALS IN ISLAMIC FINANCE

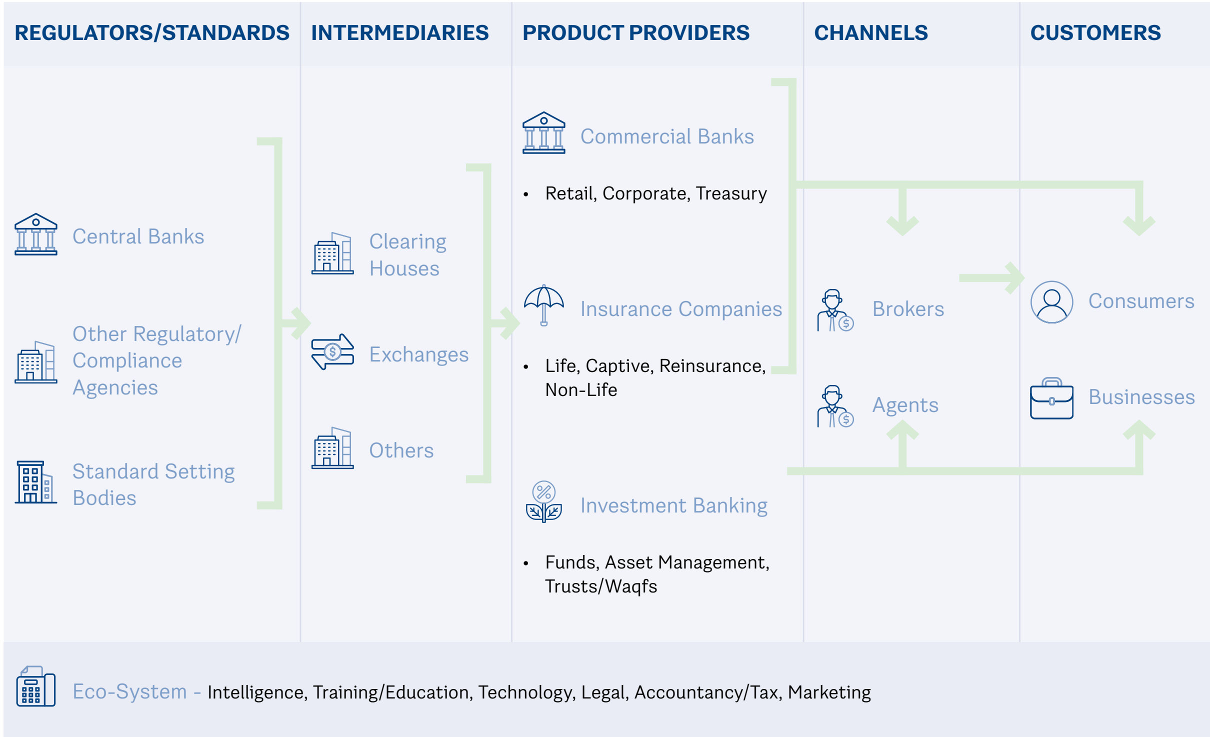
COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
Egypt	Merger/Acquisition	Financials (Primary)	Bank Audi SAE	600,000
Nigeria	Venture Capital	Financial Services, Fintech, Mobile Apps, Mobile Payments	OPay	400,000
Egypt	Merger/Acquisition	Financials (Primary)	CI Capital Holding for Financial Investments (S.A.E)	196,280
Egypt	Venture Capital	Banking, Financial Services, Micro Lending	MNT-Halan	120,000
Saudi Arabia	Private Equity	Financial Services, Fintech, Mobile Payments, Payments	Tamara	110,000

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

3. SECTOR VALUE CHAIN

The Islamic finance value chain includes regulators, intermediaries, product providers and channels, and is supported by an ecosystem. Every segment of the financial industry value chain is impacted by Islamic financial services needs.

ISLAMIC FINANCE SECTOR VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN

8.2. Islamic Finance Sector OIC Developments and Opportunities

Islamic finance is still recovering from the consequences of the pandemic. The resurgence of the industry is critical to the wider Islamic economy, which relies heavily on Islamic financing. Furthermore, it is proof that both the public and commercial sectors are firmly committed to the principles of Islamic banking, investment, and insurance (takaful). Sustainable investments are also being bolstered. The use of financial technology (fintech) is also helping Islamic financial services get a larger share of the OIC nations' financial markets.

1. CONSUMER DEVELOPMENTS

IN ISLAMIC FINANCE, ACCESS TO CREDIT IS STILL A PROBLEM, ESPECIALLY FOR WOMEN AND SMALL BUSINESS OWNERS.

- There are 800 million unbanked Muslims in the world, and the majority of them are women.[207]

- MicroLEAP, a Malaysian peer-to-peer (P2P) microfinance provider, plans to offer additional Islamic P2P products, such as auto financing and invoice financing, to assist in boosting access to such funding.[208]

ISLAMIC CHALLENGER BANKING IS BECOMING A POPULAR FIELD IN ISLAMIC FINTECH.

- For the establishment of the first Turkish Islamic digital bank, Malaysia and Türkiye have joined forces. An agreement has been made between Malaysia's Boustead Holdings and Türkiye's Great East Capital (GEC) to build an Islamic neo bank, which will be the first of its kind in the world.[209]

- Cloud-native digital banking application, Be U, has been formally released by Bank Islam Malaysia Berhad. Customers may now complete their financial transactions digitally. The first-of-its-kind technological stack, the cloud-native solution, is expected to form the foundation of all future digital banks in Malaysia.[210] On that note, Bank Islam also partnered with Kestrl, a UK-based Islamic fintech, to develop and implement personal financial management (PFM) features in its 'Be U' app.[211]

- BLME's Kuwaiti Boubyan Bank Group has established Nomo, a digital Islamic bank in the United Kingdom. As a result, the UK Islamic challenger banking sector is now considerably more competitive than it was before.[212]

- The world's first Islamic digital bank targeting youth was founded by Abu Dhabi Islamic Bank (ADIB).[213]

NEW PLATFORMS AND SOLUTIONS ARE DEVELOPING IN THE SME ARENA TO SOLVE THE PERSISTENT PROBLEM OF NEW MUSLIM ENTERPRISES ACCESSING FINANCING, INCLUDING SOLUTIONS FOCUSING ON MICRO-SMES AND SUKUK THAT ENHANCE LIQUIDITY.

- To assist small and medium-sized firms in Asia, the Middle East, and Africa that operate according to Islamic principles, Standard Chartered Saadiq, the British bank's worldwide Islamic banking brand, has created a US$100 million Islamic financial initiative. Halal360, part of the bank's broader strategy to aid businesses in the Middle East and North Africa, is also focused on helping corporations and multinationals in a number of significant halal markets.[214]

- An Islamic microfinance program called Tamam has been introduced in Saudi Arabia through the Tamam app.[215]

- Tokopedia and BNI Syariah, both Indonesian companies, are working together to help small businesses get access to credit.[216]

- An Islamic liquidity solution and SME sukuk may be launched by Bedford Row Capital, a boutique structuring firm in the United Kingdom.[217]

- PT Alami Fintek Sharia, an Indonesian Islamic peer-to-peer enterprise, has begun the acquisition process of a rural bank and expects to complete the 50 billion rupiah (US$3.5 million) transaction by the end of the first quarter of 2023. The deal will see Alami rebrand PT BPRS Cempaka Al-Amin as Bank Hijra. The fintech will modernize the rural bank's infrastructure, allowing it to provide more competitive services.[218]

OPPORTUNITY

1. *Most economies rely heavily on small and medium-sized enterprises (SMEs). Therefore, it is no wonder that Islamic fintech solutions have evolved to address the lack of shariah-compliant financing for these businesses.*
2. *A turning moment is nearing in Islamic social finance, particularly Islamic microfinance. The pandemic's impact on the poorest sectors of the population in both OIC and non-OIC nations is a major factor.*
3. *Increasingly, Islamic banking is embracing digital technology in an effort to broaden its reach and improve efficiency.*

2. TRADE DEVELOPMENTS

ONGOING STAGFLATION* AGGRAVATED BY THE UKRAINIAN CRISIS AND RECENT US FED INTEREST HIKES ARE IS FORCING THE OIC ECONOMIES TO BE SELECTIVE ON IMPORTS.

- To alleviate the economic strain caused by high import payments, the Bangladeshi central bank has tightened LC regulations and doubled the margin for all imports, save for a few necessities. Instead of the previous 25%, the Bangladesh Bank has instituted an onerous 50% cash LC margin requirement on all non-essential commodities. In addition, the minimum LC margin for high-end automobiles like SUVs and sedans, as well as electrical and electronic devices that are utilized in the house, has been increased from 25% to 75%.[219]

INCREASED SUPPORT FROM MULTILATERALS IS ALSO BEING SEEN AND IS KEY TO EASING THE PRESSURE ON DEPLETING FOREIGN CURRENCY RESERVES.

- Global wheat importer Egypt now has access to a US$6 billion credit line from the International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank Group. The North African country's central bank will have less pressure to provide dollars as a result of this facility.[220]

ITFC-IDB.ORG

SHARIAH-COMPLIANT SUPPLY CHAIN FINANCING IS GAINING TRACTION THROUGH INNOVATION.

- The Saudi British Bank (SABB) has executed its first shariah-compliant supply chain financing (SCF) transaction as part of its efforts to provide assistance for customers procuring products both locally and globally. Almunajem, one of Saudi Arabia's top food producers, inked a shariah-compliant SCF arrangement with SABB in September, which the bank claims is the first of its kind in the country. Almunajem's suppliers will be able to use SABB's pre-existing SCF platform to get early payment financing that conforms with Islamic finance standards.[221]

DISRUPTIVE SUPPLY CHAIN FINANCE SOLUTIONS ARE INCREASING IN NUMBER.

- To help expand its shariah-compliant, multi-bank supply chain finance (SCF) and peer-to-peer (P2P) financing arm, CapBay Islamic, a Malaysian company, has obtained RM30 million (US$7.1 million) from Kenanga Capital Islamic, a subsidiary of Kenanga Investment Bank Berhad (KIBB).[222]

OPPORTUNITY

1. *Macroeconomic trends are affecting imports in OIC countries. It presents an opportunity to focus on homegrown produce and improve intra-OIC trade relations.*
2. *As more financial institutions are providing shariah-compliant trade finance solutions, it will become easier for traders to manage their financial viability.*
3. *Disruption in the SCF industry with proper injection in capital will improve the connectivity between importers and exporters, resulting in increased penetration.*

* Stagflation is an economic state characterized by weak economic development, significant unemployment, and price inflation.

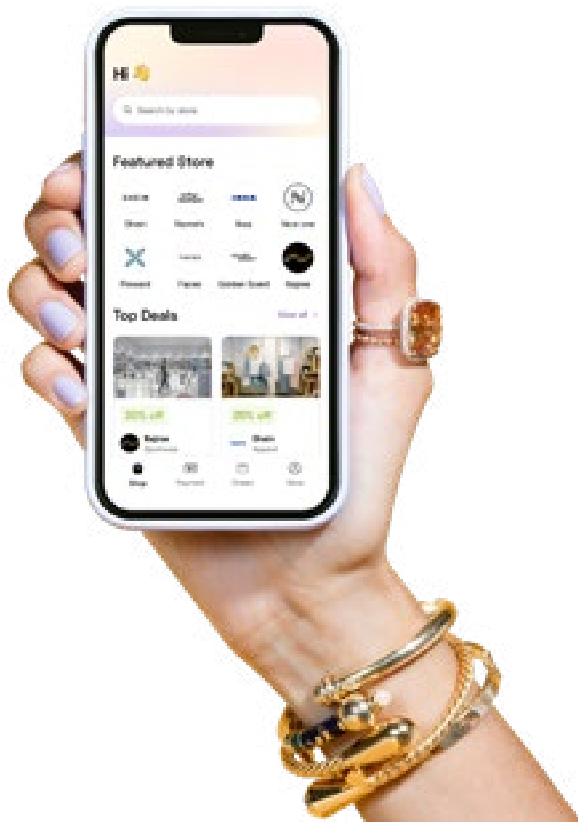
3. INVESTMENTS DEVELOPMENTS

THE FLOW OF CAPITAL INTO AND OUT OF OIC NATIONS IS UNABATED, THANKS TO COLLABORATIONS AT THE EARLY-STAGE FINANCE LEVEL AS WELL AS SOVEREIGN WEALTH FUNDS.

- MENA-based startups attracted more than US$1.2 billion in funding in the first half of 2021, representing 64% year-on-year growth.[223]
- Ata Plus, sponsored by six Islamic banks, including Malaysia's IAP Integrated and Ata Plus, are embracing crowdfunding to enhance investment choices for SMEs and entrepreneurs.[224]
- Indonesia's national wealth fund will receive a US$10 billion investment from the UAE.[225]

FINANCIAL TECHNOLOGIES THAT ADHERE TO ISLAMIC LAW ARE MATURING, WHILE OIC ISLAMIC FINTECHS ARE GAINING TRACTION BECAUSE OF NEW FINANCING SOURCES.

- Global Islamic Fintech Report 2022 has identified 375 Islamic fintechs, and the Islamic fintech market size was US$79 billion in 2021, according to the report's findings (based on transaction volumes). At a compound annual growth rate (CAGR) of 17.9%, the industry is projected to grow to US$179 billion by 2026.[226]



TAMARA.CO

- Wa'ed Ventures, the venture capital arm of the Saudi Aramco Entrepreneurship Center, provided US$50 million in Series B investment to Wahed Invest, with HSBC serving as the principal financial adviser. Footballer Paul Pogba, Wahed's brand ambassador, was also an investor in this round, along with a number of significant family offices and institutions.[227]
- BNPL Fintech Tamara, located in Riyadh and headed by checkout.com, has secured US$110 million in a fundraising round. This is the most a MENA fintech company has ever raised.[228]
- Sadapay, a Pakistani financial startup, received US$7.2 million in the country's largest-ever seed round.[229] The Saudi Arabian-based lender, Lendo, has received US$7.2 million to support its SME marketplace platform, which is shariah-compliant.[230]
- More than US$37.5 million has been raised by Alami, a shariah-compliant P2P SME lending platform with aspirations to become a digital bank in various rounds of equity and debt financing in Indonesia.[231 232]

SUKUK ISSUANCE FELL AMONG LIQUIDITY CRUNCH AND OIL PRICE VOLATILITY.

- Due to a combination of factors such as higher oil prices and decreased, more expensive global and regional liquidity, a number of countries that are central to the Islamic finance industry saw a decrease in the volume of sukuks they issued in 2022.[233]
- Sukuk issuance denominated in US dollars from the GCC, Malaysia, Indonesia, Pakistan, and Türkiye (including multilaterals) declined by 17.2% quarter-over-quarter in the 2nd quarter of 2022, while US dollar bond issuance declined by 63.8%.[234]
- Because of the rise in oil prices, the majority of the major oil-exporting sovereigns have less of a need for additional finance. Contrarily, in the first half of 2022, all of the

major oil-importing sovereigns—Indonesia, Türkiye, and Pakistan—issued sukuk denominated in US dollars.[235]

- Following the call for closer scrutiny and institutional reform in the sukuk issuance and structuring process, the Accounting and Auditing Organization for Islamic Financial Insititutions (AAOIFI) published Sharia Standard 59, which has been implemented in some major jurisdictions, such as the UAE. Although this is a step in the right direction, issuers are still processing the revisions in the sukuk documentation and dealing with additional AAOIFI-compliance complexities.[236]

SAUDI ARABIA HAS INTRODUCED A NEW ISLAMIC INDEX.

- The Mubadala fund in Abu Dhabi is launching a whole new ESG unit.[237]
- The Employees Provident Fund (EPF) in Malaysia is optimistic about ESG as a "vaccine for any crisis."[238]
- Asset management Norrenberger has introduced an Islamic ethical fund in Nigeria, one of the most important markets for Islamic finance on the world stage.[239]

THE CONFLUENCE OF ESG AND ISLAMIC FINANCE IS SOMETHING THAT SOVEREIGN WEALTH FUNDS AND ASSET MANAGERS CONTINUE TO SEE IN A FUNDAMENTALLY OPTIMISTIC LIGHT.

- Tadawul, the Saudi stock exchange, has introduced the Tadawul All Share Index (TASI). Stocks of shariah-compliant firms traded on the Saudi stock market will be included in the index. The kingdom is eager to foster growth in the industry and to draw in Islamic finance investments from all over the globe.[240]

OPPORTUNITY

1. *Scaling up will be a primary focus for Islamic fintech companies in the years to come since they are still in the early stages of fundraising.*
2. *It is expected that there will be waves of consolidation, as well as increases in access to finance, as a growing number of investors become aware of and drawn to viable Islamic fintech offerings.*

8.3. Case Studies

Nigeria (OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

IF ASSETS (US$ BN)

LOCAL CHAMPIONS

TrustBanc, Jaiz, TAJBank, Lotus Capital, NOOR TAKAFUL

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Domestic champions such as Lotus Bank Limited, TajBank, and Jaiz Bank, which is planning to expand Islamic banking services to countries in sub-Saharan Africa.[241]

DOMESTIC PROPOSITION

- The size of the Nigerian Islamic finance industry is estimated to have reached US$2.3 billion at the end-2021, with outstanding sukuk being the largest segment at 66%, followed by Islamic banks at 32% (total assets), and the remaining 2% between Islamic funds (total assets) and takaful (total contributions).[242]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The Federal Government of Nigeria issued a 10-year sukuk raising NGN250 billion (US$0.6 billion) in 2021, its fourth issuance since 2017 with more than 3.5x subscription.[243]

PRODUCTION CAPABILITIES

- Well-connected to international financial markets and well-developed banking sector with a high level of banking penetration (44.2% vs. regional average of 17.8% for West Africa).[244]

OPERATIONAL SUPPORT ECOSYSTEM

- Ahmadu Bello University provides undergraduate and postgraduate Islamic banking courses.[245]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

Starting in 2016, the Central Bank of Nigeria (CBN), in collaboration with the Islamic Financial Services Board [IFSB], has launched a series of technical workshops to enhance the implementation of Islamic Financial Service Standards in the country.

Singapore (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

IF ASSETS (US$ BN)

LOCAL CHAMPIONS

KAPITALBOOST, Maybank Islamic, CIMB ISLAMIC

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Domestic champions such as OCBC Bank, the second-largest banking group in Singapore by total assets, have expanded their Islamic banking services in the region with their Islamic banking subsidiary "OCBC Al-Amin" in Malaysia and Indonesia.[246]

DOMESTIC PROPOSITION

- Singapore's banks hold assets of around US$2 trillion, but the asset management industry is bigger: US$3.5 trillion in 2020.[247]
- Global players present include HSBC, Citibank, Standard Chartered, and BNP Paribas.[248]
- Foreign Islamic banks present include Maybank Berhad and Noor Islamic Bank.[249]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The government is supporting innovation in fintech by introducing incentive schemes and grants through the Monetary Authority of Singapore (MAS).[250]

PRODUCTION CAPABILITIES

- An international finance hub, the third largest in Asia, after Japan and Hong Kong. More than 200 global companies are listed on the SingaporeExchange(SGX).[251]

OPERATIONAL SUPPORT ECOSYSTEM

- The FTSE ST Singapore Sharia Index was launched in 2018 to track shariah-compliant companies listed on theSGX.[252]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

The Monetary Authority of Singapore (MAS) Financial Sector Technology and Innovation (FSTI) POC scheme offers funding for the financial services sector in support of the development and dissemination of innovative technologies.

8.4. Opportunity Assessment and Recommendations

OIC countries may gain from tech-enabled disruptions in Islamic banking in the post-pandemic stagflation setting, but more cooperation is needed to achieve their full potential. Prudent long-term strategic and short-term tactical planning is needed. Retaining strong ties with the local financial services business and communicating about lines of credit, as well as other risk-reducing measures, are also crucial. It is critical for OIC stakeholders to understand their target markets and the competitive landscape in those areas to better serve their consumers.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

Micro, small and medium-sized enterprises (MSMEs) still provide a lot of untapped market opportunities:

- The MSMEs sector acts as the backbone of a healthy economy, and its function has never been more vital in developing economies; over 90% of the world's economic activity and more than half of the world's employment are constituted by MSMEs.
- In developing countries, MSMEs provide over half of the GDP. If the unorganized sector is taken into account, these numbers might rise dramatically. Small and medium-sized enterprises (SMEs) play an important role in bigger enterprises' supply chains.
- OIC nations have a far higher percentage of MSMEs per 1,000 people than the rest of the world, with 53.2 firms per 1,000 people, compared to the worldwide average of 25.2 enterprises per 1,000 people.[253]

The digitalization of Islamic Trade Finance (ITF) goods and services:

- Only three of the top 50 nations in the Global Innovation Index (GII) 2021 were Muslim-majority; the UAE, Malaysia, and Türkiye. None of the top 30 nations were predominantly Muslim.[254]
- Together with standardization and simplicity, digitalization will assist in addressing the complexity that comes with fulfilling a variety of shariah criteria while also ensuring that transactions are handled on time.
- This is consistent with the input provided by some of the firms, which said that there is no problem, regardless of whether it is Islamic or conventional, if they can quickly fulfill the requirements.[255]
- For instance, Emirates Islamic bank, which is situated in the UAE, has created an online ITF supply chain platform called "El Trade." It is a cutting-edge electronic solution that enables clients of the bank, whether they are individuals or businesses, to speed up their transactions, lower their expenses, and do it in a safe and simple manner. It injects new life into the operations of the ITF in the UAE and across the region.

Customized products are favored by specific markets:

- When conducting business with regular clients in other countries, multinational organizations frequently use internal resources to finance transactions with other companies.
- Inter-company credit will be utilized when the buyer directly accords the credit to the seller (buyer's credit), or inversely by the seller to the buyer (seller's credit), depending on the ability of one or the other to extend credit and the moment at which the two parties agree that the final payment is due.
- The ability of businesses (i.e., large suppliers) to extend credit to their trading counterparties (buyers) in supply chain relationships is enhanced by opportunities for the firms to discount their receivables or to mitigate payment risk by purchasing trade credit insurance. Both options need to be more available in the market.
- Additionally, buyers and sellers who have a history of working together may opt to settle transactions on an open account. This indicates that the credit for delayed payment is automatically awarded by any one of the parties involved in the transaction.

Taking advantage of end-to-end services for different consumer segments:

- End-to-end services are provided by financial institutions for certain market segments, particularly new markets. The importance of individualized product design becomes ever more important here.
- In addition, the various requirements of SMEs need the development of innovative products such as P2P, SCF, etc. One of the obstacles that international financial institutions (IFIs) must overcome is the issue of competing with conventional global banks, which have robust capabilities in servicing the trade financing demands of their customers.
- Trade finance programs, such as the International Finance Corporation's Global Trade Finance Program (TFFP-IFC), and the Asian Development Bank's Trade Finance Program (TFP-ADB), provide an opportunity for local banks to develop their capabilities through partnerships with multilateral organizations.
- These partnerships could be leveraged to build capacity and upscale.

Digital-savvy youth demographic:

- The OIC markets' predominant population is young, with a significant base of customers who want to incorporate their religion into all aspects of their lives. In 2016, two-thirds of Muslims worldwide were under the age of 30.[256]
- This demographic is comprised of young, digitally aware Muslim customers who wish to integrate their religious beliefs with their financial activities.
- According to DinarStandard's State of the Global Islamic Economy 2022 report, Muslim Millennials are more likely to spend on modest fashion, hold shariah-compliant or ethical bank accounts, and travel to Muslim-friendly destinations.
- At the same time, these generations prefer financial services on a digital platform. For example, in 2021, in Saudi Arabia, the total amount of transactions conducted by digital payment methods recently surpassed that of cash for the first time.[257]

OBSTACLES:

Lack of uniformity:

- The worldwide Islamic finance sector is disjointed and characterized by a lack of uniformity in regulatory and disclosure frameworks as well as regulatory and compliance standards.
- Despite the existence of industry organizations, their varied standards are not widely implemented or accepted in OIC member nations, let alone in non-OIC ones. They can only be adopted on a case-by-case basis.

Lack of disclosure practices:

- In the Islamic financial business, disclosure, openness, and data collection have been neglected for a long time. Reliable, unbiased, quality data is still a key barrier to industrial analysis.
- It is not uncommon for data to be missing, old, or trailing by five or more years.

- Many markets have an undeveloped disclosure culture – both at the policymaker, regulator, industry body, and market player levels.

Lack of of proper legal and regulatory structure for Islamic finance:

- One of the most significant obstacles is the absence of a well-defined Islamic banking and finance policy, as well as the necessary legal and regulatory structures to support it in most OIC countries.

- Consumer education and protection via deposit insurance schemes should be a part of the industry's reporting and auditing requirements, as well as product development and market depth.

- Government, market, multilateral, and private sector assistance is necessary at every stage of the process.

Lack of practice of Islamic finance instruments in all transactions:

- Islamic finance is not practiced globally in the sense intended.

- In many traditional Islamic finance nations, shariah-compliant instruments are only used in the countries with whom they trade, invest, or collaborate on a reciprocal basis, and as a result, they do not have a worldwide reach.

Lack of uniform Islamic finance accreditation/education:

- While there is a wide range of options, education accreditations are disjointed and do not include independent examination or monitoring in most cases.

Unemployment of Islamic finance graduates:

- The disparity between the number of Islamic finance graduates and employment prospects persists, in part because certain courses are not bankable, meaning that graduates cannot find work in the Islamic banking and finance industry.

RECOMMENDATIONS:

Strategic recommendations

Make Islamic finance education and awareness accessible to the masses:

- Many underdeveloped nations and populations are unable to pay the costs of market education and specialized programs. The Islamic finance sector and ecosystem in emerging and non-traditional markets may benefit from operations like these if industry stakeholders devote some resources to them.

- The IsDB Group undertakes annual programs aimed at enhancing public and private sector capacity in a wide range of areas such as SMEs (small businesses), commerce, health, and transportation, among others. In this way, participants are able to get an understanding of the challenges they confront when completing transactions and projects from start to finish.

- Islamic finance education could be further strengthened in collaboration with member countries.

Need a globalization approach to Islamic finance:

- Islamic finance is a global phenomenon, not only a Muslim one, and anybody interested in alternative methods of financial management based on ethical and ESG criteria may use it. This idea needs to be pushed further.

- To succeed, all stakeholders and partners must buy into the idea, regardless of whether it is driven by government officials and legislators, as well as regulators and international organizations.

- If Islamic finance is to be perceived as bankable by states, their economies, financial institutions, businesses, and ordinary consumers while at the same time aligning with their development agendas in line with the United Nations SDGs, the just transition to clean energy and gender empowerment, it will require increased market education, technical cooperation, and product innovation.

- In November of 2022, the G20 will meet in Indonesia, which currently chairs the group of major economies. As a G20 side event, Indonesia will hold the 6th Annual Islamic Finance Conference in Jakarta on September 9. The COVID-19 epidemic has highlighted the importance of the G20's efforts to increase financial inclusion for the world's poorest and most marginalized people. Islamic finance has the potential to serve as a catalyst for social and economic benefits necessary to meet the United Nations' sustainable development objectives, and the summit and related events might be an excellent venue for making this case (SDGs).[258]

It is critical to standardize regulations and shariah standards:

- Having standardized regulations will result in the following benefits: cutting the cost of capital, promoting increased productivity, increasing legal enforcement, improving product and service interoperability across organizations, enhancing human resource capabilities, advancing risk management, improving consistency, and boosting fundamental profitability.

Achieving wealth equality:

- An increasing disparity in health and educational attainments throughout the world has been exacerbated by the rise in inequality.

- Islamic law prohibits the hoarding of wealth (kanz), and money is supposed to be used as a means of trade rather than a commodity to be held unnecessarily. Islamic social finance tools like zakat, awqaf, and sadaqah are becoming more important in the drive for a fairer distribution of income across all socioeconomic strata.

- Even if redistributive alternatives exist in Islamic finance that are steadily gaining traction, there is still a need for increased investment and awareness. Awqaf and zakat monies need to be collected, managed, and disbursed by effective organizations, all of which coincide with the United Nations Sustainable Development Goals no. 1, 2, 3, 4, 6 & 10.

- Under the auspices of the Islamic Development Bank, the Awqaf Properties Investment Fund (APIF) provides funding for waqf properties across the world that provide a steady stream of revenue for the benefit of beneficiaries in OIC nations engaged in philanthropic and humanitarian work. It provided US$114.40 million in paid-up capital and US$100 million in a line of financing, benefiting 55 projects across 28 member countries in areas such as education, health, and youth empowerment.[259]

- Over 1.2 million people in 14 countries benefited in 2021 from UNHCR's Refugee Zakat Fund distribution efforts. As a result of the Refugee Zakat Fund's 100% Zakat distribution policy, the organization has been able to help over 687,000 refugees and internally displaced. Over 596,000 people in 10 countries have benefited from Sadaqah donations totaling over US$11.7 million.[260]

Tactical recommendations

Cater to millennial and Gen Z consumer base:

- Stakeholders and industry participants alike must adjust to keep up with the rapid shifts being driven by younger generations in consumer tastes and behaviors.

- Several Islamic fintechs are currently operating in various regions, catering to the financial lifecycle demands of younger Muslim customers.

- Millennials and Gen Z are driving the development of fintech because they want companies to represent their values, and they want social features and individual learning opportunities built into financial products to make saving and investing more like a game. The millennial generation is often cited as an example of a socially aware generation because of the way in which members of this group see personal and societal responsibility for tackling problems like global warming, economic inequality, and bias.[261]

- This presents a chance for fintechs to further specialize in the development and promotion of their products and services. A wide range of customized Islamic financial options could be developed, including Islamic fintech products, services, and banking applications.

- Money management tools that track and gamify the financial habits of users and help improve the habit; providing a better alternative for existing buy-now-pay-later (BNPL) models; skill-sharing student financing schemes; community-based investing through robo-advisory, etc., could be further explored and offered.

Establishing national Islamic banking and finance institutes:

- Establishing national Islamic banking and finance institutes can enhance the capacity for the development and operations of products by Islamic financial institutions.

- They may serve as a vehicle for the advancement of the market, the dissemination of knowledge, and the free interchange of ideas.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

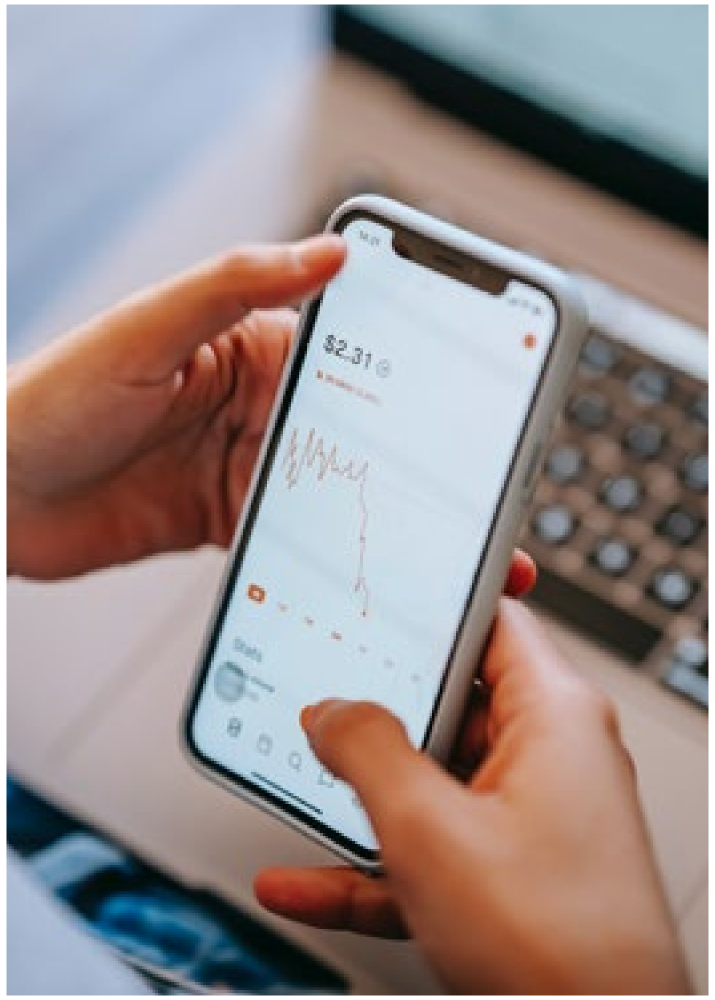
Islamic Trade Finance (ITF) may look more appealing:

- Economic recovery and GDP growth may be bolstered by ITF. It is possible that enterprises that previously relied on supplier credit rather than bank-facilitated trade financing may find trade finance particularly beneficial.

- A lack of adequate working capital may be a problem for these companies during a crisis, as revenues may be lost, and continuing expenditures may have increased. In addition, the weakened financial position of these enterprises may make them less suitable for regular bank borrowing.

Supply chain disruption brought back regionalization and diversification:

- New trade alliances are being formed through regionalization, diversification, and replication of supply chains.



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- Opportunities for commerce inside the OIC may grow as enterprises look for new suppliers closer to home. It is possible that Brunei-based firms may focus more on extending their supply chains to Malaysia and Indonesia than to countries on other continents. If this is the case, it is possible that trading partners may seek out or prefer the International Trade Forum.

- The scenario might be similar in the Middle East, West Africa, or South Asia, where there are numerous OIC member nations in close proximity. Companies in the region may find it simpler to get products and raw materials from their neighbors if ITF is made available in their area.

Asset-based nature of ITF suitable for Micro, Small and Medium Sized Enterprises (MSMEs):

- In theory, the ITF is based on actual assets and tied to their value. SMEs may now be able to get the credit they formerly could not (due to a lack of credit history or insufficient assets).

- Islamic banking's asset orientation may therefore be a way of financial inclusion even for customers who have no religious objections to traditional financing.

Trade-in services will persist through post-pandemic stagflation:

- There are potential tailwinds in services. While trade in products seemed to have hit its limitations before the pandemic, trade-in services have not yet done so to that extent.

- Many services, including financial ones, may be provided from across the border if governments can agree to eliminate needless obstacles to communication and operation.

Use of fintech in ITF:

- Fintech is being utilized to handle financial operations more effectively. The rise of fintech has led to a significant reduction in transaction costs since most transactions are now carried out online. Even micro and small-scale businesses may now reach their full potential thanks to the integration of fintech into supply chains.

- As a result, supply chain finance is becoming more of a service. For each firm, it creates a custom ecosystem by combining multi-product platforms with AI and cloud-based app technologies.

- Using digital data and relationships, fintech companies may guarantee that the advantages of supply chain financing are extended to smaller companies. Businesses that are typically overlooked by conventional lenders will now have access to low-risk funding solutions.

- Sales, turnover, profitability, and credit costs are all increased for everyone in the supply chain, not just the small firm. In addition, it aids financial institutions in building long-term partnerships with SMEs.

OBSTACLES:

Post-pandemic stagflation affecting currency reserve and capital:

- Recent US Fed interest hikes to combat inflation is leading to a flight of USD from countries back to the US.

- The hike is leading to a demand for USD, which is depleting the OIC emerging countries' foreign currency reserves.

- This hike is also aggravating the already existing inflationary situation in countries further, decreasing the purchasing power of local currencies.

- The weakening power of local currencies coupled with the depleting foreign currency reserves are also affecting import of goods day by day.

- On the flip side, it may increase income from export for export-oriented economies.

Aggregate demand affected by stagflation:

- Stagflation occurs when inflation rises as economic growth slows. For policymakers, stagflation is a challenging economic climate. Keeping inflation under control necessitates a monetary contraction, which in turn, reduces the aggregate demand for goods and services.

- The demand for goods and services by individuals, businesses, and the government will all be squeezed.

- In this situation, economic recession and increased unemployment are both possible. This unfavorable situation affects all economies. It will have a significant impact on underdeveloped and emerging economies of OIC.

Global political unrest:

- Due to the Ukraine crisis, commodity prices on the global market are volatile, and disruption in global supply networks persists.

- Inflation will continue to rise as a result of these worldwide trends. This will make it more difficult for monetary authorities to regulate inflation.

- Because of their shrinking foreign currency reserves, many developing and emerging market economies are even more reliant on food and energy imports. Developing countries will face a new sort of public policy issue as a result.

Supply chain disruptions:

- The pandemic affects every section of the value chain, from raw material procurement to consumer delivery. The majority of firms throughout the world are being put to the test in terms of their operational, financial, and organizational resilience. Many companies have been exposed to risks and resilience gaps as a result of COVID-19.

- Supply chain disruption causes items to build up in storage, which in turn, affects ships that are on their way to ports through diversion or slowing down when they reach important transit hubs, impeding global commerce and reducing firms' ability to import products and replenish their stock of inventories.

- The resumption of normalcy will take some time, even if these delays reduce and sea and airfreight access is restored to pre-pandemic levels.

Delay in payments and resulting fines:

- Because of the pandemic, many banks were unable to process paperwork on-time globally.
- Banks are now charging more because customers are delaying their payments.
- Usually, when a Letter of Credit (LC) is opened, the issuing bank agrees to pay in accordance with the terms and circumstances of the LC itself and ICC (International Chamber of Commerce) rules, specifically UCPDC (Uniform Customs and Practice for Documentary Credit) and ISBP (International Standard Banking Practice).
- Banks that postpone payment after providing an LC to a counterparty until they receive all required documentation, such as those listed above, are technically violating the counterparty limit they have with that counterpart.
- Many banks have gone so far as to file complaints with the ICC against banks, some of which are OIC based, that failed to make payments despite submitting legal documentation.

Challenges of International Finance Institutions (IFIs) in using factoring:

- When it comes to trade finance, international factoring is becoming more popular as an alternative to more traditional methods, such as Letters of Credit (LCs).
- Because the factoring company discounts the invoices' face value by 70-90%, depending on the customer's credit history and the nature of the selling company's business model, factoring is an expensive method of financing. This lowers the selling company's profit margin.
- Selling company fully gives the charge of collecting invoices to the factoring company and pays more attention to money collection methods which impairs the company's relationship with their customers.
- A firm that provides factoring services may impose credit limitations on its clients' accounts on an individual basis.
- To reduce its obligation to bad debtors, the selling corporation may have to pay a premium.
- In certain cases, clients may choose to work directly with the selling firm rather than a factoring firm.

RECOMMENDATIONS:

Strategic recommendations

Standardized legal framework and market education:

- Policymakers, legislators, and regulators are at the heart of finance. When there is no cross-border law allowing or regulating Murabaha contracts, for example, promoting Islamic trade financing is difficult.
- Legal frameworks and market education related to credit enhancement and de-risking techniques are essential for the promotion of credit and investment insurance (Takaful).
- Even if the development is admirable, it has to be accelerated significantly, particularly in today's environment of increased uncertainties, supply chain disruptions, and war zones, which all impact OIC member nations as well as other regions of the globe.

Post-pandemic trade policy:

- For OIC countries facing depleting foreign currency reserves, the optimal approach may be:

  a. optimizing government spending and

  b. maintaining stability in external accounts (that is, the balance of payments and stable foreign currency reserves).

Re-evaluate and re-invent long-term supply chain and its finance:

- Empty shelves and extended purchase lead times are becoming more common for customers as manufacturers compete for a limited supply of critical commodities and logistical infrastructure.
- Post-pandemic normal is opening the road for the industry to evaluate and invest in long-term supply chain plans. Industry is being compelled to solve numerous long-standing supply difficulties, re-engineer product standards, and develop more robust and cost-effective supply chains that may position their particular firms as leaders in this new normal.
- It is true that focusing on "one major trading partner" comes with a certain amount of risk, but there are plenty of companies that have solid relationships with a single large supplier, one large customer (or export market), or one major partner in the supply chain.
- After the COVID-19 downturn, many firms are seeing the need to improve their supply networks by finding new trade partners. Supplier diversification, new markets and clients, as well as new modes of financing, transportation, and logistics are all on their radar.

Tactical recommendations

Preparedness for post-pandemic stagflation policy side-effect:

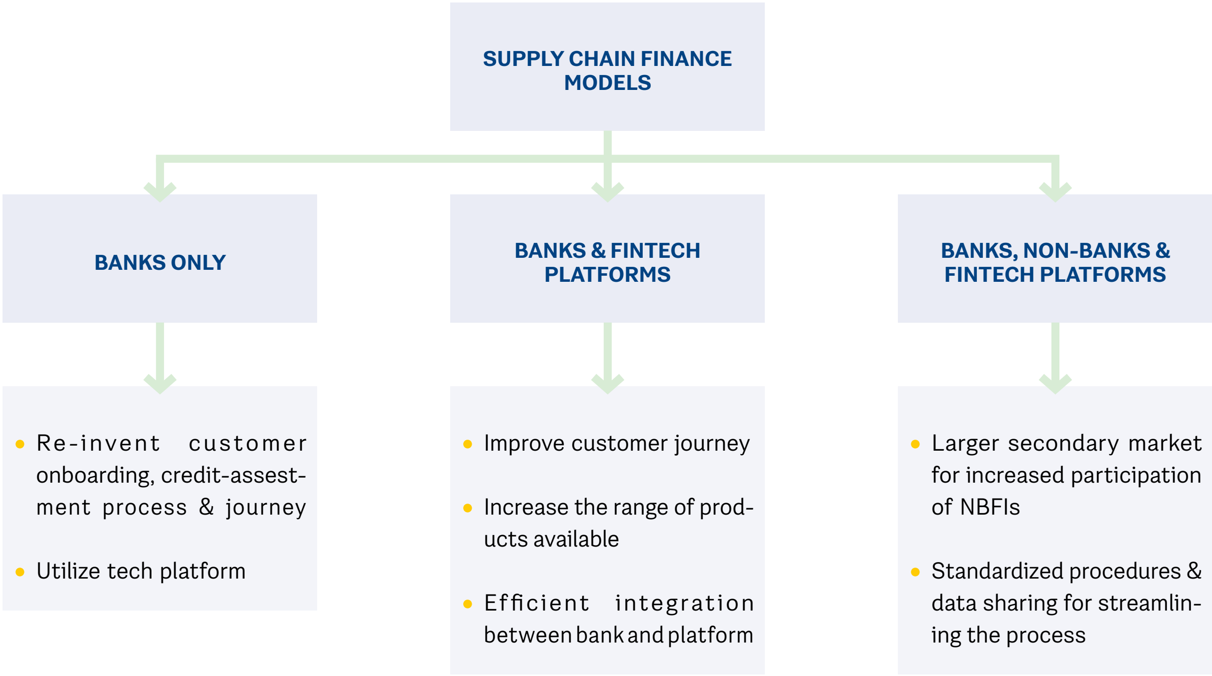
- For developing nations, interest rate rises from the US Federal Reserve and other central banks are expected to exacerbate the global debt problem. Higher interest rates in the United States, and consequently an increase in the value of the USD, might make it more difficult for nations to pay their dollar-denominated debts.
- It would have a long-term impact on the Islamic trade finance industry as a whole.
- Use of foreign exchange reserves must be prudent.
- In order to strengthen remittance flow, all stakeholders must be involved.
- OIC nations have to expand their trade ability to engage in the international commodity market.

Use of multilateral and supranational export credit agencies:

- Governments may use credit guarantees and export insurance programs to help the private sector during economic downturns without putting a strain on public finances.
- Risk of non-payment or default by obligors is covered by credit insurance for exporters and their banks. Risk reduction and management are the primary goals of credit insurance, which is used by banks to protect their customers and their businesses from financial losses.
- To provide one example, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a member of the IsDB group, stepped in quickly to provide much-needed assistance to Member States by providing a variety of insurance options that secured continuous access to financing and safeguarded cross-border supply chains, ensuring that enterprises could continue exporting.
- Good risk underwriting, few corporate insolvencies, and government-backed and private reinsurance have all contributed to trade credit insurers being resilient in the face of the pandemic's consequences. Despite the Ukrainian crisis' recent effect on the global economy, credit insurers have begun to expand their risk appetite for new business.

Digitalization of the Supply Chain Finance (SCF):

- As a result of the large number of nodes and players in today's extended supply chains, many supply chain managers are concerned about losing control of their long-term operations.
- It is becoming more common for leading companies to use cutting-edge technology to increase supply chain visibility and therefore become considerably more responsive to big disruptions and unpredictability in their local, regional, and global supply chains.
- Having a better grasp of commodities will allow the stakeholders to better leverage the appropriate levers and determine the optimal buying price. Commodity purchasing choices are often influenced more by past experience than by a formal process. Making these choices requires careful consideration of the timing and amount of each transaction.



SOURCE: DINARSTANDARD ANALYSIS

Exhibit: Supply Chain Finance (SCF) models & digital transformation factors

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

New market for syndicated and investment funds:

- Syndicated and investment funds that are exclusively committed to Islamic Trade Finance (ITF) may provide a substantial opportunity in the current global climate, which is characterized by low returns for highly-rated instruments.
- They could provide additional funding to support the growth of forms of ITF that require greater cash outlays by financial institutions, as well as broaden the range of investment products that are made available to those who are in possession of large pools of capital and are looking for an adequate return on their investments (such as working capital financing, as opposed to shipping guarantees).

Investing in ITF-related securities may become lucrative:

- The creation of investment products related to trade finance portfolios might be attractive to numerous stakeholders given the issuer-friendly nature of the sukuk market, the high credit ratings held by top Islamic financial institutions (IFI), and the growing potential for ITF.
- If both exporters and importers had improved access to finance, they would be able to extend the scope of their commercial activity. Investors would have access to yield, which may be particularly desirable if it is anticipated that local and international interest rates would stay low for a significant amount of time.
- The potential for increased size and effect for financial institutions, as well as revenues for transaction arrangers, is a potential benefit.

VC winter may lead new wave of acquisitions in the Islamic finance arena:

- Although, since the stagflation and the interest rate hike, there has been a significant amount of capital flight, there are other signals as well. Japanese conglomerate SoftBank has sold a third of its Alibaba stock so far this year, earning US$22 billion.
- This was accomplished via the use of prepaid forward contracts, a derivative that allows SoftBank to generate money right away while still retaining ownership of the shares. Funding for SoftBank's second Vision Fund, which was having difficulty raising capital from other sources, constituted part of the proceeds from this round.[262]
- This has a signaling influence on SoftBank's follow-up fund, as it implies that SoftBank sees inexpensive investment and acquisition opportunities in this startup winter due to a significant reduction in valuation froth.
- Other sovereign or quasi-sovereign funds, including GCC ones, may follow suit.

OBSTACLES:

Capital flight post-pandemic:

- The global financial system will be rattled further if inflation rises to double digits in a few more developed economies. Because of the strong pace of inflation, benchmark interest rates would have to rise by the middle of 2023 by several hundred basis points.
- This further suggests that inflation will be in place until at least 2024 or beyond. This possibility has yet to be priced in the global financial markets. There may be a significant drop in prices as a result.
- The economies of developing and emerging markets (EM) will be deprived of financial resources.
- Capital flight to dollar-denominated assets is expected to pick up steam in the months ahead as the policy reversal continues. This means that growing economies, many of which are OIC countries that once had robust macroeconomic fundamentals, may face significant macroeconomic turbulence.

PEXELS/TIMA MIROSHNICHENKO

VC winter due to stagflation:

- Venture capitalists and private equity funds drove the rise of American technology enterprises. When it came to acquiring startups and joint ventures, the usage of special purpose acquisition corporations (SPACs) was commonly used.
- Because of low interest rates, this business has skyrocketed in the years after the global financial crisis and especially since January 2020. Excessive behavior persisted till the end of 2021 without abating.
- A large number of venture capital and private equity firms are in distress now that the US Fed is reversing its monetary policies due to inflation.
- It is estimated that technology stocks have lost billions of dollars. Cryptocurrency-related businesses are increasingly filing for bankruptcy protection.
- This will affect the still fledgling Islamic finance alternative investment sector as well. According to the CIBAFI, alternative investments represented only 0.35% of the global Islamic funds market in assets under management (AuM) in 2021.[263] The stagflation may aggravate the situation further.

Blockchain-based platforms and digital transformations need to provide bankable solutions:

- It was reported in June 2022 that blockchain-based trading finance platform "we.trade" will be closing down, with liquidators on standby. While IBM and 12 major financial institutions supported the platform, it was unable to raise the required capital to continue trading. This is a major setback for the project.

- Even though it was created by a group of 12 major European banks, just two of them had ratified it.[264]
- This is a lesson on why blockchain use cases on paper and then attracting big-name supporters still fail. It seems to be an instance of "solutions hunting for needs" rather than the opposite.
- The business model may have also been flawed in some other way. Blockchain-based Islamic trade finance platform startups and investors may learn from this.

RECOMMENDATIONS:

Strategic recommendations

Move towards sustainability:

- Diversifying into non-fossil oil areas is not only helpful but also required for the Middle East as a region that is both a net exporter and a large supplier of petrochemicals in the drive to achieve net zero emissions.
- This need is being felt by the GCC nations. For example, Saudi Arabia put in its Vision2030: "Reducing carbon emissions by more than 278 mtpa by 2030. Increase domestic renewable energy generating capacity to 50% by 2030. As part of the Global Methane Pledge by 2030, contribute to reducing global methane emissions by 30%."[265]
- This also opens up a wide variety of opportunities for development.
- Shariah-compliant trade finance products and services may play an important role in this transition to sustainability.

Multilateral entities may help decrease the risk premium borne by economies:

- It is possible to significantly improve the flow of private sector money into emerging and developing OIC countries, supporting investments in a variety of industries, by using de-risking methods in conjunction with trade and equity financing.
- Innovative de-risking solutions may be deployed in high-risk markets via partnerships with multilaterals. Multi-stakeholder cooperation is essential in releasing institutional investors' resources. The role of public and hybrid financing is critical here.
- De-risking private investment in developing nations via the use of effective capital instruments is something that the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a member of IsDB group, has a history of doing well.
- These could be leveraged and implemented on a wider scale.

Tactical recommendations

Net oil exporters can help economies facing oil and capital crisis:

- OIC oil-exporting countries are benefitting from an increase in oil price. They are also benefitting from USD interest increase as the oil trade is settled in USD usually.[266]
- They can use this surplus to help the other affected countries in the OIC.
- In fact, Saudi Arabia pledged US$10 billion in investments in Egypt across the health care, education, and agriculture sectors, and Saudi Public Investment Fund (PIF) already invested US$1.3 billion in company stakes.[267]
- This is also beneficial to the investors as this may provide them with diversification and capital gain opportunities through proper risk management.
- Other oil-exporting countries may follow this example to alleviate the crunch on trade, commodity, and foreign currency reserves of the affected countries.

Need more active role from VC and PE players:

- The COVID-19 pandemic hastened the digitalization of several industries in 2021, resulting in a surge in venture capital (VC) financing.
- OIC nations have also ridden the wave, although financing remains a major barrier for entrepreneurs and startups, indicating the need for more Islamic VC and private equity (PE) players.
- Saudi Public Investment Fund (PIF), Mohammed bin Rashid Innovation Fund, Saudi Aramco's Entrepreneurship Center Wa'ed, and other seed capital platforms are injecting more capital into the system. However, much more is required.
  - **a.** Saudi PIFs, the Saudi Egyptian Investment Co. (SEIC) and Prosus and Sanabil Investments are making waves. SEIC recently bought stakes worth US$1.3 billion in four Egyptian firms.[268] Saudi fintech firm FOODICS raised US$170 million from investors led by Prosus and Sanabil Investments.[269]
  - **b.** Mohammed bin Rashid Innovation Fund has around 77 members and recently added 20 more to its Innovation Accelerator (IA) program. Through its member-centric design, personalized services, and access to coaches and industry experts, the IA program enables globally competitive innovators to have a direct and beneficial influence on the economy of the United Arab Emirates (UAE).[270]
  - **c.** Saudi Aramco's Entrepreneurship Center Wa'ed recently led a series B funding for Wahed invest.[271]
  - **d.** Saudi-based Nama Ventures led a seed round for Faceki, a fraud prevention and identity verification platform in Bahrain.[272]
  - **e.** Master Works raised US$40 million in a private equity financing round led by Merak Capital.[273]
- Accelerators and incubators are needed for the startups to flourish and scale.
- New platforms and networks are still required to link investors and entrepreneurs.
- Investors are concerned about the paucity of later-stage Islamic technology ventures.
- Assisting young entrepreneurs who are full of enthusiasm but lack business mentors and direction is critical for building a healthy ecosystem and addressing investors' concerns about scalability and financial sustainability.

9

ISLAMIC HIGHER EDUCATION SECTOR

Islamic education is a key pillar of the halal economy serviced by primary schooling, higher education, and professional qualifications. Cross pollination of halal economy sectors is galvanizing Islamic education, a much-needed move to well educate industry and halal supply chain players. Islamic higher education is moving beyond doctrinal and social sciences to incorporate modern topics such as fintech and sustainability. But still, the Islamic higher education sector faces challenges with accreditations and retaining students, hindering growth. The industry needs to be more receptive to adopting the latest technologies, and key economic players (academia, government, industry, and society) need to collaborate to fill the gaps in the halal economy and finance experts through proper education and training.

The diversity within the OIC, plus the Muslims in the West, creates richness in Islamic education. We need to acknowledge that there must be a lot of interaction between universities. Collaboration is very important."

PROFESSOR DATO' DR. MOHD AZMI OMAR

PRESIDENT & CHIEF EXECUTIVE OFFICER

INCEIF UNIVERSITY (MALAYSIA)

9.1. Need for Islamic Education

1. RELIGIOUS CONTEXT AND HISTORY

SHUTTERSTOCK.COM/ UNIVERSITY OF AL-QARAWIYYIN

Knowledge and its attainment are central to the Islamic faith. The Qur'an makes these clear numerous times, including in the following verses, the first to be revealed to the Prophet (PBUH):

Read in the name of your Lord who created. Created man from a clinging substance. Read, and your Lord is the most Generous. Who taught by the pen. Taught man that which he knew not."

(CHAPTER 96 (SURAT AL-'ALAQ), VERSES 1-5)

The Prophet Muhammad (PBUH) also made it obligatory upon Muslims to seek knowledge and extolled its virtues, those who obtain it and impart it to others.

The history of education in the Muslim world has therefore been extensive, with Islamic education and instruction spreading to all parts of the world. It is, therefore, no surprise that the Islamic world also hosts the oldest existing and continually operating educational institution in the world, the University of Qarawiyyin, founded in 859 AD in Fez, Morocco.

2. ISLAMIC EDUCATION – A KEY FOUNDATION OF THE HALAL ECONOMY

The halal economy is anchored around the Islamic faith-inspired ethical needs of Muslims. Islamic education is one of those sectors whose core offering is affected by Islamic principles and values. Islamic education is a key pillar of the halal economy that is being driven by the needs of one billion plus users serviced by primary schooling, higher education, and part-time learning. Islamic education is delivered through Islamic-themed private schools, brick-and-mortar educational services from established universities such as Al Azhar in Egypt, or online Islamic education institutes such as Yaqeen, Iqra, AlMaghrib, etc.

In covering Islamic education, the scope of this report is to cover developments and opportunities in higher Islamic education, which includes universities, non-certified education, and professional qualifications.

Universities can be further divided into two dedicated categories: Islamic universities and universities with major Islamic degree programs. The report also covers non-certified education and professional qualifications offering non-academic courses such as training, workshops, seminars, and research that is academic in nature.

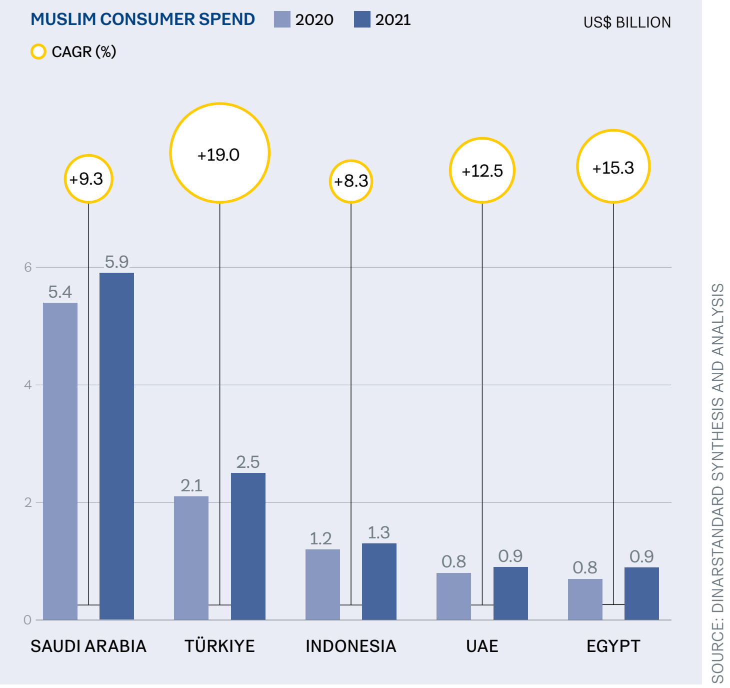
9.2. Islamic Education Sector Sizing and Landscape

Muslim consumers from OIC countries spent US$15.9 billion on tertiary education in 2021. This is forecasted to reach US$16.8 billion in 2022, a growth of 5.6%. Students studying Islamic education are interested in modern topics, such as fintech, artificial intelligence (AI), and sustainability being incorporated into the curriculum. Islamic education is also expanding from Islamic finance to other halal economy sector education.

1. CONSUMER SIZING AND LANDSCAPE

a. Consumer spending sizing and landscape

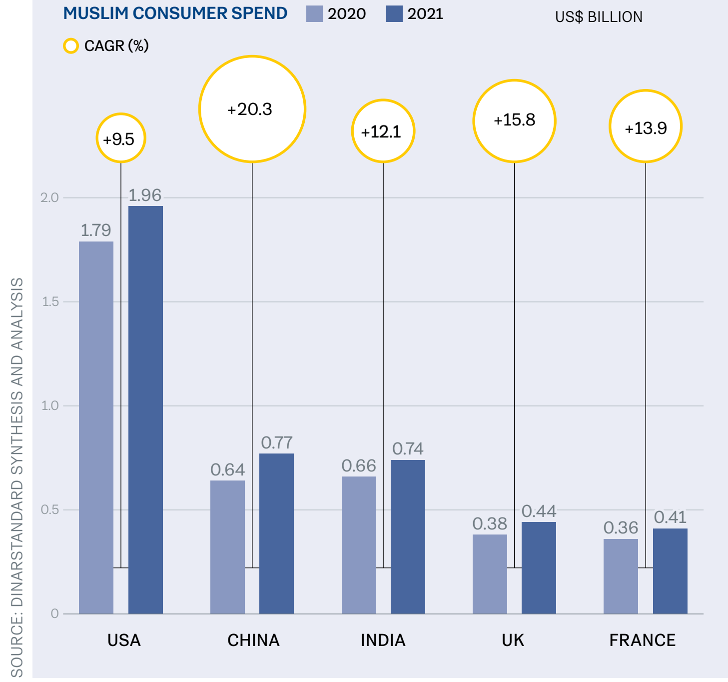
In 2021, Muslim consumer spend on tertiary education in OIC member countries was estimated to be worth US$15.9 billion. This is forecasted to grow a further 5.6% in 2022 to reach US$16.8 billion. The top three markets for 2021 are Saudi Arabia, Türkiye, and Indonesia. This remains unchanged from 2020. By 2026, spend is forecasted to reach US$21 billion, at a CAGR of 5.9%.



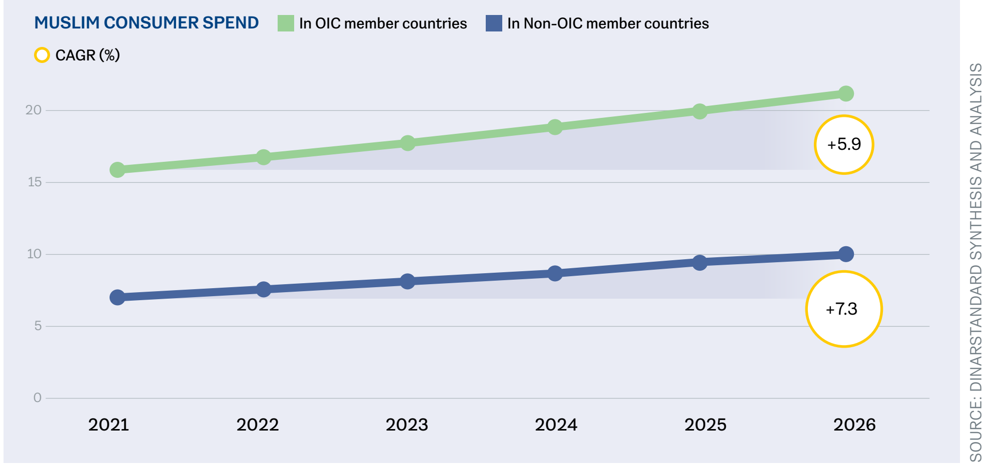
Top 5 Muslim Consumer Markets in the OIC for Tertiary Education

b. Benchmarking with non-OIC member countries

Of the top ten global Muslim consumer markets for tertiary education, three are non-OIC countries. These are the US, China, and India. In 2021, OIC member countries accounted for 69.3% of global Muslim consumer spend on tertiary education. While Muslim spending on tertiary education in the OIC grew at a CAGR of 0.9% between 2017 and 2021, their spending in non-OIC member countries grew at a CAGR of 3.0%. For the forecast period of 2021-2026, the expected CAGRs for non-OIC and OIC Muslim consumer spend are 6.4% and 5.9%, respectively.



Top 5 Non-OIC Muslim Consumer Markets for Tertiary Education



Forecasted growth for Muslim Consumer Spend on Tertiary Education

2. INVESTMENTS SIZING AND LANDSCAPE

Education deals with target companies in the OIC equated to US$75 million. Most deals were in the edtech sub-sector, which caught the attention of investors after the significant increase in demand arising from the pandemic.

OIC MEMBER STATES INVESTMENT DEALS IN EDUCATION

COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
Nigeria	Venture Capital	E-Learning, Software	uLesson	15,000
Indonesia	Venture Capital	Apps, E-Learning, EdTech, Education	Cakap	10,000
Azerbaijan	Venture Capital	E-Learning, EdTech, Education, Information Technology, STEM Education	Algorithmics	10,000
Indonesia	Venture Capital	EdTech, Education, Information Technology	CoLearn	10,000
Nigeria	Venture Capital	E-Learning, Software	uLesson	7,500

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

3. DRIVERS

LARGE, FAST-GROWING, AND YOUNG MUSLIM POPULATION.

The Muslim demographic is ultimately the most consequential and strongest demand driver of Islamic education. The global Muslim population reached 1.9 billion in 2021, covering almost 25% of the global population. The Muslim population is also growing twice as fast as the non-Muslim population.

Amongst the global youth, Muslims are the largest of all major religious groups.[274] Youth and young adults (ages 15-29) covered 27.3% of the Muslim population in 2020, which is anticipated to rise to 30% of the world's young population by 2030.[275]

RELIGIOUS AFFINITY IMPACTING EDUCATION.

Globally, more people favor an increased role for religion in their countries than 20 years ago. In a survey conducted by Pew Research, the highest percentages that were in favor of a more important role for religion were Muslim-majority countries: Indonesia (85%) and Nigeria (88%).[276] About 70-90% of Muslims in Asia-Pacific and MENA regions rate religion as "very important."[277] The increasing importance of religion in the lives of people could potentially impact the demand for religious knowledge and education.

PEXELS/ MONSTERA

A MATURING ECOSYSTEM OF ISLAMIC HIGHER EDUCATION PROVIDERS IN OIC AS WELL AS GLOBALLY.

The landscape of Islamic higher education providers is growing in OIC and globally. Universities aim to raise the quality of education to attract national and international students through hybrid modes of education (virtual/on-site), introduce innovative formats such as Massive Open Online Course (MOOCs)/modular mini or crash courses, and are receiving accreditations and quality certifications.

NEW DIGITAL EDUCATIONAL PLATFORMS AND PROGRAMS.

The pandemic has accelerated technology adoption in many ways. Higher education is one of the sectors positively impacted by the push. New formats and programs are proliferating to disseminate professional Islamic education through digital classrooms, MOOCs, and further dissemination of classes through social media platforms such as YouTube, Instagram, or even TikTok to attract and engage audiences.

NEED AND INTEREST IN MODERN TOPICS.

Islamic higher education is now moving beyond doctrinal and social sciences to incorporate modern topics as well, such as fintech, AI, and sustainability. Such areas attract tech-savvy and sustainability-conscious youth and bring in more practical and industry-led experiences to learning.

CROSS POLLINATION OF HALAL ECONOMY SECTORS IS GALVANIZING ISLAMIC EDUCATION.

While Islamic finance education has experienced massive growth in recent years, a focus on other halal economy sector education (such as halal food, modest fashion, and halal travel) is gaining prominence. Islamic education is a key enabler of the halal economy and is much needed to educate industry and halal supply chain players.

4. SECTOR VALUE CHAIN

Following is the value chain for the education sector. It is relevant for all educational institutions, such as K-12, higher education, and professional qualifications. The education value chain can be segmented into five key components: resource suppliers, curriculum development, education institutions, content delivery, and support/oversight. Within the value chain, there are eight halal touchpoints identified. This is where special attention is needed in terms of complying with Islamic principles, such as providing halal food, dedicated Muslim prayer spaces, and shariah-compliant financing solutions.

EDUCATION VALUE CHAIN WITH HALAL TOUCHPOINTS

Halal Touchpoints

RESOURCE SUPPLIERS	CURRICULUM DEVELOPMENT	EDUCATION INSTITUTIONS	CONTENT DELIVERY	END BENEFICIARY
• Infrastructure: Equipment and Supplies • Publishers • Human Capital • Software • Food and Beverage Suppliers • Physical Infrastructure	• Educational Boards • Advanced Academic Institutions • Advanced Profesional Institutions • Independent, Non-Certified Content Development	• K-12 • University • Dedicated Islamic Universities • Universities with Major Islamic Degrees • Non-Certified Education • Profesional Qualifications	• Location-Based Education Providers • Online Education	• Students
SUPPORT & OVERSIGHT	• Regulators, R&D • Financing	• Technology, Human Capital		

SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN

RESOURCE SUPPLIERS:

Essential inputs enable the delivery of educational services, including products, materials, and personnel. It includes infrastructure and equipment suppliers, publishers, human capital, software, food and beverage suppliers, and physical infrastructure. For example, the multilingual international Islamic publishing house – Darussalam.

CURRICULUM DEVELOPMENT:

Institutions determine the focus and segmentation of content across certificates and classes. It includes educational boards, advanced academic institutions, advanced professional institutions, and independent non-certified content developers.

EDUCATION INSTITUTIONS:

Various educational institutions serve different segments of education that include K-12, university, non-certified education, and professional qualifications.

The scope of this report is to cover developments and opportunities in higher Islamic education, including universities, non-certified education, and professional qualifications. Universities can be further divided into two categories: dedicated Islamic universities and universities with major Islamic degrees. Non-certified education and professional qualifications offer non-academic courses such as training, workshops, seminars, and research that may lead to higher degree academic qualifications.

CONTENT DELIVERY:

Institutions that deliver content and instruct students, either for certificates issued by themselves or a third-party institution. They include location-based education providers (in-campus universities such as Al-Azhar) and online education providers (MOCC such as Yaqeen institute).

LOGISTICS/SUPPORT AND OVERSIGHT:

Government and non-government institutions that set guidelines, as well as financial providers.

END BENEFICIARY:

Students are the ultimate beneficiaries of the education/qualification provided.

Education value chain diagram halal touchpoints

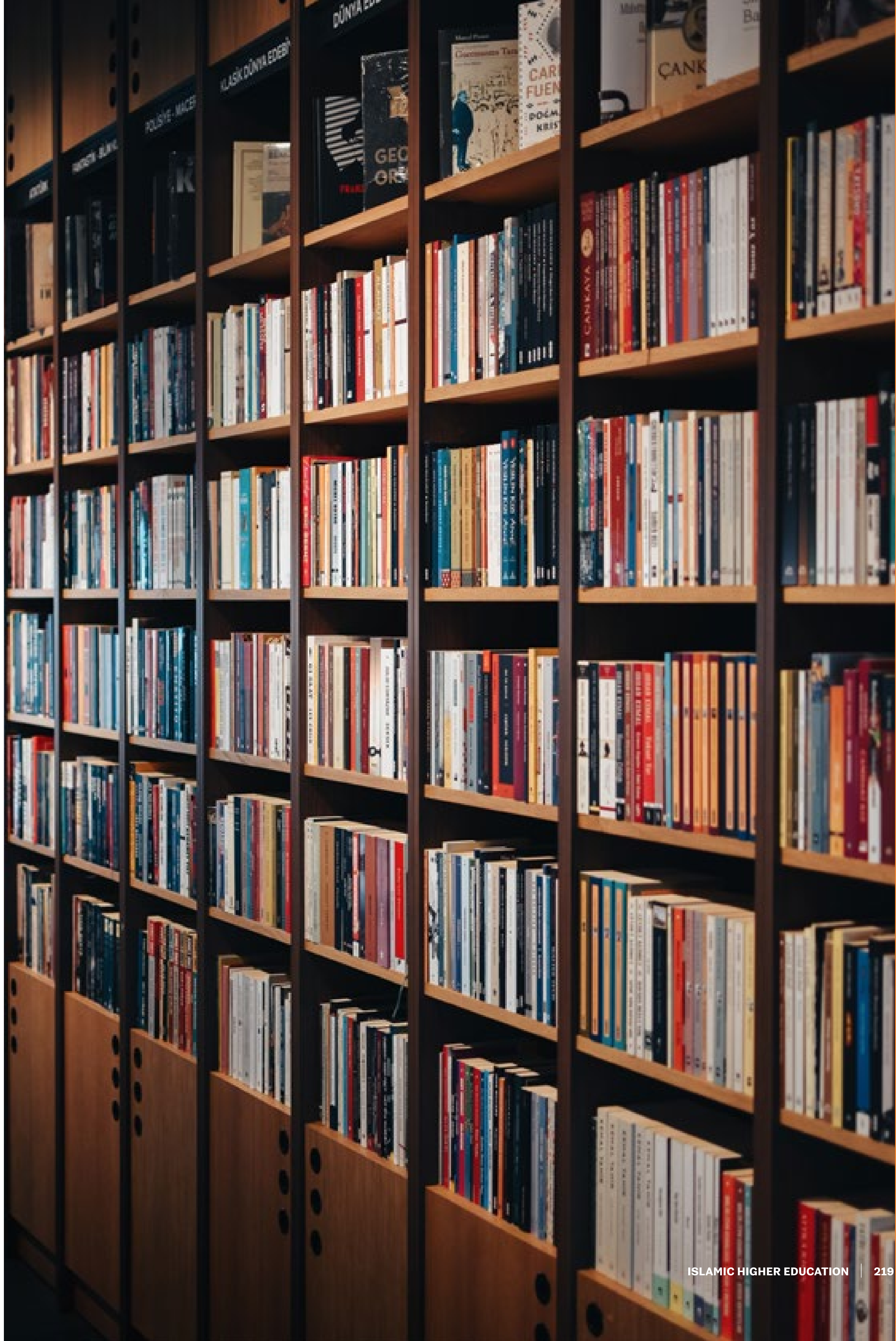
Within the value chain, there are areas where shariah rulings (Islamic rulings) need to be integrated. These are numbered on the diagram above and entail the following:

	HALAL TOUCHPOINTS
1	Design, development, and printing of Islamic educational content.
2	Provision of cultural and religious sensitivity training to teaching personnel. Training of educators proficient in Islamic content.
3	Product and supply of halal-certified food and beverages.
4	Creation of dedicated Muslim prayer spaces and washroom facilities.
5	Development and incorporation of Islamic content and courses into the broader academic curriculum.
6	Provision of instruction in Islamic content, and where on-site, access to the full suite of facilities and services addressing Muslim needs.
7	Development of guidelines and policies to ensure Muslim needs are understood and addressed.
8	Development of shariah-compliant financing solutions.

5. SELECT KEY PLAYERS

UNIVERSITY	NUMBER OF INTERNATIONAL STUDENTS	COUNTRY	DESCRIPTION
Al Azhar University	20,664	Egypt	The largest international Islamic scientific institution in the world and the oldest university in Egypt.
Cairo University	10,572	Egypt	The second oldest institution in Egypt, with more than 150,000 students enrolled in 20 faculties and three institutions.
Islamic University of Madinah	7,297	Saudi Arabia	One of the esteemed public universities located in Saudi Arabia.
University of Sharjah	6,988	UAE	Residential university with over 18,229 students living on campus.
International Islamic University of Malaysia	6,159	Malaysia	One of the leading Islamic universities in Malaysia. It is sponsored by eight governments and the Organisation of the Islamic Cooperation (OIC).
Imam Mohammad Ibn Saud Islamic University	6,038	Saudi Arabia	One of the top universities in Saudi Arabia, established essentially as an Islamic-shariah institution offering a variety of study programs at several education levels.
Kuwait University	5,235	Kuwait	Kuwait's leading national university, also known as the state's first public higher education and research institution.
University of Jordan	4,851	Jordan	The largest and oldest institution of higher education in Jordan
King Saud University	3,896	Saudi Arabia	The first university in Saudi Arabia, founded in 1957 by King Saud bin Abdul Aziz as Riyadh University.
Umm Al Qura University	3,624	Saudi Arabia	A public university in Makkah considered one of the most prestigious universities in the Islamic world due to its strategic location in Makkah.

Notable Emerging University: International Centre for Education in Islamic Finance (Malaysia), International Islamic University of Indonesia (Indonesia)



9.3. Islamic Education Sector OIC Developments and Opportunities

Islamic higher education in the OIC is expanding with the introduction of new degree programs and with the convergence of sustainability and ethics-related courses. Education and capacity building is further enhanced with partnerships with Islamic finance and technology sectors. It is still important for Islamic universities to introduce innovative means of disseminating Islamic education to attract foreign students and fill the gaps in the halal economy and finance expertise.

1. PROGRAM OFFERINGS DEVELOPMENTS

ISLAMIC HIGHER EDUCATION ECOSYSTEM IS MATURING IN OIC WITH THE INTRODUCTION OF NEW DEGREE PROGRAMS AND COURSES.

- Gambia-based International Online University (IOU) introduced a new Doctoral Degree (Ph.D.) in Islamic Sciences.[278]
- Nigeria's National Universities Commission has approved the introduction of a Bachelor of Arts degree in shariah for Bayero University in Kano. The commission has also approved 11 affiliate programs for two colleges of education.[279]
- Universitas Islam Indonesia UII introduced an applied/vocational, undergraduate program in financial analysis, tax accounting, and digital business.
- Nigeria's Ahmadu Bello University, Zaria, will offer new undergraduate and postgraduate courses in Islamic economics, banking, and finance to bridge the gap in human capital needed in the sector.[280]
- INCEIF University is introducing MICRA, an online learning platform providing self-paced online courses on Islamic finance for professionals.[281]

UNIVERSITIES AND INSTITUTES ORGANIZE PROGRAMS TO SPREAD ISLAMIC KNOWLEDGE TO CONVERTS AND NON-MUSLIMS.

- Pakistan's International Islamic University (IIU) organized a Virtual Da'wah International Training Course for foreigners, with 432 participants from 52 countries taking part.[282]
- UAE's Zayed House for Islamic Culture (ZHIC) has launched Islamic culture courses in 12 international languages to introduce the essence of Islamic culture to new converts.[283]

MANDATORILY LEARNING LOCAL LANGUAGE FOR ENROLLMENT MAY IMPACT INTERNATIONAL STUDENT PARTICIPATION.

- In a bid to elevate Malaysia's national language at the international level, international students will be required to learn Bahasa Malaysia when enrolling at Malaysian universities. The Malay language will be made a compulsory subject for foreign students studying at local institutions.[284]

ISLAMIC HIGHER EDUCATION PROMOTES TEACHINGS ON SUSTAINABILITY AND ETHICS.

- The International Conferences of Humanities and Social Science (ICHSoS), held by the University of Muhammadiyah Malang (UMM), discussed environmental issues and social inclusion in a sustainable era.[285]
- INCEIF and IslamicMarkets collaborated to provide an educational program on Sustainable Finance and Value-Based Intermediation (VBI). The program provides a unique opportunity to learn directly from some of the pioneers and leaders in the industry, driving the sustainability agenda forward in Islamic finance.[286]

OPPORTUNITY

The inherent Islamic value of preserving nature gives an opportunity for Islamic higher education providers to promote sustainability and ethics-related courses as electives or crash courses.

2. PARTNERSHIP DEVELOPMENTS

ISLAMIC UNIVERSITIES AND INSTITUTIONS SIGN AGREEMENTS WITH FINANCIAL AND TECHNOLOGY PARTNERS TO LEVERAGE CAPACITY BUILDING.

- Malaysia's ISRA International Consulting Sdn. Bhd. (subsidiary of INCEIF University) and the Chartered Institute of Islamic Finance Professionals (CIIF) signed an MoU to support capacity building for the Islamic finance sector. ISRA also signed an MoU with Islamic Financial Services Board (IFSB).[287 288]
- Indonesia's Maulana Malik Ibrahim State Islamic University (UIN Maliki) Malang signed an MoU with MARA University of Technology (UiTM) Malaysia in the field of institutional exchange, admissions for graduate and undergraduate students, symposiums, conferences, and research.[289]
- The Islamic Financial Planner (IFP) Executive Programme is a collaboration between the Islamic Banking and Finance Institute Malaysia (IBFIM), the Financial Planning Standards Board (FPSB) Indonesia, and the Financial Planning Association of Malaysia (FPAM) to promote Islamic finance talent development.[290]

OIC MULTILATERAL BODIES COLLABORATE WITH ISLAMIC EDUCATION INSTITUTIONS IN NON-OIC COUNTRIES.

- Islamic World Educational, Scientific and Cultural Organization (ICESCO) and Oxford Center for Islamic Studies signed an MoU to promote and develop constructive cooperation in the fields related to education, science, and culture.[291]
- The Islamic Development Bank Institute (IsDBI) and the UNDP Istanbul International Center for Private Sector in Development (IICPSD), through a partnership with Durham University Business School, have launched a new MOOC on Islamic finance for the Sustainable Development Goals (SDGs).[292]

OPPORTUNITY

Islamic universities can partner with the maturing Islamic finance sector and technology providers to enhance education and capacity building.

3. INNOVATION DEVELOPMENTS

ISLAMIC UNIVERSITIES ARE USING INNOVATIVE TOOLS AND COLLABORATING WITH KEY ECONOMIC STAKEHOLDERS TO ENHANCE EDUCATION.

- INCEIF University has launched the i-Connect Fintech in Islamic Finance led by 17 founding members who represent the industry, academia, government, and civil society. The initiative aims to foster innovation and research in Islamic fintech.[293]
- Indonesia's Universitas Muhammadiyah Yogyakarta (UMY) developed a radio program for education and da'wah in Kapanewon Gamping, Sleman Regency, DIY.[294]

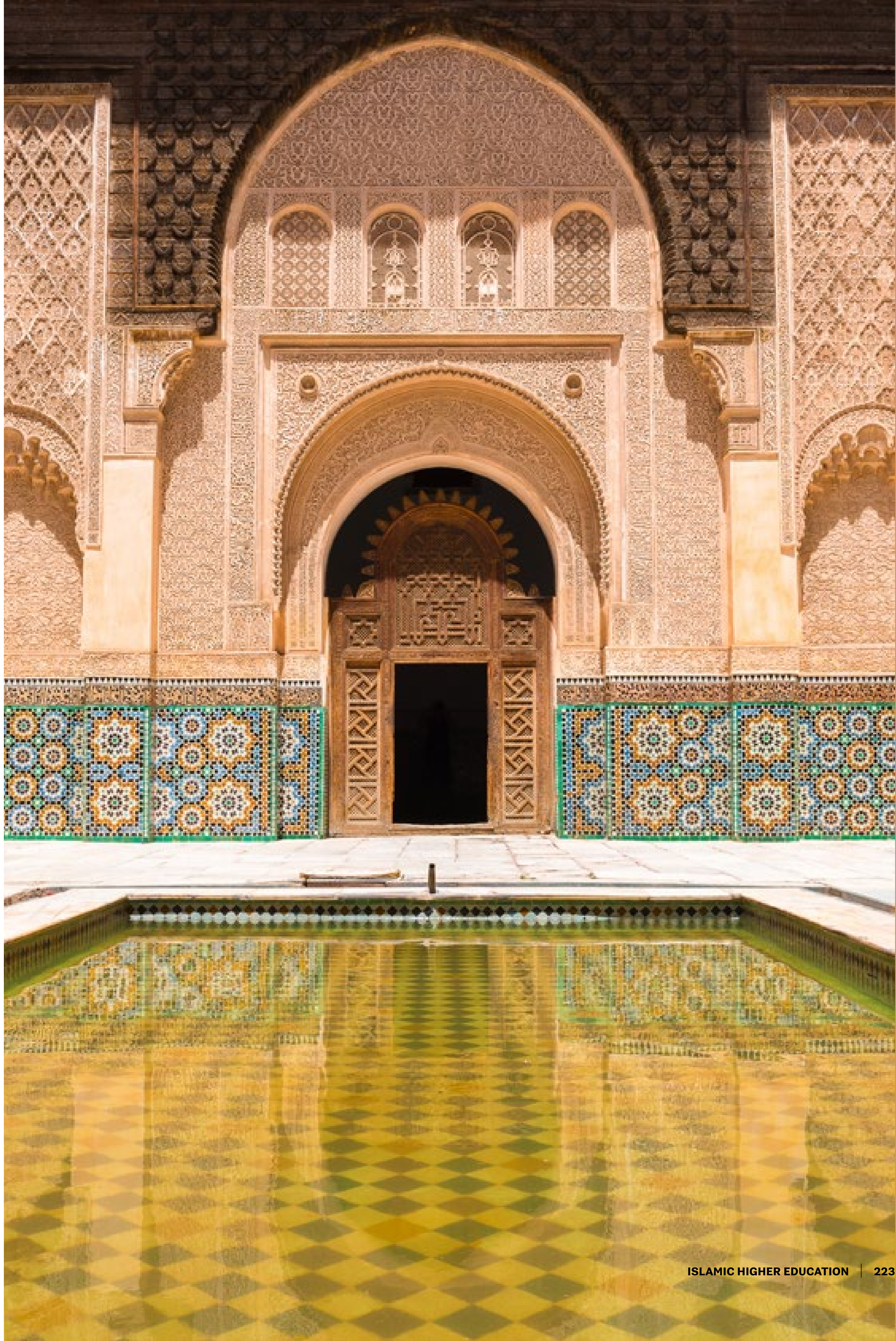
WIKIPEDIA/ANKARA UNIVERSITY

UNIVERSITIES WITH MAJOR ISLAMIC DEGREES ARE INTRODUCING TECH COURSES AND PROGRAMS THAT WILL HAVE A POSITIVE IMPACT ON ISLAMIC EDUCATION.

- Ankara University is Türkiye's first higher education institution to offer courses in cryptology, including non-fungible tokens (NFTs).[295]
- The Malaysia Digital Economy Corp (MDEC), in collaboration with the Education Ministry (MoE) and Universiti Kebangsaan Malaysia (UKM), has introduced the Digital Innovator Programme (DIP) that will be carried out through a project-based learning (PBL) curriculum.[296]
- Qatar University (QU) has partnered with Huawei to open an AI Lab on campus as part of the Huawei ICT Academy.[297]

OPPORTUNITY

Universities can leverage the quadruple-helix model, collaborating with key economic stakeholders—industry, government, and civil society—to introduce innovative means of disseminating Islamic education and filling the gaps in halal economy and finance experts.



9.4. Case Studies

Egypt (OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

CONSUMER SPEND & GROWTH (US$ BN)

$0.89
2021
+14%
$1.68
2026

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Egypt is among the top 20 most attractive countries for international students, mainly from Malaysia, Kuwait, and Indonesia.[298]
- Domestic champions include Al-Azhar university, Egypt's oldest degree-granting university, as well as Cairo University, Ain Shams University, Alexandria University, and Mansoura University.

DOMESTIC PROPOSITION

- Foreign universities entered the Egyptian higher education market as early as 1919 with the establishment of the American University in Cairo. More recently, an increasing number of foreign universities have opened branches in Egypt, including the UK's Coventry University and the University of Hertfordshire, as well as the Canadian Prince Edward and Ryerson Universities.[299]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The Government offers Scholarships to students at Al-Azhar University, covering all scientific, shariah, and theoretical specialties.[300]
- The Ministry of Higher Education and Scientific Research launched the Study In Egypt initiative to attract foreign students by providing support to facilitate their educational journey from registration to graduation.[301]

PRODUCTION CAPABILITIES

- Home to Al-Azhar University, one of the world's oldest and most prestigious Islamic universities, as well as a large number of regionally ranked institutions.[302]

OPERATIONAL SUPPORT ECOSYSTEM

- International partnerships facilitate student inflows. For instance, the creation of the Malaysia Egypt office and the Malaysian Students Education Fund offers support (such as financial assistance) to Malaysians studying in Egypt.[303]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

In 2021, the Ministry of Higher Education and Scientific Research launched the "Study in Egypt" initiative aimed at international students to facilitate their educational journey in Egypt through a dedicated website as well as social media channels providing support from registration to graduation.[304]

US (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

CONSUMER SPEND & GROWTH (US$ BN)

$1.96
2021
+6%
$2.57
2026

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- The US attracts one in every five globally mobile students.[305] Additionally, more than 80 US universities have foreign branch campuses (13 in OIC countries).[306]
- Domestic champions such as Zaytuna College award more than a quarter of Islamic degrees in Islamic Studies in the US, followed by Claremont School of Theology, Boston College, and Columbia International University.[307]

DOMESTIC PROPOSITION

- From 2011 to 2021, the number of people aged 25 and over whose highest qualification was a master's degree rose to 24.1 million, and the number of doctoral degree holders rose to 4.7 million, a 50.2% and 54.5% increase, respectively.[308]
- Some of the top universities have opened offices in the US to recruit American students, including the UK's Oxford University.[309]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The Fulbright Program, the flagship international academic exchange program sponsored by the US government, operating in 140 countries, provides fully funded grants for graduates of Islamic Studies from relevant faculties at Al-Azhar University or the faculties of Dar Al-Ulum to pursue graduate studies in Islamic Studies in the US.[310]

PRODUCTION CAPABILITIES

- Home to eight of the global top 10 universities (Times Higher Education World University Rankings 2021).[311]
- The Duke University Middle East Studies Center and the UNC Center for the Middle East and Islamic Studies are offering a joint graduate certificate program, coordinated library collections, as well as faculty searches, visiting scholars, and joint event planning.[312]

OPERATIONAL SUPPORT ECOSYSTEM

- Most US universities offer financial aid for both local and international students, with some offering "need blind" financial assistance for admitted students (regardless of their financial situation), including Harvard, Yale, Princeton, and MIT.[313]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

EducationUSA is a US Department of State network with international student advising centers in over 175 countries and territories that provide information and support to international students as well as to the US higher education institutions to achieve their recruitment and campus internationalization goals.[314]

9.5. Opportunity Assessment and Recommendations

There is a great opportunity to converge Islamic education and modern topics such as technology and sustainability. Islamic finance is a maturing halal economy sector, and Islamic education providers can promote Islamic finance courses through rich practical experiences. The key challenge is that many Islamic universities struggle with attaining accreditations, discouraging student enrollment. OIC governments can support universities with accreditations and encourage student/faculty exchange programs to enrich learning experiences and promote educational services.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- Most Islamic bankers have gained conventional banking education and qualifications. This gap gives an opportunity to higher Islamic education providers to promote Islamic banking and finance courses through rich practical experience.
- The inherent Islamic value of preserving nature gives an opportunity for Islamic higher education providers to promote sustainability and ethics-related courses as electives or crash courses.

OBSTACLES:

- Many dedicated Islamic universities are still not accredited locally and internationally, while mainstream universities with major Islamic courses get easy accreditation. This inevitably inhibits the growth of the field while also discouraging many potential students from seeking knowledge.
- Islamic universities in OIC face challenges in retaining students for further degrees. Students take undergraduate degrees in OIC and pursue postgraduate degrees in non-OIC to get better job opportunities. This is mainly because universities in OIC countries fail to brand themselves better than conventional or non-OIC-based universities. Quality of education also impacts the confidence of students in a university.
- It can be challenging for students who are earning a living and also investing in higher studies. Although the shift to online education helps with work-life balance and affordability issues, it is still a major issue for third-world countries with weak broadband connectivity or that are affected by poverty or civil war (countries like Palestine, Syria, and Iraq, for instance).

RECOMMENDATIONS:

- OIC governments need to support dedicated Islamic universities to get accredited by governing bodies locally and internationally.
- Islamic universities or other halal economy industry players in OIC can invest in courses/programs of other universities in the region to help promote and grow the program.
- Islamic universities and institutes in OIC need to leverage the use of technology to promote their courses and offerings well. Key learning from universities in the west is giving attention to details and facts in promoting programs. Social media is the best platform to reach young learners and promote program offerings.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- Islamic universities can take advantage of strategic partnerships with OIC and non-OIC-based universities. Diversity in terms of nationalities and Mazhab (religious schools of thought) can enhance the quality of education. Affiliating with well-known Islamic universities and institutes in OIC and non-OIC countries can provide better visibility and exchange of quality education.
- Islamic universities can partner with the maturing Islamic finance sector and technology providers to enhance education and capacity building.

OBSTACLES:

- Establishing and scaling existing Islamic educational programs is a significant challenge. They are faced with price pressures or competition from the prevalence of MOOCs.
- Attracting and retaining talented educators has proven difficult for many segments of Islamic higher education, and therefore, successful expansion has been difficult.
- Funding for non-academic courses or MOOCs has been challenging, in OIC in particular. One of the reasons is that OIC-based investors do not completely realize the potential of innovative mediums used to deliver them. Hence, most investments originate from non-OIC countries as they realize the long-term benefits of using technology in education.

RECOMMENDATIONS:

- OIC multilateral bodies, such as the Islamic Educational, Scientific and Cultural Organization (ISESCO), can help bring Islamic universities and institutes in OIC together through forums and conferences (online/in-person) to learn and discuss trending topics and current affairs.
- Student and faculty exchange programs must be encouraged to enrich learning experiences. For instance, Malaysia-based INCEIF has a student and faculty exchange program in Pakistan and Türkiye, providing students and teachers with rich experiences given the diversity in culture and knowledge.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- Online and distance-based learning represent a largely untapped market gap for Islamic higher education. The COVID-19 pandemic has fast-tracked the adoption of virtual education even by traditional, on-ground universities. This gives them the opportunity to easily reach international students and reduce costs (by charging an admin fee only, for instance).

OBSTACLES:

- A common problem in the Muslim world is the fear of adopting new technology. They only accept it when it is tried and tested and accepted by the west. For instance, blockchain technology is still, by and large, viewed skeptically, while it has wide use cases in Islamic fintech and other non-financial applications.

RECOMMENDATIONS:

- Government, industry, academia, and civil society can work together to match human resource development and talent management through formal and non-formal education, whether organized by educational institutions, training institutions, or institutions providing certification.

10

HALAL TRAVEL & TOURISM SECTOR

Halal travel refers to addressing the needs of Muslim travelers, including providing halal food, prayer spaces and accommodating Muslim requirements for privacy and modesty. This section of the report covers both businesses that specifically target Muslim travelers and cater to their needs, as well as covering tourism-related developments in OIC countries, which for the most part, intrinsically cater to Muslim needs (for example, in most OIC countries, the food is halal).

Trends we're seeing in Saudi Arabia are: solo travel (both male and female), which now accounts for 16% of our travel bookings. We're also seeing groups of female travelers both within Saudi, as well as regionally and internationally, in addition to the rise in family travel. For Saudi Arabia, we see an increase in add-on trips to Umrah, whether it's exploring the Kingdom further, or adding destinations like Türkiye or Dubai to their trip."

MUZZAMMIL AHUSSAIN, EXECUTIVE VICE PRESIDENT, SEERA GROUP, SAUDI ARABIA

The Maldives had been 90% focused on conventional tourism, but with the growth of supply, the government and tourism industry are exploring other markets and have incorporated halal travel in the Tourism Master Plan."

DR. HUSSAIN SUNNY UMAR, FOUNDER, MALDIVES HALAL TRAVEL, MALDIVES

10.1.
Halal Travel Sector Sizing and Landscape

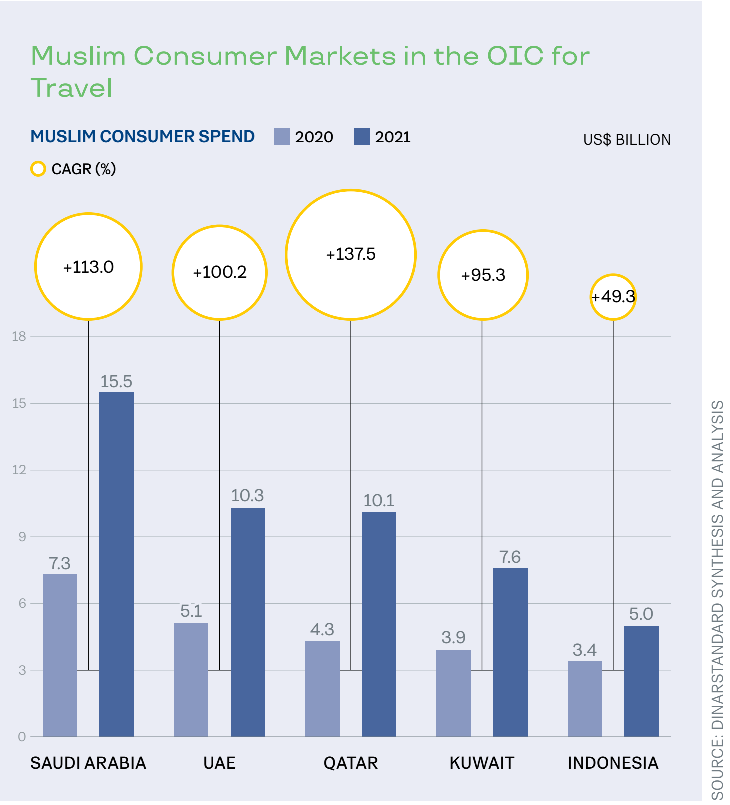
Muslim travelers from OIC countries spent US$86 billion in 2021. This is forecasted to grow 86.4% in 2022 to reach US$160 billion. Meanwhile, investments from OIC countries in the travel sector amounted to US$3.4 million.

Disruptions due to COVID-19 have pushed many travel companies to expand into other services, along with encouraging an emphasis on local and regional tourism. Bilateral agreements between OIC countries focused on health tourism, sustainable development, and employment. Despite the challenges, several OIC-based online travel agencies (OTAs) have succeeded in raising funds.

1. CONSUMER SIZING AND LANDSCAPE

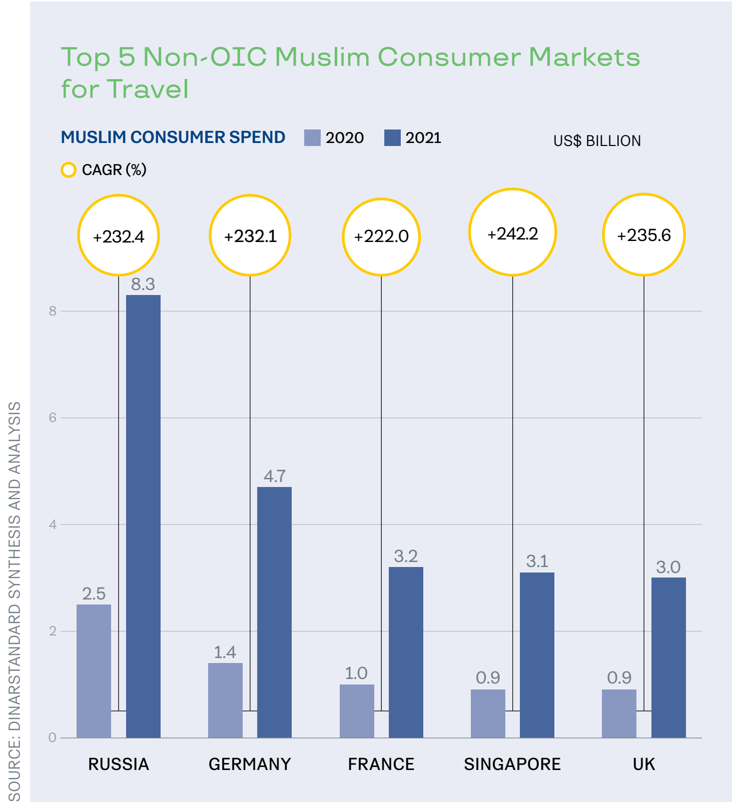
a. Consumer spending sizing and landscape

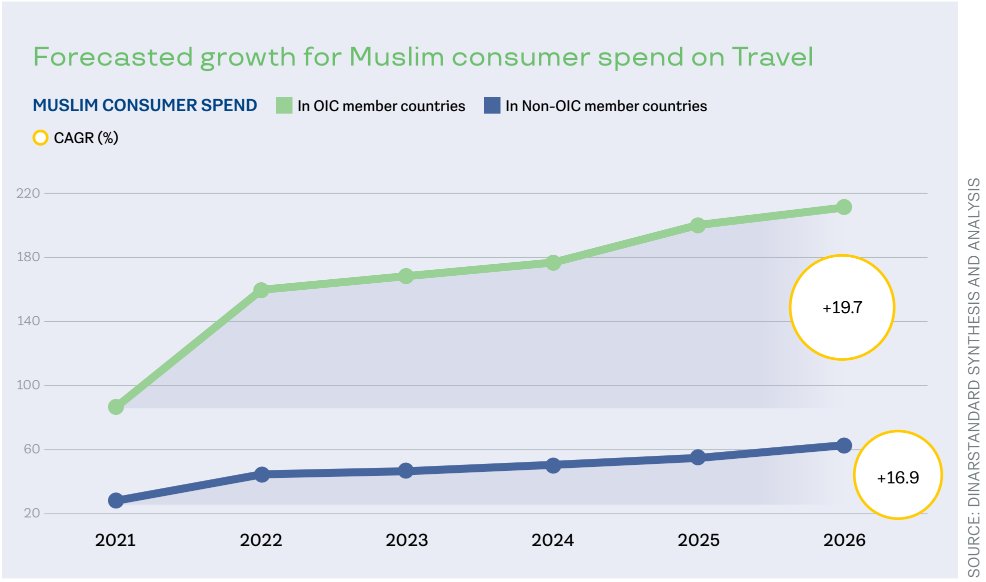
In 2021, Muslim consumer spend on travel in OIC member countries was estimated to be worth US$86 billion. This is forecasted to grow a further 86.4% in 2022 to reach US$160 billion. The top three markets for 2021 were Saudi Arabia, the UAE, and Qatar. This remains unchanged from 2020. By 2026, spend is forecasted to reach US$211 billion, at a CAGR of 19.7%.



b. Benchmarking with non-OIC member countries

Of the top 10 global Muslim consumer markets for travel, 9 are OIC member countries. The only non-OIC member country ranked in the top 10 is Russia. In 2021, OIC member countries accounted for 75.4% of global Muslim consumer spend on travel. Before the COVID-19 pandemic brought international travel to a standstill, Muslim consumer spend on travel in OIC member countries grew at a faster rate than that in non-OIC member countries, at a CAGR of 5.2% and 4.8% between 2016 and 2019, respectively. For the forecast period of 2021-2026, OIC Muslim consumer spend is expected to continue its stronger growth trajectory at a CAGR of 19.7%, compared to the lower CAGR of 16.9% for non-OIC member countries.





2. INVESTMENT SIZING AND LANDSCAPE

2021 saw travel slowly recovering from the effects of COVID-19. Deals targeting OIC-based companies in the Muslim-friendly travel sector amounted to US$3.4 million.

OIC MEMBER STATES INVESTMENT DEALS IN TRAVEL AND TOURISM IN 2021

YEAR	COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANISATION NAME	DEAL VALUE (US$000S)
2021	United Arab Emirates	Venture Capital	Information Technology, Internet, Travel	Pickvisa.com	1,400
2021	Indonesia	Venture Capital	Travel	Member.id	1,100
2021	Malaysia	Venture Capital	Hotel	UZ Hotel Berhad	868

Additional deals from 2019 and 2020 include the following:

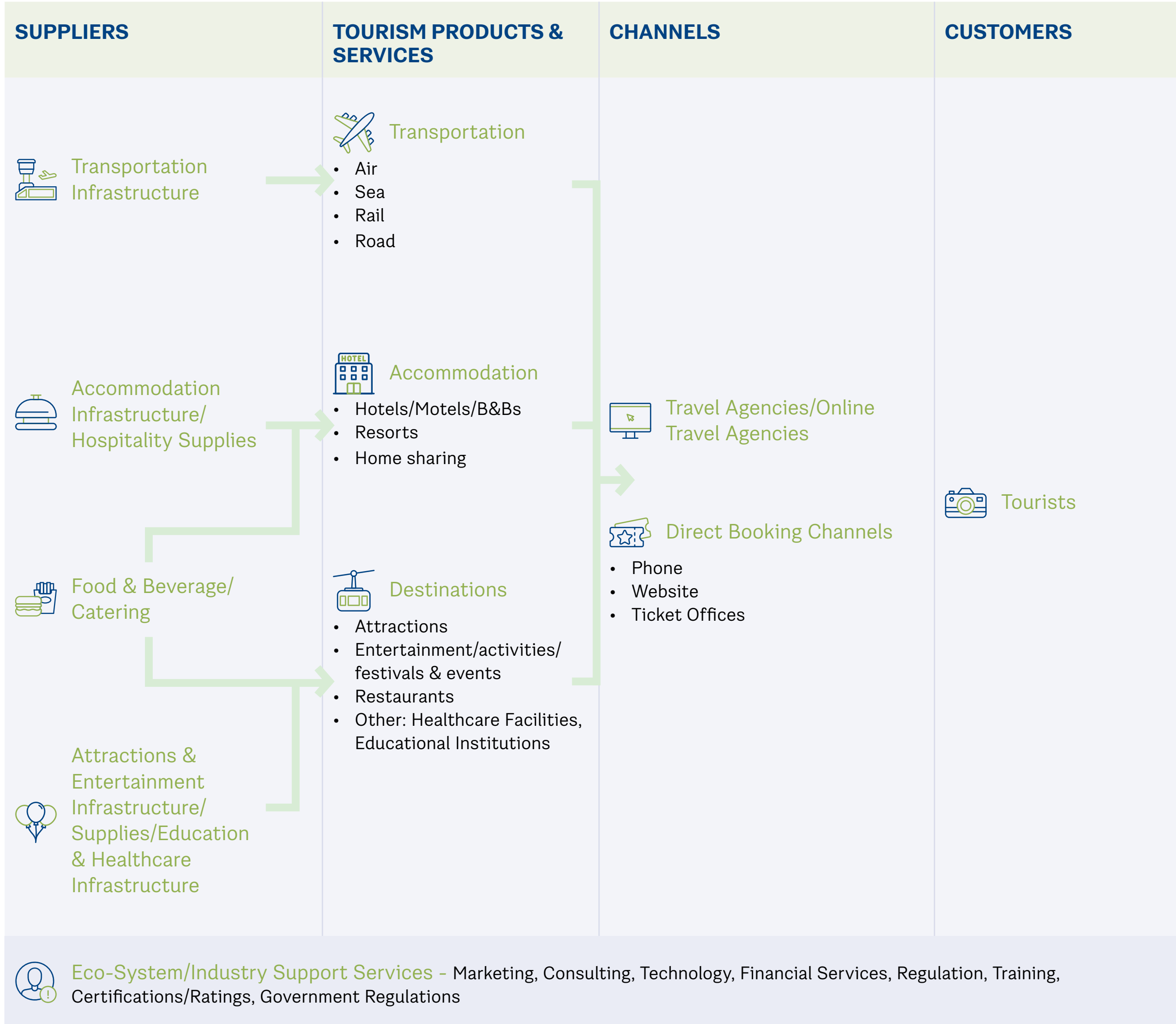
YEAR	COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANISATION NAME	DEAL VALUE (US$000S)
2020	Indonesia	Private Equity	Big Data, In-Flight Entertainment, Search Engine, Travel	Traveloka	250,000
2019	Malaysia	Merger/Acquisition	Resorts	Karambunai Corp. BHD	28,700

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

3. SECTOR VALUE CHAIN

The key components of the global travel industry value chain are suppliers, tourism products and services, channels such as travel agencies and direct booking channels. Industry support services including marketing, consulting, technology, regulation, financial services and others.

HALAL TRAVEL AND TOURISM SECTOR VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAIN

VALUE CHAIN	SEGMENTS	SELECT KEY PLAYERS	
		MAJOR CORPORATIONS WITH OPERATIONS IN OIC	OIC HEADQUARTERED COMPANIES
Suppliers	Airline Catering	LSG Sky Chefs	Brahim's Emirates Flight Catering
Tourism Products & Services	Accommodation	SIX SENSES	JANNAH HOTELS & RESORTS
Travel Channels	Online Travel Agencies	Booking.com	traveloka tiket.com

TOP 10 OIC COMPANIES IN TRAVEL

COMPANY	REVENUE US$ MN	COUNTRY	DESCRIPTION
Emirates Group	18,100	United Arab Emirates	A state-owned Dubai-based international aviation company, the largest in the Middle East, and the national flag carrier airline of the UAE.
Qatar Airways	14,400	Qatar	The national flag carrier airline of Qatar and the largest airline in the country.
Turkish Airline	10,686	Türkiye	The national flag carrier airline of Türkiye and the largest airline in the country.
THR Hotel Penang Sdn Bhd	8,404	Malaysia	Part of Tradewinds Corporation Berhad. A diversified conglomerate with a key interest in property development and hospitality. Its hospitality stands as one of the largest hotel owners in Malaysia, with eight hospitality assets, including its flagship hotel, the Danna Langkawi.
Saudia Airlines	5,500*	Saudi Arabia	The flag carrier of Saudi Arabia based in Jeddah. The largest airline in Saudi Arabia.
Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	4,338	Malaysia	The Holding company of YTL Corporation engages in property development, investment, hotel management, utility, construction contracting, cement manufacturing, eCommerce, and internet-based education services. They have a 15-hotel portfolio, including JW Marriott Hotel Kuala Lumpur, The Majestic Hotel Kuala Lumpur, and The Ritz-Carlton.
Etihad	3,140	United Arab Emirates	The second flag carrier of the UAE and the second largest airline in the country.
Jumeirah International LLC	1,578	United Arab Emirates	Subsidiaries of Jumaira Group/Dubai Holding. Jumeirah is a global luxury hotel company that operates a world-class 6500-key portfolio of 25 luxury properties across the Middle East, Europe, and Asia.
Fly Dubai	1,434	United Arab Emirates	The largest low-cost airline in the UAE.
Emaar Hospitality Group	704	United Arab Emirates	The hospitality, leisure, entertainment, and commercial leasing company of Emaar group.

Notable Emerging Companies: Traveloka (Indonesia), Traveazy (UAE)

Revenues sourced from company annual reports, news, or third-party data intelligence
Revenue for 2021 period unless otherwise stated

* Estimated revenue number

10.2. Halal Travel Sector OIC Developments and Opportunities

Forced by the challenges of the pandemic to expand into providing additional non-travel related services, travel companies have the opportunity to continue diversifying their offerings to increase their resilience. In addition, the domestic and regional tourism segment has become a new focus and provides an opportunity to add new targeted segments. Meanwhile, health tourism, sustainable development, and employment have been the focus of bilateral agreements among OIC countries.

1. CONSUMER DEVELOPMENTS

TRAVEL COMPANIES IN OIC COUNTRIES, AS WELL AS GLOBALLY, HAVE BEEN FACING MANY DISRUPTIONS DUE TO THE COVID-19 PANDEMIC AND CHANGING REGULATIONS.

- The Saudi Ministry of Hajj and Umrah announced new rules ahead of the 1443 Hijri (2022) hajj season. Travel agencies from Europe, the US, and Australia could no longer offer hajj packages to pilgrims, and pilgrims who were already booked had to apply on the online platform Motawif (which has been exclusively authorized by Saudi Arabia to offer hajj services to Muslims in the West) to be entered into an automated lottery.[315]

- IKHLAS, the eCommerce platform launched by AirAsia in 2020, will start offering umrah packages, including those from other airlines.[316]

- As part of its diversification into other sectors, Traveloka entered the grocery delivery market through its newly established brand, Traveloka Mart.[317]

- Tawuniya (The Company for Cooperative Insurance) launched a COVID-19 travel insurance program for Saudi citizens to cover costs associated with getting COVID-19 while traveling abroad.[318]

PEXELS/TAHA ELAHI

OPPORTUNITY

Travel companies have an opportunity to diversify and expand by adding services demanded by their target markets and for which they already have the infrastructure.

DESTINATIONS ARE DEVELOPING MARKETING CAMPAIGNS THAT TARGET NEW CUSTOMER SEGMENTS, INCLUDING LOCAL AND REGIONAL TOURISTS.

- A project to encourage intra-Africa tourism, especially in West Africa, was launched by Goge Africa, a TV program founded by a Nigerian couple. The Destination West Africa project involves a tour of the west coast of Africa by a team of destination promoters, tour operators, media, influencers, TV show hosts, and celebrities.[319]

- A new marketing campaign by the Uganda Tourism Board focusing on domestic and regional tourism features outdoor adventures and urban activities.[320]

- Saudi Arabia's US$500 billion megacity, Neom, will promote religious heritage, given that it is home to two hajj pilgrimage trails: the Egyptian Hajj Road and the Syrian Hajj Road, both of which are being considered for listing on the UNESCO World Heritage Sites list.[321]

- Egypt started using virtual reality to promote health tourism. The technology allows prospects to visit health facilities virtually before making a decision.[322]

- New York launched a Halal Travel Guide targeting Muslim visitors. The guide, which was created in partnership with CrescentRating, features halal dining recommendations, Muslim-friendly hotels as well as exhibitions related to Muslim history.

- Morocco hosted the African Hospitality Investment Forum in November 2022, with the aim of promoting foreign investments in the hospitality sector in Morocco as well as across the African continent.[323]

- Morocco and other West African travel agencies have been organizing religious trips (ziyarat) to Fez in Morocco for followers of the Tidjani Sufi sect (mainly based in Senegal as well as other Western Africa countries) to visit the tomb of Sheikh Ahmad Al-Tidjani, an important Sufi scholar. The Regional Council of Tourism of Fez (CRT) has been highlighting the local Sufi tradition of Fez, while two international festivals dedicated to Sufi culture take place every year in the city.

OPPORTUNITY

Domestic and regional tourists, which were previously ignored consumer segments, have been recently brought to the forefront because of the pandemic.

2. TRADE DEVELOPMENTS

BILATERAL AGREEMENTS BETWEEN OIC COUNTRIES FOCUS ON HEALTH TOURISM, SUSTAINABLE DEVELOPMENT, AND EMPLOYMENT, IN ADDITION TO BOOSTING TOURISM COOPERATION; WHILE MULTILATERAL RAILWAY PROJECTS FACILITATE TRANSPORTATION ACROSS REGIONS.

- Malaysia-based European Wellness Academy and Dubai-based healthcare group, AK International, signed a Memorandum of Understanding (MoU) focused on health tourism. The partnership focuses on developing a digital wellness corridor that connects UAE patients with healthcare providers in Malaysia, as well as establishing two centers of excellence in the UAE.[324]

- Morocco and Comoros signed bilateral agreements in several sectors, including tourism and trade, with a focus on investments in sustainable development and increasing employment in both countries.[325]

- Egypt and Senegal signed a Memorandum of Understanding (MOU) to enhance bilateral cooperation in the field of antiquities. The two countries aim to exchange experiences in the fields of restoration and maintenance of discovered artifacts, museum management, exhibition, registration, documentation, and archiving.[326]

- Saudi Arabia and Kazakhstan signed an MoU related to tourism and trade in which they agreed to increase direct flights between the two countries.[327]

- Uzbekistan launched the construction of a US$5 billion trans-Afghan railway line that will run through Uzbekistan, Afghanistan, and Pakistan. In addition to boosting trade, this railroad will also facilitate cross-border transportation, potentially for tourism.[328]

- The UAE launched a railway project which will run throughout the country. The Etihad Rail network has a long-term plan of linking other GCC countries, with an agreement between Etihad Rail and Saudi Arabia Railways already underway.[329]

- Indonesia is building a US$37 billion highway across the island of Sumatra. The Trans Sumatra Toll Road, which is expected to be fully operational in 2023, is expected to boost economic growth as well as connect tourist hotspots.[330] It could also facilitate the development of a Malaysia/Indonesia tourism corridor.

ETIHADRAIL.AE

OPPORTUNITY

Health tourism has come to the forefront, especially since the pandemic has forced destinations to tap into unconventional sectors.

There is a stronger focus from governments on sustainable tourism as the effects of climate change become globally apparent. Also, after the standstill in travel due to the pandemic, many governments are keen to better regulate tourism to avoid damaging nature and avoid harming local communities.

THE UKRAINE CRISIS IS NEGATIVELY AFFECTING TOURISM RECOVERY IN SEVERAL OIC COUNTRIES THAT ARE HEAVILY DEPENDENT ON RUSSIAN AND UKRAINIAN TOURISTS.

- Egypt, for which incoming tourists from Russia and Ukraine accounted for about a third of the total number of tourists in 2019, has launched marketing campaigns targeting tourists from the GCC and Jordan. But despite these efforts, the country expects the crisis to hinder tourism growth in 2022.[331]

- Tunisia's tourism sector is expected to suffer from the effects of the Ukraine crisis as direct flights from the two countries to Tunisia have been canceled. In 2019, Tunisia hosted over 630,000 Russian tourists and 30,000 Ukrainians, making them important markets for Tunisia. In the meantime, the Ministry of Tourism is developing a strategy to increase domestic tourism to 50% of total arrivals.[332]

- Türkiye, a popular destination for both Russian and Ukrainian holidaymakers, has seen a drastic drop in tourists from both countries, especially due to the suspension of flights. The country is hoping visitors from other countries, such as Germany, will offset this shortfall.

OPPORTUNITY

While currently a challenge, the crisis is forcing countries reliant on Russian tourists to target new tourism segments, including domestic tourists, which may prove profitable in the long run.

3. INVESTMENTS DEVELOPMENTS

ONLINE TRAVEL COMPANIES IN INDONESIA AND SAUDI ARABIA, AS WELL AS IN NON-OIC COUNTRIES, HAVE SUCCEEDED IN RAISING FUNDS.

- Indonesia-based travel unicorn Traveloka is in talks to raise over US$300 million. The company has so far raised a total of US$1.2 billion across six rounds.[333]

- The Saudi home rental platform Mabaat raised US$2.4 million in seed funding, led by Dubai-based Derayah Ventures. The platform mainly targets the local Saudi market and offers short-term luxury accommodation in Jeddah, Riyadh, and King Abdullah Economic City.[334]

- HalalBooking secured US$5 million of a Series B round in 2021 and is working with investors to complete its US$20 million round during the second half of 2022.[335]

SEVERAL TRAVEL COMPANIES IN OIC COUNTRIES HAVE CONSOLIDATED, WHICH WAS MADE POSSIBLE BECAUSE OF REDUCED COMPANY VALUATIONS DUE TO THE PANDEMIC.

- Bangladesh eCommerce platform Evaly acquired Flight Expert, which was valued at US$5 million, and entered the travel industry.[336]

- Bangladesh-based online travel platform GoZayaan acquired Pakistan-based travel-tech startup, FindMyAdventure, reportedly for US$3.5 million.[337]

- Indonesia online travel company Tiket.com is considering a merger with eCommerce platform Blibli, ahead of a public offering in Jakarta, which is forecasted to raise about US$1 billion.[338]

- Malaysia-based Muslim-friendly hotel, UZ Hotel Berhad, took over 67 boutique hotels during the pandemic at significantly low prices, given the pandemic.[339]

OPPORTUNITY

Consolidations in travel technology companies provide opportunities for OIC-based online travel companies to become global players.

TÜRKIYE'S PRIVATE SECTOR CONGLOMERATES BUILT A CRUISE PORT IN ISTANBUL.

- Türkiye's Doğuş Group and Bilgili Holding built a US$1.7 billion cruise port in Istanbul dubbed Galataport. The state-of-the-art port has an underground terminal, a celebrity chef's restaurant and a shopping center.[340]

PEXELS/RENNON KIEFER

OIC GOVERNMENTS PROVIDED FUNDS TO SUPPORT TOURISM COMPANIES TO OFFSET THE STRAINS OF THE PANDEMIC AS WELL AS TO BOOST TOURISM POST-RECOVERY.

- The Saudi Arabia Tourism Development fund and the Arab National Bank launched a Tourism Finance Program which will provide US$80 million to small and medium-sized businesses, of which 90% are in the tourism sector. The move is part of the Saudi government's tourism push.[341]
- The Moroccan government has pledged US$220 million to support tourism businesses impacted by the pandemic.[342]
- Côte d'Ivoire will launch a US$825.8 million program entitled "Tour de la Nation" to boost tourism with the goal of raising the tourism sector's contribution to GDP to 10% in the next 3 years. The investment includes building a 5-star hotel, a 1000-room resort, and the creation of 15 parks and leisure centers.[343]
- Maldives has engaged a land reclamation firm to reclaim land from the ocean at the cost of about US$147 million. The reclaimed land, which will be added to the city of Addu, will support three new resorts. However, this project is expected to have a negative environmental impact.[344]

OPPORTUNITY

Tourism startups have an opportunity to benefit from government funding in addition to grants from multilateral organizations. Also, traditional tourism players (such as hotels and travel agencies) have the opportunity to use the available funding to reshape their business models, infrastructure, and services toward a more sustainable and resilient model aligned with the new preferences of tourists (including safety requirements, local tourism, and experiential travel).

10.3. Case Studies

Oman (OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

CONSUMER SPEND & GROWTH (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Oman received 1.05 million international inbound tourists in 2021.
- Domestic champions such as Atana Hotels and Resorts have expanded to the GCC region and have the potential to expand globally.[345]

DOMESTIC PROPOSITION

- Oman is emerging as a strong contender in ecotourism with plans for over 100 ecotourism inns.[346]
- International hotel chains, such as IHG Hotels and Resorts,[347] Marriott,[348] and the Shangri-La chain, are present in Oman.[349]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- Oman 2040 Tourism Development Strategy targets 5 million arrivals by 2040.[350]
- As of 2021, nationals of 103 countries and regions are exempt from entry visas for stays up to 14 days.[351]

PRODUCTION CAPABILITIES

- Oman is well-positioned for cultural tourism, being home to five UNESCO World Heritage Sites.[352]
- The village of Misfat Al Abriyeen was recently included in the UNWTO list of "Best Tourism Villages" for 2021.[353]

OPERATIONAL SUPPORT ECOSYSTEM

- The Tourism Ministry is planning around US$50 billion investment to provide around an additional 80,000 rooms for accommodation by 2040.[354]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

The Ministry of Tourism's 2040 strategy involves increasing the total accommodation available in the country to 80,000 rooms as well as promoting new destinations such as Dhofar. The ministry is partnering with private players to attract around 12 million domestic and international tourists in 2040, creating 535,574 direct and indirect jobs by 2040.

Thailand (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

CONSUMER SPEND & GROWTH (US$ BN)

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Total inbound tourists to Thailand in 2021 was 11.9 million.
- Domestic champions such as Al Meroz Hotel in Bangkok, which is the first Thai halal-certified hotel, offer halal food options and prayer rooms.[355]

DOMESTIC PROPOSITION

- Thailand was ranked eighth globally in international tourist arrivals in 2019 (prior to COVID-19 restrictions).[356]
- Global hotel chains are present in Thailand, including Marriott International, Accor Hotels, Mandarin Oriental, and Hotel Okura, making the sector very competitive.[357]

ENABLING PILLARS

GOVERNMENT COMMITMENT

- A unified halal brand, "Thailand Diamond Halal," is used for marketing all Thai halal products and services, including tourism.[358]
- Thailand Muslim Friendly App, launched by the Tourism Authority of Thailand, offers an online and offline guidebook of venues and facilities of cultural importance to Muslim tourists.[359]

PRODUCTION CAPABILITIES

- Thailand's tourism industry is supported by its hospitality, infrastructure offering affordable accommodation, and a wide range of natural attractions.[360]

OPERATIONAL SUPPORT ECOSYSTEM

- Citizens of Muslim-majority countries are exempt from an entry visa, with airlines such as Emirates, Etihad, Oman Air, and Qatar Airways having nearly 20 flights a day to Bangkok.[361]
- The Islamic Bank of Thailand offers shariah-compliant financial products for Muslim investors.[362]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

In 2021, the Tourism Authority of Thailand (TAT) announced a plan to launch a private digital company to support the country's digital transformation in the next six months, to develop a digital infrastructure for tourism, creating big data for the industry, and launching utility tokens under TAT Coin or non-fungible tokens (NFTs).

10.4. Opportunity Assessment and Recommendations

Strategic recommendations related to consumers are to develop additional revenue streams that aren't dependent on tourism and to conduct research to uncover the preferences of new target markets. In terms of trade, governments should invest in supporting health tourism as well as provide regulations to encourage sustainable tourism. Meanwhile, to encourage investment, governments should set up infrastructure and incentives for travel tech incubators.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- **Diversifying into new products and services targeting halal travel segments.** Many companies in the travel sector already have the infrastructure to develop new products and services, such as eCommerce and food delivery. There is also an opportunity to provide auxiliary services such as insurance.
- **Focus on domestic and regional tourism corridors involving neighboring countries.** During the pandemic, domestic tourism took off due to international travel restrictions and continues to be an attractive segment. This is coupled with the trend of visiting nearby destinations, which can be further developed by creating tourism corridors.

OBSTACLES:

- The learning curve in diversifying into new product offerings.
- Competition from mainstream auxiliary service providers.
- Travel products and services need to be adjusted for local travelers.
- Not agreeing on common terms with neighboring countries in case of tourism corridors.

RECOMMENDATIONS:

Strategic recommendations

- Develop additional revenue streams that are not dependent on tourism and serve the local community, such as food delivery.
- Conduct research to uncover the preferences and sentiments of a previously untapped market, which includes the local and regional markets.

Tactical recommendations

- Develop Muslim-friendly offerings for the local and regional markets.
- Identify investment opportunities in sustainable tourism as well as in health tourism in OIC member countries and disseminate findings through an annual report as well as through exhibitions and conferences.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- **Health tourism, and more specifically halal health tourism,** is an attractive segment, especially given the increased focus on health.
- **Sustainable tourism** is gaining traction with the rise of traveler awareness and global pressure to increase sustainability.

OBSTACLES:

- Health tourism requires a large investment and government buy-in, as well as building the destination's reputation for excellent healthcare capabilities. Pricing also needs to be competitive.
- Sustainable tourism requires industry buy-in, and not everyone is willing to incur the additional cost or pass it on to the traveler, especially since they are trying to recover from the setbacks of the pandemic.

RECOMMENDATIONS:

Strategic recommendations

- Governments should invest in establishing the infrastructure for halal health tourism while educating and incentivizing both the health and tourism industry.
- Governments need to provide regulation and incentivize sustainable tourism and educate all halal tourism providers to incorporate responsible tourism in their offerings.

Tactical recommendations

- Travel providers should add halal health and sustainable products and services as part of their offerings.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- Travel technology is an attractive segment for investors, especially startups that facilitate travel planning and address current challenges through artificial intelligence.
- There is an opportunity for consolidations within the halal travel sector, as companies weakened by the challenges of the pandemic can be acquired at low costs by players looking to expand.
- Many OIC governments are providing financial and technical support to the tourism industry to help boost the sector after the challenges of the pandemic.

OBSTACLES:

- Hesitation from investors to invest in non-real-estate-related travel companies, especially those in the early stages.

RECOMMENDATIONS:

Strategic recommendations

- Governments to set up the infrastructure and incentives for travel tech incubators.

Tactical recommendations

- Investors should consider investing in travel technology companies in OIC markets.
- Startups should apply to join relevant incubators.
- Travel companies should explore incentives provided by their governments as well as OIC multilateral organizations.

11

HALAL MEDIA & RECREATION SECTOR

The Islamic-themed Media and Recreation sector is a nascent sector in the halal economy. This sector includes Islamic-themed film and video, music, digital applications, and publications. With the world being increasingly connected through the internet, media companies are able to expand their reach easily. Children's content has been a popular area of focus for those in the industry, and many successful, globally recognized brands have been created, such as the Omar and Hana series by Malaysia's Digital Durian. Streaming services are another area of interest for Islamic-themed media companies as they have witnessed their rising popularity in the mainstream media sector. With the Middle East being one of the fastest-growing mobile gaming markets globally, the potential for Islamic-themed mobile gaming is great.

Gaming is a high potential segment which is more high value than the motion picture segment. People all over the world are gaming whether it be on their phones or on consoles. So far there haven't been any culturally specific or relevant games being developed in many markets. There are a lot of possibilities in this niche. There is appetite even outside the OIC for content that is unique and celebrates cultures other than western cultures."

MICHAEL MILO, CO-FOUNDER AND CEO OF MUSLIMKIDS.TV

There is a huge gap for investors in Islamic Media. The only thing is that nobody has done it successfully before which gives investors a negative perspective."

SINAN ISMAIL, FOUNDER AND CEO OF DURIOO+

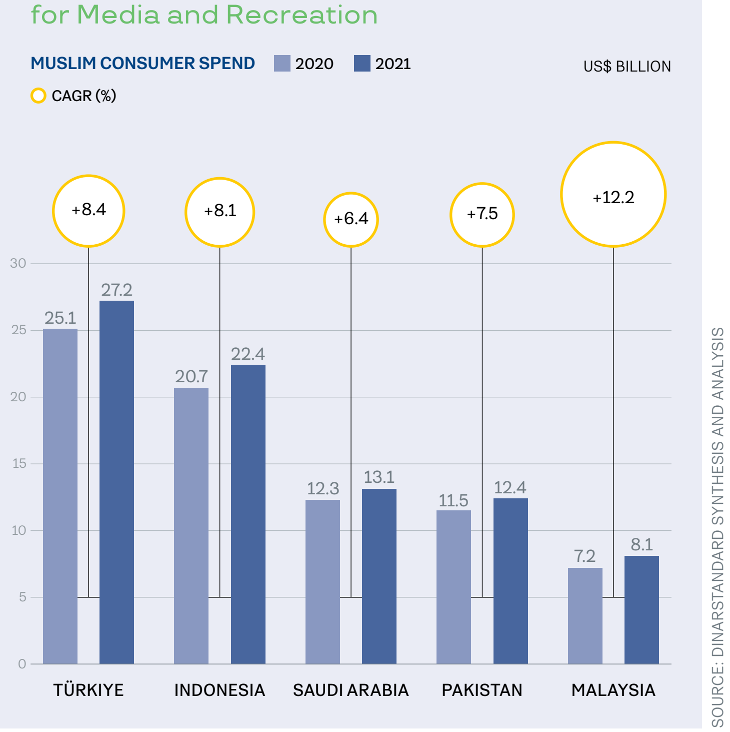
11.1. Media and Recreation Sector Sizing and Landscape

In 2021, Muslim consumers from OIC member countries were estimated to have spent US$141 billion on media and recreation. This is forecasted to grow to US$154 billion in 2022, and to US$231 billion by 2026, at a CAGR of 10.3%. In 2021, OIC member countries accounted for 60.7% of global Muslim consumer spend on media and recreation and made up six of the top 10 global markets for Muslim consumer spend on media and recreation.

1. CONSUMER SIZING AND LANDSCAPE

a. Consumer spending sizing and landscape

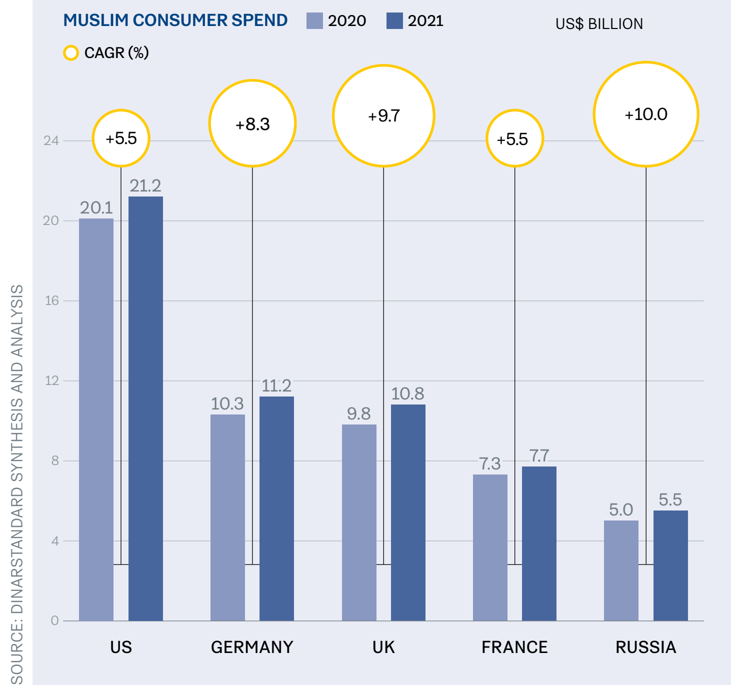
Muslim consumer spend on media and recreation in OIC member countries was estimated to be worth US$141 billion in 2021. This is forecasted to grow a further 9.2% in 2022 to reach US$154 billion. The top three markets for 2021 were Türkiye, Indonesia, and Saudi Arabia. This remains unchanged from 2020. By 2026, spend is forecasted to reach US$231 billion, at a CAGR of 10.3%.



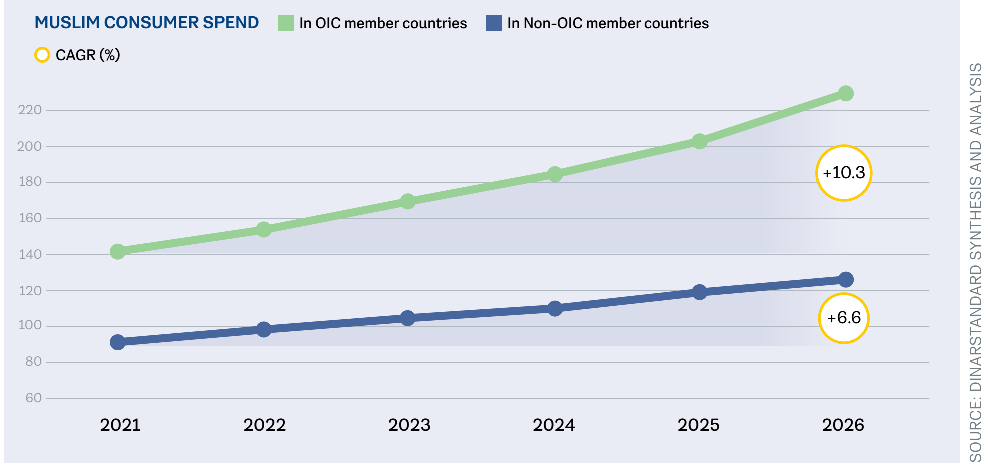
Top 5 Muslim Consumer Markets in the OIC for Media and Recreation

b. Benchmarking with non-OIC member countries

Four non-OIC member countries are ranked in the top 10 global Muslim consumer markets for media and recreation. These are the US, Germany, the UK, and France. In 2021, OIC member countries accounted for 60.7% of global Muslim consumer spend on media and recreation. Between 2016 and 2021, Muslim consumer spend on media and recreation in OIC member countries grew significantly, at a CAGR of 6.6%, compared to that of non-OIC members, which experienced a decline of 0.8% CAGR over the period. For the forecast period of 2021-2026, OIC Muslim consumer spend is expected to continue its stronger growth trajectory at a CAGR of 10.3%, compared to the lower CAGR of 6.6% for non-OIC member countries.



Top 5 Non-OIC Muslim Consumer Markets for Media and Recreation



Forecasted growth for Muslim consumer spend on Media and Recreation

2. INVESTMENTS SIZING AND LANDSCAPE

Investments in media and entertainment accounted for 9.6% of deals made in 2021. This equates to a deal value of US$756 million.

OIC MEMBER STATES INVESTMENT DEALS IN MEDIA AND ENTERTAINMENT

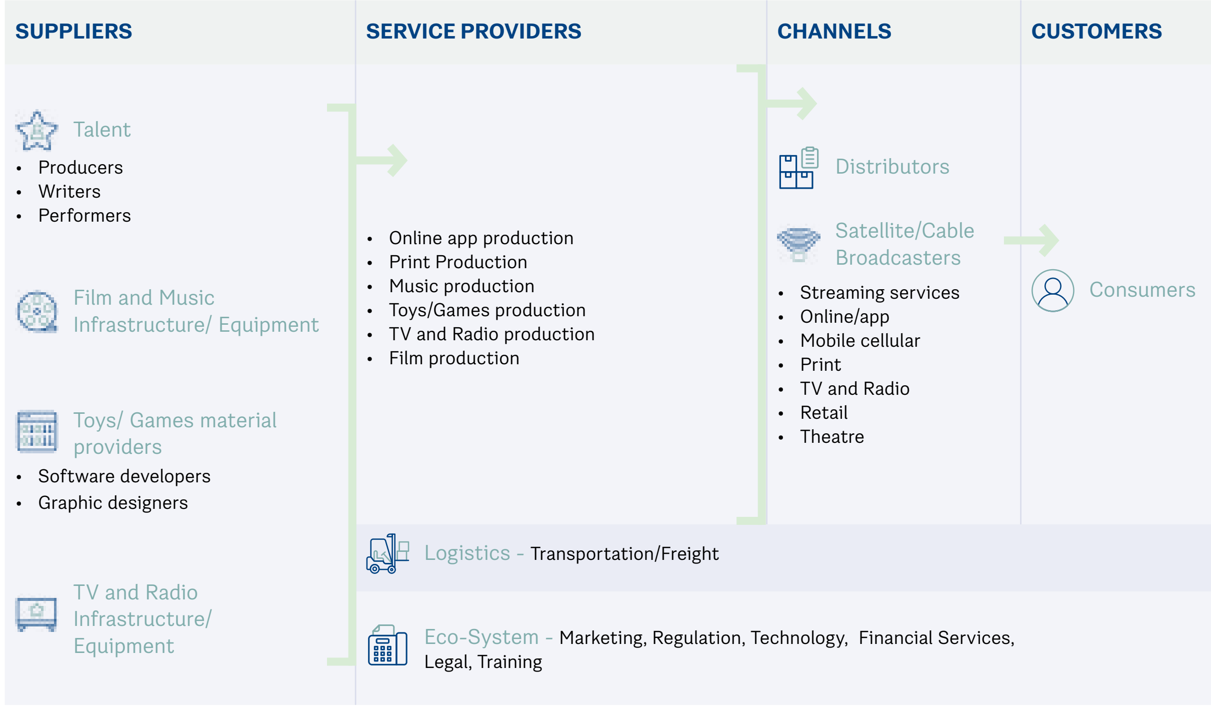
COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US$000S)
United Arab Emirates	Merger/Acquisition	Media	Anghami	220,000
Saudi Arabia	Merger/Acquisition	Media	Rotana	200,000
Indonesia	Private Equity	Media and Entertainment (Primary)	PT Elang Mahkota Teknologi Tbk	150,000
Indonesia	Private Equity	Media and Entertainment, Video, Video Streaming	Vidio	150,000
Türkiye	Private Equity	Broadcasting, Digital Entertainment, Film Production, Media and Entertainment, TV Production, Video on Demand, Video Streaming	GAIN	15,000

SOURCE: CAPTIALIQ, CRUNCHBASE, DINARSTANDARD SYNTHESIS

3. SECTOR VALUE CHAIN

The key components of the halal media and recreation value chain are suppliers, service providers, and channels. These are supported by logistics services and a supporting ecosystem.

HALAL MEDIA AND RECREATION VALUE CHAIN



SOURCE: DINARSTANDARD INDUSTRY VALUE CHAINS

11.2. Media and Recreation Sector OIC Developments and Opportunities

The media sector has seen some significant developments in the GCC, with several investments also made into the sector in the region. Muslim-themed children's content continues to be a high-growth segment, with some non-OIC-based platforms expanding into the OIC. Gaming, non-fungible tokens (NFTs), and streaming platforms are the main sub-sectors of interest.

1. CONSUMER DEVELOPMENTS

ISLAMIC-THEMED CHILDREN'S CONTENT CONTINUES TO PROVE A POPULAR SEGMENT WITH HIGH DEMAND FROM MUSLIM CONSUMERS GLOBALLY. MUSLIM PARENTS HAVE BECOME MORE AWARE OF THE EFFECTS OF MEDIA ON THEIR CHILDREN AND PREFER THEM TO WATCH MORALLY SOUND CONTENT, PREFERABLY WITH AN ISLAMIC ETHOS.

- Canada-based MuslimKids.TV launched in Indonesia on 19 March 2021, following its successful launch in Malaysia and several major non-OIC countries.[363] They are also doing a trial run in Pakistan and are working on expanding to other African OIC markets like Nigeria and Sudan. In emerging markets like Nigeria, Türkiye, and Malaysia, MuslimKids.TV saw subscriber growth of 350% in 2020.[364]

- Malaysian Islamic cartoon Omar & Hana reached over 3 billion views in 50 countries by July 2021. The show has been dubbed in Arabic and Urdu, which is the official language of Pakistan and is widely spoken in India as well. Saudi Arabia accounts for 40% of viewers. A dedicated Omar & Hana app was launched in 2020 and downloaded over half a million times. To help further monetize the brand, a pre-school curriculum was rolled out in Malaysia in line with the show.[365]

- The co-founder of Digital Durian (the company behind Omar & Hana), Sinan Ismail, founded tech-startup Durioo, which will produce original Islamic-themed children's content to be streamed on their own subscription-based streaming service, Durioo+. The company will also be publishing its own educational mobile games that teach Islamic values.[366]

- US-based children's content platform Noor Kids waived its program fee for its 2022 Digital Ramadan Camp, which saw 80,000 children from across the globe, including OIC member countries like Pakistan and Uzbekistan.[367] Noor Kids was established in 2012 and has created a library of 140 stories. Noor Kids provides content in English and has 92% of its audience in non-OIC countries. However, its printed books have sold thousands of copies in the UAE, Pakistan, and Malaysia, primarily driven by the lack of high-quality Muslim children's books available in these countries.[368]

OPPORTUNITY

Islamic-themed children's content is universally appealing across different countries, and animation allows for easier dubbing into different languages. In addition, strong brands in this area can be further monetized through extended product ranges and services such as branded merchandise, apps with additional digital services, or related publications.

MEDIA CONSUMERS ARE SEEKING CONTENT THAT IS TAILORED TO THEM IN TERMS OF THE LANGUAGE AND THEMES OF THE CONTENT. ORIGINAL ISLAMIC-THEMED CONTENT AIMED AT THE ADULT POPULATION, BESIDES RECORDINGS OF ISLAMIC LECTURES, IS ALMOST NON-EXISTENT.

- A survey by Kearney Middle East and Africa on Saudi residents found that 21% prefer quality Arabic content on TV and other media platforms over international content. To meet this need, 63% of respondents said they were willing to pay a premium.[369]

- OSN Woman, part of the UAE-based regional cable network OSN, was launched in March 2021 and offers content tailored for women in the Middle East. This is the first of OSN's 200 channels to cater exclusively to women. The new channel's line-up is curated by an all-female programming team at OSN and features lifestyle, health, family, and parenting topics. While the content is international, there are plans to release originals for the channel.[370]

- Nurflix, a Malaysian-based Islamic-themed content streaming platform, will focus on producing more original content in 2022. It intends to complete the remainder of its first 12-episode original drama series, including "Sabili: Al," "Light and Love," and "The Khadijahs." It also plans to release more of its Turāth Islamic heritage series, such as "Risalah Tauhid," about "the oneness of God," and masterclass programs such as "The Art of Silat," focusing on an indigenous Southeast Asian martial art. The company also wants to acquire Islamic content from other providers.[371]

OPPORTUNITY

Audiences are seeking original content in their native language which appeals to their values and to which they can relate. Many are willing to pay for access to this. This creates more niches for Islamic-themed content production to play in.

THE GAMING MARKET IN THE GCC AND NORTH AFRICA HAS SEEN SIGNIFICANT GROWTH IN RECENT TIMES. HOWEVER, ISLAMIC-THEMED GAMES ARE NOT BEING DEVELOPED, SPECIFICALLY FOR OLDER AGE GROUPS. THE SUPPORTING ECOSYSTEM FOR THE GAMING SECTOR IS BEING INCREASINGLY DEVELOPED IN SOME PARTS OF THE GCC. THE GAMING INDUSTRY IS EXPECTED TO GROW AT AN ANNUAL RATE OF ALMOST 14% BETWEEN 2022 AND 2027.[372]

- The Dubai Silicon Oasis (DSO), an integrated free zone technology park in Dubai, is evaluating the viability of building an e-sports campus arena that will serve as an education academy for all stakeholders, including parents, gamers, and corporate entities. It will also act as a training facility for local, regional, and international gamers and for anyone interested in pursuing a career as a referee or commentator.[373]

- Power League Gaming, a full-service gaming and esports agency based in the UAE, in partnership with Logitech G, launched 'Stream School,' which aims to assist those who aspire to enter the professional gaming field by delivering the tools needed to get started with a successful streaming career. The goal of this project is to help build a new generation of content creators that can continue to push the boundaries of creativity and performance in gaming content creation.[374]

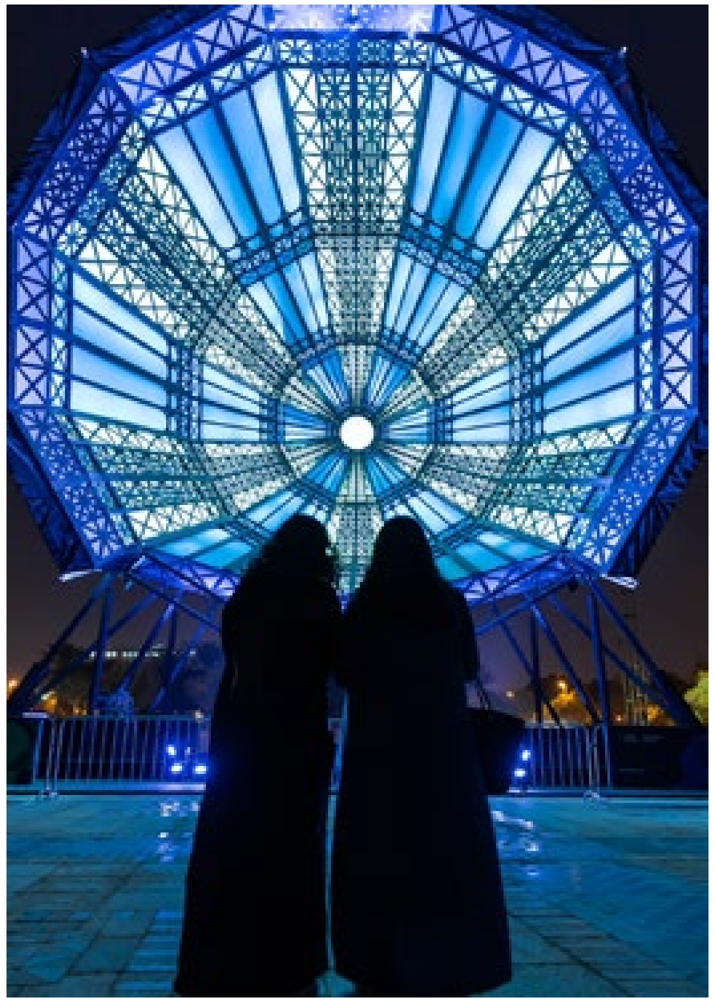
OPPORTUNITY

The gaming market, particularly in the GCC, is expected to grow significantly over the next five years. Ensuring that a strong supporting ecosystem is developed will ensure that the growth momentum in the industry is maintained, specifically in countries where the industry is still fairly new. This will also make it easier for niche games, such as Islamic-themed games, to be developed as the demand for gaming increases, in general.

2. TRADE DEVELOPMENTS

IN 2021, MIDDLE EASTERN MEDIA COMPANIES MADE SIGNIFICANT PROGRESS IN EXPANDING THEIR FOOTPRINT, PARTICULARLY IN CONTENT PRODUCTION, WHILE SUPPORTING PROGRAMS FOR THE ARTS AND FILM WERE ALSO LAUNCHED.

- In Saudi Arabia, Telfaz11 and Netflix signed an agreement for Telfaz11 to produce eight new films.[375] Saudi company Manga Productions, owned by the MiSK Foundation, and Japan's Toei Animation co-produced the Arabic anime film Ar-Rihla (The Journey).[376]
- Saudi Arabia also hosted the Red Sea International Film Festival in November 2021. The event promotes the expansion of the cinema and film industry following the lifting of a cinema ban in 2019.[377]
- In the UAE, the Abu Dhabi Investment Office partnered with regional video-on-demand service STARZPLAY, partly owned by the US Lionsgate, to establish the company's headquarters with the aim of strengthening the production of regionally relevant original content for its audiences.[378]



NOORRIYADH.SA

- Jordan-based subscription-based video-on-demand (SVOD) company, Istikana, has six films in the pipeline to be launched during 2022 in collaboration with independent filmmakers.[379]
- LA-based composer Nima Fakhrara will launch the Middle Eastern Media Composer Initiative & Mentorship Program in 2022. The free initiative is designed to promote rising composers from the Middle East.[380]
- The Noor Riyadh light and art festival was launched in March 2021, featuring over 60 artworks in 13 locations throughout the capital.[381]

OPPORTUNITY

The Middle East is a key supplier of media content as well as a consumer of it. Governments and other organizations have invested in the sector and helped to develop the ecosystem for it to flourish. Platforms for exposure, such as art or film festivals, are an important aspect of the media-enabling ecosystem as it helps investors identify talent and encourages new talents to partake as well.

3. INVESTMENTS DEVELOPMENTS

THE COVID-19 PANDEMIC ACCELERATED THE CONTINUOUS TREND TOWARD DIGITALIZATION OF BOTH MOTION PICTURES AND MUSIC, INCREASING SUBSCRIBER NUMBERS OF STREAMING SERVICES SUCH AS NETFLIX AND SPOTIFY SIGNIFICANTLY. INVESTORS HAVE NOTICED THIS ACTIVITY AND HAVE ALSO MADE SOME SIGNIFICANT INVESTMENTS IN THE SECTOR.

- A merger between UAE-based music streaming service, Anghami, and special purpose acquisition company (SPAC) Vistas Media Acquisition Company, led to the company being the first Arab technology company listed on New York's NASDAQ. The transaction was valued at US$220 million.[382]

DURIOOPLUS.COM

- Africa-focused streaming service Mdundo signed a deal with Universal Music Group (UMG) to make its music catalog available to Mdundo subscribers, thus, strengthening its offering to its 17 million subscribers across Africa. Mdundo has achieved exponential growth in the Nigerian market and is available in a number of countries, including Kenya, Ghana, and Tanzania. Mdundo expects to reach 25 million subscribers by 2025.[383]
- Malaysian-based Islamic-themed children's content streaming service DuriooPlus was selected by Silicon Valley-based Y Combinator (YC), a venture capital firm that has backed globally renowned start-ups Airbnb, Stripe, and Dropbox. Durioo applied to join the US firm's program and was selected out of 17,500 global applicants.[384]

OPPORTUNITY

Streaming platforms for motion pictures and music have increased in popularity and have seen a steady stream of increasing subscribers. Together with the increased demand for localized and native language content, these platforms are set to see significant growth in the near future, providing good returns for investors.

THERE IS AN INCREASING DEMAND FROM CONSUMERS FOR LOCAL CONTENT IN DIFFERENT LANGUAGES. THIS HAS BEEN REFLECTED IN THE INCREASING INTEREST OF INVESTORS IN SUCH COMPANIES WITHIN THE MEDIA AND RECREATION SECTOR.

- A minor stake in Saudi Arabia's Rotana music label, which is the largest in the Middle East, was purchased by Warner Music US. As part of the deal, which is said to be valued at close to US$200 million, ADA Worldwide, Warner's label services division, has agreed to distribute Rotana releases outside of the Middle East and North Africa region.[385]

- Dubai-based podcasting network the Rising Giants Network secured a US$1 million investment from Triangle Media, Barry Kirsch Productions, and angel investor Said Al Sayyed. The company scripts, produces, and builds audio experiences in Arabic and English.[386]

OPPORTUNITY

Consumers are seeking media content produced locally and in their native languages. The GCC, particularly, has a high demand for this. Arabic is the official language of 26 countries. Thus, producing content in a popular language will have wide appeal and may generate greater returns for investors.

OTHER APPS AND PLATFORMS CATERING TO MUSLIM LIFESTYLES AND OIC LANGUAGE PREFERENCES ARE GAINING INTEREST FROM INVESTORS.

- US-based venture capital fund, North Base Media, invested in Abu Dhabi-based Majarra, which offers a single subscription sign-on to a network of online content platforms in Arabic, including Harvard Business Review Arabia, MIT Technology Review Arabia, Stanford Social Innovation Review Arabia, Popular Science, Fortune, and Manhom.[387]

- UAE-based Muzmind's mindfulness app Sakeenah crowdfunded US$125,000 to expand the platform and add content in Malay, Arabic, Hindi, and Urdu.[388]

OPPORTUNITY

Muslim lifestyle apps are relatively easy to modify for different languages and regional preferences, therefore, creating a larger market for the app. The distribution of apps is also simplified through platforms like the Apple App store and the Google Play Store. If apps have good means of monetization, they can provide a significant return on investment for investors.

THE GAMING INDUSTRY IS A HIGH-GROWTH SUB-SECTOR THAT IS ATTRACTING A LOT OF INVESTOR ATTENTION. THE GAMES MARKET IN SAUDI ARABIA, THE UNITED ARAB EMIRATES, AND EGYPT IS ESTIMATED TO BE WORTH US$1.76 BILLION, ACCORDING TO A NIKO PARTNERS REPORT, LED BY SAUDI ARABIA AT US$1 BILLION, THE UAE AT US$520 MILLION, AND EGYPT AT US$172 MILLION.[389]

- Indian gaming and sports media company Nazara acquired a 69.82% share of Turkish mobile game publishing company Publishme for US$2.6 million. The acquisition will allow Publishme to become a full-fledged publisher in the MENA region.[390]

- Mastercard and the Saudi Esports Federation (SEF) have signed a Memorandum of Understanding (MoU) to help promote the Kingdom's billion-dollar gaming industry. Mastercard and SEF will collaborate on a range of innovations, including Metaverse and Augmented Reality (AR) activations, Non-Fungible Tokens (NFTs), gamers' and fans' loyalty solutions, and a gaming virtual Mastercard card. Gaming and esports consumption in Saudi Arabia is expected to reach US$6.8 billion by 2030. Gaming and esports have been identified as drivers of growth across Saudi Arabia, supporting the ongoing transformation of the nation's digital infrastructure, economy, and society. As part of the MoU, a digital asset enablement project will be launched in the Kingdom, with Mastercard designing, developing, launching, and maintaining an Augmented Reality (AR) activation, along with its very own metaverse, in the coming years.[391]

- Dubai-based gaming and eSports company, Power League Gaming (PLG), signed a contract with leading high-performance gaming hardware provider Razer to manage the inaugural MENA region Razer Invitational tournament[392] PLG also launched the region's first fully-equipped 10,000-square-foot production studio, which has been specifically built to deliver outstanding eSports and gaming content for regional and global audiences.[393]

- Saudi Arabia's sovereign wealth fund, Public Investment Fund, launched Savvy Gaming Group in early 2022, which later acquired a 100 million shares in Sweden's Embracer Group for US$1 billion, making Savvy the group's second-largest shareholder. The Savvy Gaming Company was launched by the Public Investment Fund (PIF) this year, acquiring Modern Times Group's esports division for US$1 billion in January and the competitive multiplayer technology platform Faceit. In May, PIF acquired a 5% stake worth US$2.98 billion in Japan's Nintendo, and earlier in the year, undisclosed stakes in Nexon and Capcom, the maker of the Street Fighter franchise. In 2021, PIF invested US$3 billion in Activision Blizzard, Electronic Arts, and Take-Two Interactive. In May, Crown Prince Mohammed bin Salman's MiSK Foundation acquired a 97% stake in Japan's SNK Corporation, which is behind the games Metal Slug and Fatal Fury. According to a survey by the Ministry of Sports, around half of Saudis consider themselves regular gamers, while 67% (23.5 million) said they were gaming enthusiasts.[394]

OPPORTUNITY

The gaming market has seen significant growth of late and is expected to grow further in the next five years. With gaming increasing in popularity, consumers will seek out niche gaming themes such as Islamic-themed content, especially for children. Investors have an opportunity to enter these developing markets in the nascent stage and stand to receive significant returns, especially since the enabling environment is also being developed simultaneously.

NEFTIPEDIA.COM

NFTS ARE BECOMING INCREASINGLY POPULAR AS AN INVESTMENT OPTION, ESPECIALLY WITHIN THE OIC. IT IS ALSO PROVIDING A PLATFORM FOR ARTISTS IN THE OIC TO SELL THEIR ARTWORKS AND PROTECT THEIR INTEGRITY SIMULTANEOUSLY.

- Behnood Javaherpour launched the UAE's first non-fungible token (NFT) digital Islamic art agency and intends to sell digital artworks from the Middle East's most talented artists at live auctions worldwide.[395]

- Indonesian NFT marketplace NEFTiPEDIA, which aims to provide artists with a means of earning revenue through NFTs without paying massive commissions and relying on middlemen, has been listed on Hotbit exchange, the third-largest cryptocurrency exchange for altcoins in the cryptocurrency market.[396]

OPPORTUNITY

NFTs are a lucrative market with huge growth potential in the OIC. OIC artists, specifically those creating digital Islamic-themed artworks, can use NFTs to maintain the authenticity of their works. The NFT allows a creator to name a rightful owner of a file, giving them the right to present, access, or resell it.[397] Artists can also program an NFT such that they continue to benefit as the artwork appreciates in value. NFTs could lead to the development of Islamic-themed art and the OIC art market in general.

11.3. Case Studies

Malaysia (OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)

$8.12
2021

+12%

$14.09
2026

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Domestic players such as Nurflix[398] and Digital Durian,[399] both having a number of successful productions, have the potential to be global champions.

DOMESTIC PROPOSITION

- Malaysia's creative industry contribution to the GDP has stood at 1.9% for the last fiveyears.[400]
- Global players present include Sony Interactive Entertainment, UK game developer and publisher Double Eleven

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The Malaysian Government has set global standards for creating a successful halal economy, from nurturing a robust Islamic banking and finance industry to providing holistic halal certification standards and policies.[401]

PRODUCTION CAPABILITIES

- A mature and competitive media and entertainment sector enjoying strong government support.[402]
- Embracing innovative real-time technologies such as virtual production and ICVFX.[403]

OPERATIONAL SUPPORT ECOSYSTEM

- The Government, through Malaysia Digital Economy Corporation (MDEC), has provided funding through various initiatives to help digital content designers to realize their potential.[404]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

The Malaysian Government's Digital Content Fund, administered by the Malaysia Digital Economy Corporation(MDEC), supports Malaysian companies involved in producing local creative digital content, covering both the development stage of the project, starting with idea generation and the marketing and licensing stage for IP creators with market-ready product(s).

UK (non-OIC)

KEY FIGURES AND PLAYERS

SOURCE: DINARSTANDARD SYNTHESIS & ANALYSIS

SECTOR SIZE & GROWTH (US$ BN)

$10.75
2021

+9%

$16.61
2026

LOCAL CHAMPIONS

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY DIFFERENTIATED PROPOSITION

- Domestic players in various media and entertainment subsectors, such as Awakening (Records and Publications), Islam Channel, and Alchemiya, have a strong global presence.

DOMESTIC PROPOSITION

- The UK Entertainment & Media industry revenue was £71.3 billion in 2021.[405] The industry revenue is expected to reach £97 billion by 2026, overtaking Germany to become Europe's biggest entertainment and media market.[406]
- Major international players on the market include Netflix, Disney, Amazon, and Sony Entertainment.

ENABLING PILLARS

GOVERNMENT COMMITMENT

- The UK government has pledged US$25 million to promote exports of UK TV, film, and video games by supporting the distribution and marketing of content internationally.[407]

PRODUCTION CAPABILITIES

- Presence of a highly-skilled workforce, state-of-the-art facilities and locations and super-fast broadband, and well-established 4G mobile networks.[408]

OPERATIONAL SUPPORT ECOSYSTEM

- The UK provides creative industry tax reliefs to all British films, animation, and television programs or video games.[409]

INSPIRING BOLD INITIATIVES FOR OIC COUNTRIES

In 2021, the UK Global Screen Fund was initially launched by the department for digital, culture, media and sport (DCMS) to support the media industry cope with the COVID-19 impact. The initiative was extended for three more years with additional funding of US$25 million to support producers in exporting their content and creating jobs.

11.4. Opportunity Assessment and Recommendations

There is consumer demand for streaming services focused on Muslim-themed content in their native language. There is also an opportunity to develop Islamic-themed content that is universally appealing. To support the media industry, governments need to invest in developing an enabling ecosystem, including digital infrastructure. Meanwhile, the mobile gaming industry has excellent prospects and should be considered for investment.

1. CONSUMER RECOMMENDATIONS

OPPORTUNITIES:

- **Local and native language content for streaming services:** Media consumers are seeking content in their native languages. Many have shown a preference for locally produced content as well and would be open to paying for the service. This increased demand can lead to the development of local media industries such as motion pictures and music. Many international streaming giants, such as Netflix, are often sourcing this type of content.

- **Muslim-themed children's content:** There is a high demand for Islamic-themed children's content, as has been observed with the large audience sizes being attracted by those currently on the market. Creating brands out of these shows can lead to many alternatives for monetization, such as selling merchandise and other educational products such as activity kits or apps, etc.

- **Islamic-themed gaming:** As gaming increases in popularity, especially across the GCC and North Africa, there is an opportunity to create Islamic-themed games. As more consumers become familiar with gaming, the categories of games will also need to be more diversified to cater to the preferences of the players. This will be especially relevant to children whose parents would prefer them to play games that are morally sound and have educational value.

- **NFTs as a way to sell digital art:** Artists in the OIC are set to benefit from NFTs in maintaining the copyright over their digital works of art. This could be especially beneficial in boosting the sector as a whole since there are not many recognized high-value artists from the region, especially in Islamic-themed art.

- **Many areas left untapped within the content development space:** Most of the Islamic-themed motion picture content being developed is aimed at children. This leaves a significant gap for production in other categories such as dramas, comedies, reality shows, etc.

OBSTACLES:

- **Competition from mainstream media outlets:** Islamic-themed media production companies are usually small and lack the financing available to those in the mainstream industry. Therefore, obtaining high-quality productions is more difficult. Consumers are more familiar with mainstream media outlets and will not easily choose an unknown producer.

- **Attracting investment:** Monetising content is difficult, especially when there is an abundance of free or pirated content easily available to consumers. Without a good monetization proposition, production companies would not be able to attract enough investment. There has yet to be a successful exit by an Islamic-themed media company.

- **Development costs are high:** Producing high-quality products across most of the media and recreation sub-sectors incurs great expenses. The process of production usually involves many people with specialist skills which are often not easy to find either.

RECOMMENDATIONS:

Strategic recommendations

- Develop streaming services specifically catering to Muslim-themed content from different regions, which cater to more than just children's content.

- Mainstream media houses can partner with startups creating Muslim-themed and regional content for content creation that is more relevant.

Tactical recommendations

- Animated content is easier to dub than filmed content which makes it easier to distribute across different countries. Animated franchises can also be easily converted into a wide range of merchandise. This makes the animation field a good growth option for investors.

2. TRADE RECOMMENDATIONS

OPPORTUNITIES:

- **Universally appealing Islamic-themed content:** The values and themes in Muslim-themed content are universally appealing across different countries. Therefore, regional specifications may be minimal, allowing for content to be marketed to any other country or region with the same languages without alterations.

- **Development of the enabling ecosystem will lead to the development of the industry:** Most media content creation requires very specialized skills and talents. Often these are expensive to fund and not seen as worth spending money on as the return is not great. However, should these skills be made easier to obtain, there would be more capable people who investors could put their faith in to deliver high-value and profitable products.

- **Co-marketing opportunities with tourism and retail:** Media companies can work together with the tourism sector or other sectors, such as fashion, to help showcase locations and products to international audiences. For instance, popular Turkish dizi (or dramas) such as Dirilis: Ertugrul resulted in a lot of tourism to shooting locations in Türkiye.

OBSTACLES:

- **The OIC has a wide range of languages to cater to:** Given that the OIC spans Asia, Africa, and some South American countries, there are a plethora of languages to cater to. Indonesia alone has over 800 spoken languages. Preparing content in such a varied array of languages would be a costly endeavor.

- **Digital infrastructure may not be of high quality in all countries:** Streaming digital content requires high-quality internet infrastructure. Many countries may not yet have high-quality internet access for all parts of the country. It may also be costly for people to afford high-quality internet.

RECOMMENDATIONS:

Strategic recommendations

- Through their departments of art and culture, governments should invest in developing the enabling ecosystem for various sub-sectors of the media and recreation sector, which will help attract and promote investment. They can also sponsor marketing events like film or music festivals or art shows where artists can showcase their work. This would also help attract investment.

- Governments should work to improve digital infrastructure, such as internet connectivity infrastructure, which would allow local content creators to share their work more easily.

Tactical recommendations

- Content creators should aim to have their work shared at international festivals such as film festivals, music shows, or festivals and art shows. This will help to broaden their audience. Receiving prizes at such festivals and shows are also a means of further marketing their capabilities.

3. INVESTMENT RECOMMENDATIONS

OPPORTUNITIES:

- **The gaming market is set for high growth:** The forecasted growth for the mobile gaming industry is significant. Investing in the sector could lead to high returns for investors and will help grow other niche sectors within the mobile gaming industry, such as Islamic-themed games for children and adults alike.

- **Many sub-sectors of the Islamic-themed media and recreation field have yet to be fully explored:** There are many sub-sectors of the Islamic-themed media and recreation field, such as motion picture products for adults, specific content for females, reality shows, publication of different types of books and magazines, etc. These hold a lot of potential and could lead to a significant return for investors.

OBSTACLES:

- **Limited exits so far:** There has yet to be a successful exit from an Islamic-themed media company.

- **General traditional views on certain types of media:** Views on certain aspects of media, such as film and music, are mixed, and this may impact the potential audience size.

RECOMMENDATIONS:

Strategic recommendations

- Mainstream investors should seek out Muslim-themed content creators to help them improve their production capability and audience reach.

- The mobile gaming industry has excellent prospects and should be considered for investment. Mobile gaming linked to existing shows for children, for instance, have particularly good prospects due to the high viewership of these shows.

Tactical recommendations

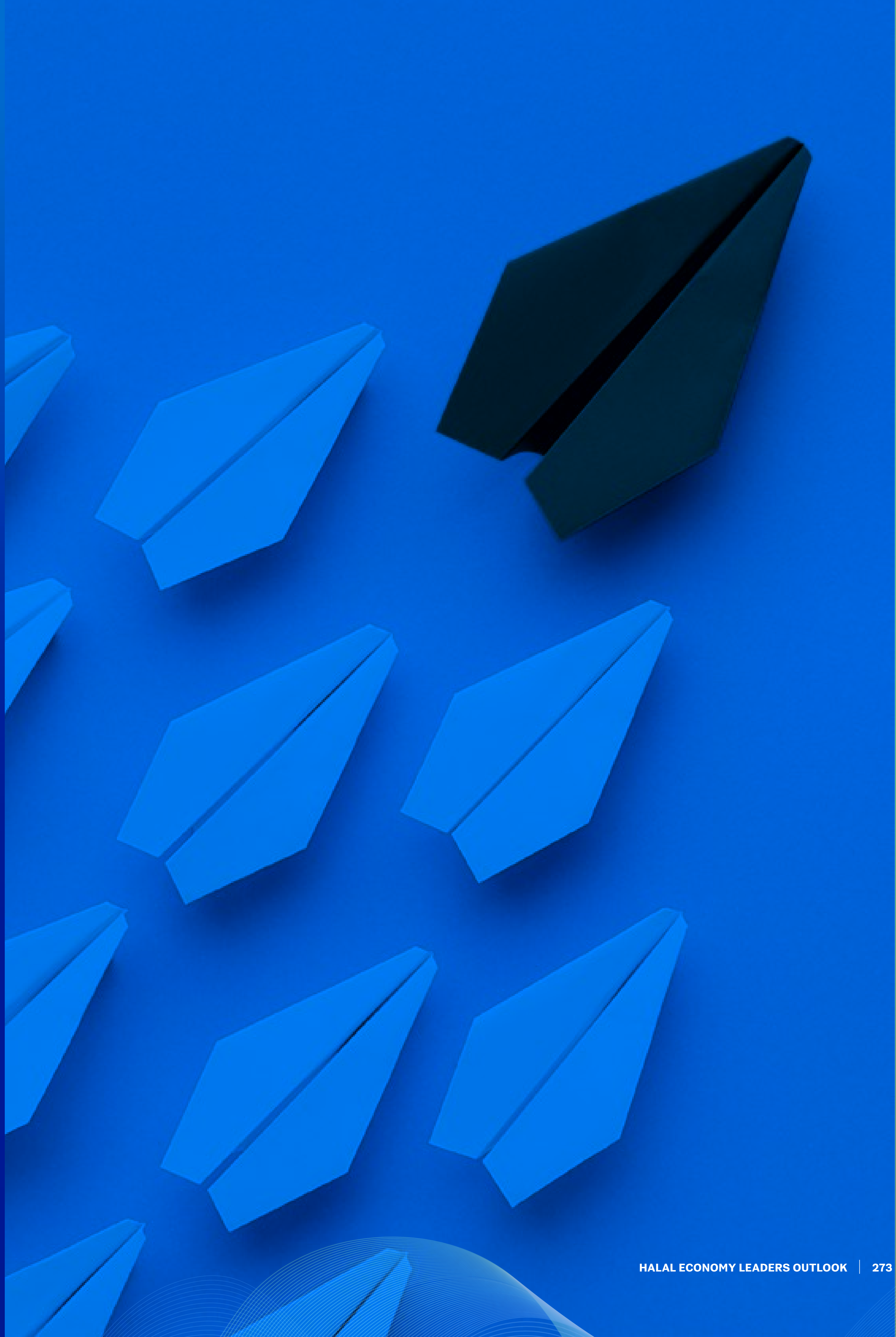
- Work together with incubators to identify businesses with high potential.

12

HALAL ECONOMY LEADERS OUTLOOK

OIC business leaders as well as governmental and multi-lateral organizations highlighted the importance of collaboration for facilitating the growth of the halal economy. Unifying halal standards was identified as one of the most pressing concerns for intra-OIC trade facilitation.

Interviewees foresee an increase in demand for halal products as they are expected to appeal to a wider pool of consumers, given emerging global trends such as ethical consumption and sustainability, which are aligned with the values underlying the halal economy.



1.1. Interview Excerpts

Interviews conducted with 19 industry leaders across eight sectors, as well as seven OIC government bodies and four OIC organizations, revealed optimism about the growth potential of the halal economy, backed by growth in demand.

With emerging global trends such as ethical consumption and sustainability being aligned with the value underlying the halal economy, interviewees foresee an increase in demand for halal products as they are expected to appeal to a wider pool of consumers.

The importance of collaboration for facilitating the growth of the halal economy was highlighted by top OIC business leaders as well as governmental and non-governmental organization officials. Unifying halal standards was identified as one of the most pressing concerns for intra-OIC trade facilitation.

MEDIA

Sinan Ismail

Founder and CEO
Durioo Sdn Bhd (Malaysia)

The market is huge, and the opportunity is huge. Media has been around for many years in different forms, from print to TV, to podcast, to digital. So, the market is there; it's more about adopting or adapting what we're doing to Muslims.

We have some good products, but I don't see anybody doing it really well yet, so there's an opportunity. There's an opportunity for anyone to stand out from other platforms, of course, but there is also the opportunity for collaboration and working together because together, we're stronger.

It's not about the media. It is more about the quality of the content. Are we creating content that is good enough to actually get people to watch it and enjoy it versus watching Netflix versus watching YouTube? The content can travel if you do it well enough. You need to have a sustainable business model.

Islamic media is important. Western platforms are coming in, which are not super aligned with our values. I think how kids in a particular country grow up with values and virtues and what they like is influenced a lot by what they watch. I think it is good to realize that good messages need to be instilled in kids earlier.

FOOD

A.Ş. Rohaizad Hassan

Director of Food Safety Board Presidency
Yildiz Holding (Türkiye)

The opportunity lies in the innovation of customer experience and new product development. A convenient solution, for example, can be the future of how we could deliver products to our consumers. Instead of relying too much on conventional retail alone, the suitable solution may be improving the e-commerce arm and distribution channels.

In terms of new product development, increasing our diversified food products portfolio, e.g., frozen products, meat & poultry, etc., can be a significant opportunity based on the current capabilities. With the fear of food security or the increasing needs of GCC and OIC countries, producing staple food has become a mammoth opportunity.

One of the major gaps is the mutual recognition of halal certificates among intra-OIC members. Accredited or recognized halal certificates from OIC members should be accepted among the OIC members. A certified company should not have a problem exporting to GCC, Malaysia, Pakistan, and others; each respective OIC country's regulations should mutually recognize each other's accreditation body.

Trade barriers must be minimized with regard to halal among Muslim countries in particular. The OIC can play a significant role through the Islamic Development Bank (IDB) in assisting export-rated companies in OIC country members as a value-added service or providing a growth package for selected tariff codes such as tax-free for a minimum of two years.

EDUCATION

Dr. Aisha Subhani

Vice President
Zaytuna College (USA)

The educational opportunities for Muslims in the US and other Western countries are going to grow. We always say that we hope to see more Zaytuna-type colleges emerging in the US, Canada and Europe to meet those needs.

With globalization, you now have education beyond borders and without financial constraints. People are learning from scholars from all over the world, and this is a phenomenon that is growing rapidly, especially after COVID-19. It would make sense for us to pay attention to this and use it to our advantage.

The world has become small and much more interconnected because of globalization, so the challenges faced by Muslims in the West are very similar now to the challenges faced by Muslims in OIC countries, especially young Muslims.

What we want is to have a shared response, shared ideas, and collaboration. Having collaboration, such as establishing MOUs between higher education institutions in the OIC nations and institutions like Zaytuna will help facilitate shared resources and talents. There should be a constant funnel for an exchange of ideas so that, collectively, we can actually address many of the challenges that we're facing, as they are very similar.

With a level of collaboration in which there is an active exchange of ideas and resources, and leveraging our strengths together, then, God-willing, the Islamic educational space can actually grow and thrive throughout the world.

EDUCATION

Professor Dato' Dr. Mohd Azmi Omar

President & Chief Executive Officer
INCEIF University (Malaysia)

The Islamic economy cannot grow without sufficient talent and competencies. To meet the demand for the halal economy, universities in Southeast Asia have started to offer programs that relate to the halal economy, not only in the context of social sciences but also in the context of science. So, these are science and technology, but in determining halal, for example, in terms of food.

We need to meet the demand of the young population, by and large, Muslims in the OIC. Generally, they are young, 35 and below. They demand education with an Islamic background because they are conscious of religion. They want to see concern for ethics, concern for sustainability, and Islamic education, including Islamic financial education bringing ethical values into education.

We now talk about fulfilling the object of shariah. We are no longer looking halal and haram. We have to go beyond halal and haram. We see this demand from youngsters not only in Southeast Asia but also in Africa and in many parts of the world – demand for sustainability, demand for ethics. Islamic education can play that role, provided that we incorporate all these principles under the principles of the objects of shariah in our society's education.

The diversity within the OIC or within the Islamic world, plus the Muslims in the West, creates richness in Islamic education. We need to acknowledge that there must be a lot of interaction between universities, both in the country as well as in the region and outside the region. Collaboration is very important. That's the key word for having students exchange, faculty exchange, not only within the OIC countries but also within universities that are in non-OIC countries.

PHARMA

Wan Jeffery Majid

Chief Executive Officer, Commercial
Duopharma Biotech Berhad, Malaysia

While it is important that we diligently look into expanding the range of halal-compliant and halal-certified pharmaceutical products, we also need to develop halal pharmaceutical awareness, as a large degree of perception is driven by religious perspectives. The halal logo is possibly the height of awareness tool we can use if we want to talk about any product in the context of halal.

By 2024, Indonesia's halal legislation requires food, beverages, and everything else for consumption to declare its halal status on the packaging of the products. Countries like China would have a scale like nobody can imagine exporting to Indonesia, and they can put cost pressures down. I would think that China will want to work with countries that have halal standards established. So, they may look at Malaysia and Indonesia as allies rather than competitors. We are looking at how we can collaborate with them, whether from the perspectives of technology transfer, partnership, development of products, etc., with halal being the fundamental point for us.

There should be efforts to analyze the strategic benefits of the OIC platforms for the member countries to be serious economic contributors to growth for each other. The strengths that prevail in each country should be identified, and it should not just be the policy but also how things are executed toward strengthening halal pharma.

I think there's also the opportunity for us to, of course, explore with other companies in the same OIC grouping that are looking into cross-market development together with Malaysia.

FINANCE

Md. Siddiqur Rahman

Deputy Managing Director
Islami Bank Bangladesh Limited (Bangladesh)

The convergence of the Islamic finance institution and halal industry brings a huge potential for work opportunities to the public, helping in the growth and expansion of Islamic economies in the global market. Islamic finance and halal industry investors need to harness synergies and achieve effective results through collaborative efforts to develop and promote their businesses.

The involvement of Islamic Banks as financiers in the halal industry is still at a poor level due to a few issues and challenges, like a lack of understanding of the halal concept and regulation among entrepreneurs as well as poor awareness of the Islamic finance system among halal industry players and others.

Recently, the ICIEC, the trade credit and investment insurance arm of the IsDB Group, has recommended takaful credit solutions for cross-border transactions to expand the scope of trade transactions and increase investment flows among OIC Member Countries. We think these services will effectively enable traders, investors, Fis, and ECAs to transact and conduct business by limiting their potential loss. These takaful solutions limit the potential losses that policyholders can incur by mitigating certain risks, including the risk of expropriation, non-payment, and many others.

TRAVEL

Muzzammil Ahussain

Executive Vice President
Seera Group (Saudi Arabia)

There's a lot of interest in Umrah plus. With new sites and destinations opening up, like the Red Sea, tourists can experience international quality and an international level of standard and luxury in Saudi Arabia. I think there's a big opportunity for Muslim travelers to come and visit these sites and get an experience that accounts for their culture and their needs but also gives you top-quality tourism experiences. The high-end Muslim traveler who would have previously maybe gone to the Maldives may be willing to consider the Red Sea now.

There are big trends across domestic and regional tourism, especially with Saudi Arabia opening up and creating more large-scale sporting and entertainment events locally. We continue to launch new products and services for domestic tourism, such as Chalets+ - a platform for alternative accommodation in KSA, and similar products for domestic tourism.

Another trend we are seeing is family travel. With families having been restricted in their travels for over two years, they now want to enjoy their vacation, where kids will be able to have fun and explore again. I think a big opportunity is hotels around the world targeting families, whether it's Muslim families or even providing family-friendly services and facilities in general, to make sure that there is a wide range of activities for all ages.

Groups of females together, even solo female travel, in general, has been higher than pre-COVID levels. Solo travel, both male and female, now accounts for close to 16% of our travel bookings. Pre-COVID, it was closer to 10% to 12%. We also see groups of females increasing their exploration both within Saudi regionally and internationally.

FASHION

Franka Soeria

Co-Founder
#Markamarie and Council of Modest Fashion (Indonesia)

The mainstream outlets, for example, the mainstream selling platforms, are still trying to understand what modest fashion is. Do they need to make a special category on their platform? Do they need to embrace indie-independent designers? Or should they just get Zara or H&M, who already have modest fashion?

The dynamic of the modest fashion market is very complex. It's such a huge market. I don't really think there is someone who has really tapped into it or represented everyone. When you talk about modest fashion in a country, there are different levels. You need to really hear, engage, see, and customize exactly what the big brands are doing when they want to expand globally.

OIC countries have big markets. Muslim countries can make their own network of marketing, connect everyone, and then allow everyone to do something in that belt, the OIC belt, together so we can build big brands like H&M and Zara.

REGULATORS

H.E. Mr. Ihsan Övüt

Secretary General
The Standards and Metrology Institute for the Islamic Countries (SMIIC)

Halal quality infrastructure based on common OIC/SMIIC Standards should be enhanced as fast as possible to diminish technical barriers to international trade and build consumer trust in halal products and services. Most current practices highlight national policies; they try to carry out the halal certification business with a single institution and emphasize the interests of the institution and country instead of the system. With a common system and standard, a strong and reliable ecosystem can be constituted.

The standards used in OIC countries should be unified. The adoption of OIC/SMIIC Standards on halal-related issues as "national standards" is the solution to this problem. This is the reason why the Standards and Metrology Institute for Islamic Countries (SMIIC) was established. The OIC/SMIIC Standards, with references to other relevant international standards, are prepared by OIC Member States for global use and aim to provide all necessary aspects of halal products and services, certification, and accreditation practices that would minimize the cost of multiple certifications and increase the consumer trust.

GOVERNMENT BODIES

Brunei Darussalam

Ministry of Finance

Being an Islamic country, the halal concept is deeply embedded in our values. We continue to abide by governance and principles that promote Islamic values and also preserve the social responsibility that comes with ensuring that, beyond religious compliance, consumers are provided with safe, ethical, and premium halal choices and products. The halal economy is a crucial aspect of our economic strategy, and Brunei Darussalam is keen to tap into this lucrative market.

The halal economy concept is aligned with emerging trends such as ethical consumption and sustainability, which are attractive not only to the Muslim population but also to the wider global markets. In this regard, Brunei Darussalam sees potential in catering to such a large consumer base and in furthering cooperation and business synergies with OIC and non-OIC countries.

There is a great need for accountability to ensure confidence in the halal supply chain through the integrity of the entire halal ecosystem. This means stringent monitoring to avoid sub-standard practices of halal certification, which does not comply with shariah law and industry standards.

UAE

Ministry of Economy

There is a high demand from Muslim consumers around the world – with the Muslim population expected to grow by about 35% over the next 20 years. By 2050, the Muslim population could grow to 2.6 billion, representing nearly 30% of the projected global population. The UAE is well placed to act as a global facilitator of trade and opportunity for the halal economy, being at the crossroads of the Muslim world, lying between South-East Asia, the Middle East, and North Africa.

We need to resolve the confusion surrounding halal standards. They are being issued by so many different national standards bodies, regional bodies, private organizations, and independent halal certification bodies, which means there are multiple standards required to gain market access, and in too many cases, multiple certificates are necessary for exporters. Halal certification is a necessary operational step, but the lack of global alignment on certification increases costs and can erode value and trust. This is particularly important as the majority of halal food is produced in non-Muslim majority countries.

Qatar

Invest in Qatar

Qatar continues to maintain its position in the top 10 countries according to the World Islamic Economy Index, the latest in 2020. The economic policy adopted by Qatar and reflected in Qatar's national vision of 2030 has contributed to the preservation of this status. The halal economy is an important factor in achieving Qatar's national goals.

Standards, accreditation, and funding are three critical factors contributing to the expansion of Qatar's halal economy and the OIC region in general. It is important to establish a unified accreditation system and establish a body that oversees the implementation and follow-up of accreditation processes. To this end, Qatar has taken serious steps to host a Halal Certification Centre for Halal Products.

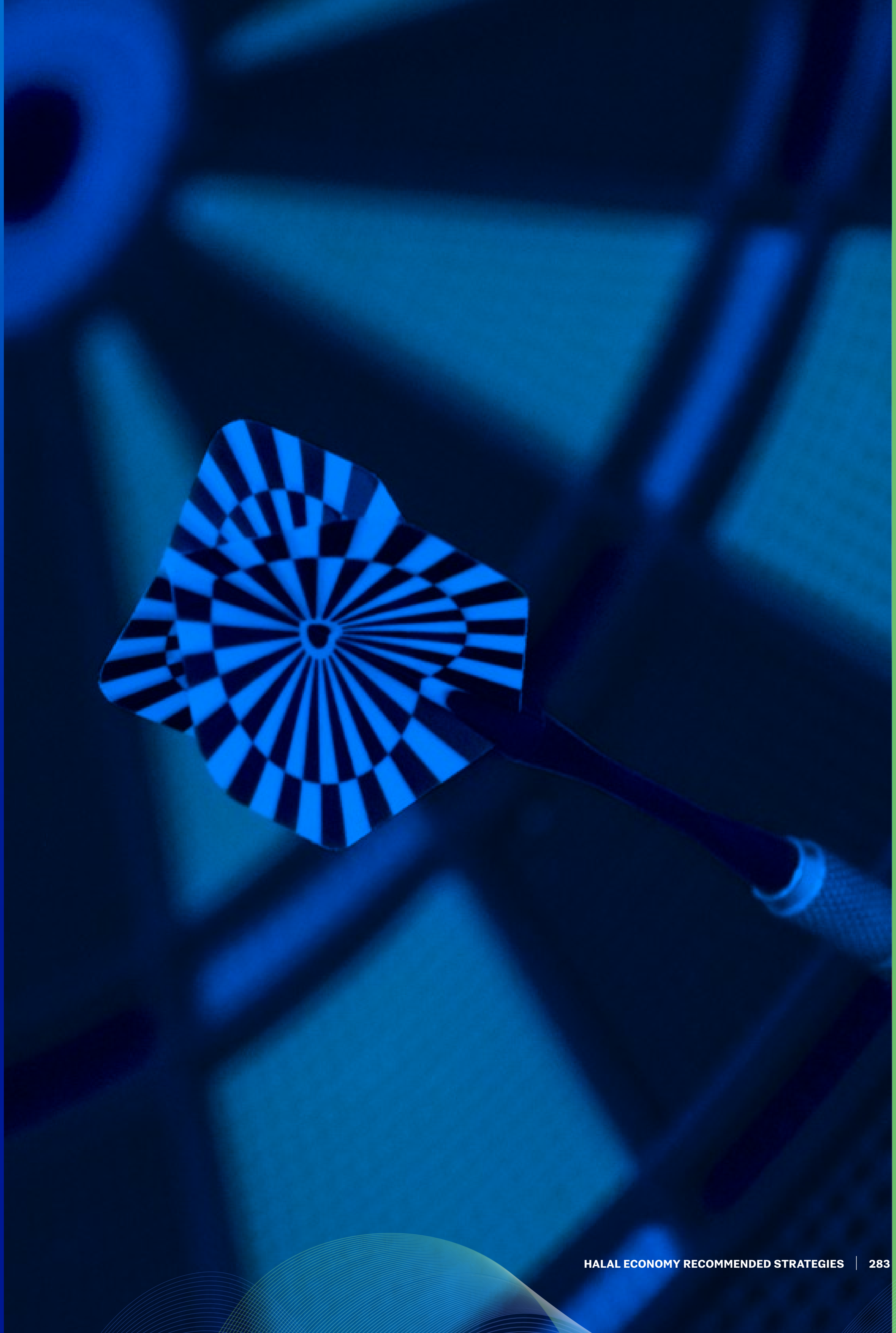
13

HALAL ECONOMY RECOMMENDED STRATEGIES

The OIC and its organs have prioritized the economic growth and welfare of its Member States. Many Member States are also investing in developing south-south cooperation. These initiatives are becoming ever more important given global supply chain challenges as OIC Member States look to near-shore their supply chains, develop domestic capabilities, and address various macro challenges, such as geopolitical crises, food insecurity, and rising inflation.

This chapter ***identifies 20 actionable strategies*** *for OIC organs and member states to explore and implement, grouped into* ***five strategic categories:*** *national economic resilience building, intra-OIC/ south-south cooperation, research and innovation, halal economy promotion and awareness, and investment attraction and facilitation.*

The recommendations focus on key initiatives that can be undertaken by OIC organs and governments of member states to foster capacity building, increase production competitiveness and encourage partnerships that would support economic resilience building and lead OIC countries toward economic growth.

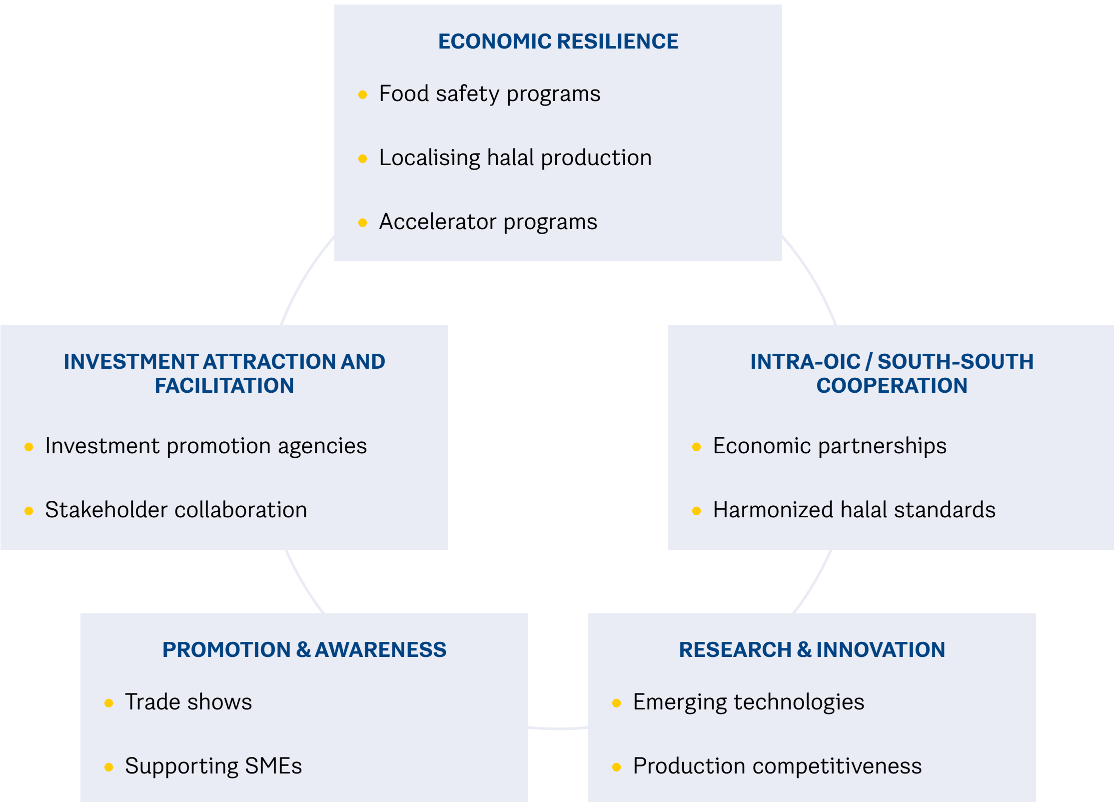


13.1. Recommendations for OIC bodies & Member Countries

Despite several initiatives undertaken by stakeholders, there is room for considerable growth and enablement, especially across the least developed OIC economies. This chapter outlines a list of recommendations covering the halal economy ecosystem at a government policy level or government-to-government cooperation level, while sector-specific strategic and tactical recommendations for industry stakeholders and investors have been detailed within each chapter.

This *2022 Annual OIC Halal Economy Report* **identifies 20 actionable strategies** for OIC organs and Member States to explore and implement, grouped **into five strategic categories:** national economic resilience building, intra-OIC/south-south cooperation, research and innovation, halal economy promotion and awareness, and investment attraction and facilitation.

The following recommendations primarily focus on key initiatives that can be undertaken by OIC organs and governments of Member States to foster capacity building, increase production competitiveness and encourage partnerships that would support economic resilience building and lead OIC countries toward economic growth.



NATIONAL ECONOMIC RESILIENCE BUILDING

- **Food safety net programs:** OIC governments can create food safety net programs to protect the underprivileged from price shocks in case of future economic and geopolitical challenges. Additionally, OIC institutions such as the *Islamic Organization for Food Security (IOFS)* and the *Islamic Development Bank (IsDB) Group* can extend further technical and financial assistance to the least developed OIC countries to support sustainable agriculture and food security.

- **Accelerator programs:** Accelerator programs can be launched to boost entrepreneurial activity across the halal economy sector. Startups can liaise with government entities to gain operational and financial assistance for devising innovative solutions across the halal food, pharmaceutical, and cosmetics verticals. Such initiatives can extend beyond borders to welcome entrepreneurs from other OIC countries as well. The UAE's Mohammed Bin Rashid Innovation Fund, which has around 77 members, recently added 20 more to its Innovation Accelerator program.

- **Media-enabling ecosystems:** Governments across the OIC network can launch platforms such as art or film festivals to develop an enabling ecosystem for the media sector. Events such as Saudi Arabia's *Red Sea International Film Festival* can be hosted to promote the industry and for artists to showcase their work. Strategies such as Saudi Arabia's *National Gaming and Esports Strategy* can also be introduced and complemented by incubators and educational academies.

- **Localizing halal production:** OIC governments can establish dedicated companies that would invest in localizing halal production, similar to Saudi Arabia's recent launch of the *Halal Products Development Company*. Such enterprises will develop the local halal production industry, enable local players to access global strategic markets, and create additional employment opportunities.

- **Promoting halal health tourism:** Governments across the OIC network can invest in establishing the infrastructure for halal health tourism as well as promoting it via several mediums, similar to Egypt's initiative to use virtual reality to promote health tourism.

INTRA-OIC/SOUTH-SOUTH COOPERATION

- **Economic partnerships:** OIC governments can work toward establishing industrial partnerships for collaboration across halal economy sectors. Such agreements would encourage private sectors in participating countries to pursue related opportunities. The Member States can also pursue comprehensive economic partnership agreements similar to the one between the UAE and Indonesia. These would help increase bilateral trade, encourage investments, reduce trade barriers via duty-free access and contribute to job creation.

- **Tourism marketing campaigns:** OIC countries can introduce campaigns to underpin inbound travel, similar to Egypt's initiative of launching marketing campaigns to target tourists from the GCC and Jordan. Tourism authorities across OIC countries can also partner with airlines of other Member States. Agreements such as the MoU between Saudi Tourism Authority and UAE-based airline Emirates can be pursued across the OIC network.

- **Facilitating halal certifications:** The Indonesian Ulema Council opened a representative office in Japan to offer swift halal certification to Japanese businesses keen to export to Indonesia. Similar councils could establish a presence in strategic OIC markets to facilitate halal certification and encourage cross-border trade.

- **Harmonized halal standards:** Harmonized halal standards are critical for the growth of the halal economy. OIC governments can prioritize the mutual recognition of country standards and accreditation bodies between Member States. Meanwhile, the Standards and Metrology Institute for Islamic Countries (SMIIC) can further encourage the adoption of OIC/SMIIC standards by Member States.

RESEARCH AND INNOVATION

- **Production competitiveness:** OIC governments can increase production competitiveness by encouraging companies to adopt innovative technologies, invest in producing quality raw materials, or by helping source cheaper, superior quality raw materials. Türkiye-based Halavet Food's new halal gelatin plant opened in 2021 and produces raw materials for hard medicine capsules, as well as to export gelatin collagen worth US$100 million in 2022.

- **Capacity building through innovation:** Governments can encourage product innovation by advancing local R&D capacities, such as Türkiye's pharmaceutical R&D ecosystem, which includes national research institutes, technoparks, university research labs, and incubators. Such initiatives will enable researchers, technicians, and specialists to collaborate and accelerate the discovery of halal food ingredients, medicines, vaccinations, and halal cosmetics, leading OIC countries toward self-reliance in key industries.

- **Emerging technologies:** Governments can introduce strategies such as the UAE's Fourth Industrial Revolution Strategy to advance innovation and adopt technologies that would help attain food security, strengthen local industries, and foster economic security. Investments in emerging technologies such as blockchain will also ensure supply chain integrity, especially across the food and pharmaceutical sectors.

HALAL ECONOMY PROMOTION AND AWARENESS

- **Trade shows:** OIC governments can host trade shows and exhibitions, such as the Malaysia International Halal Showcase (MIHAS), to provide a platform for companies to showcase their offerings, establish trade alliances, and gain regional and global visibility. Virtual trade shows can also enable greater accessibility and prove economically viable. ICDT actively organizes halal expos in different OIC countries to boost intra-OIC trade and investment, in addition to organizing training workshops on halal certification in collaboration with SMIIC.

- **Targeting non-Muslim consumer base:** OIC governments can encourage companies to market halal products to non-Muslim consumers to expand product reach. Growing focus on environmental, social, and transparency concerns may result in the adoption of halal standards by a larger consumer base, extending beyond Muslims. For example, Malaysian modest fashion brand Lilit has several sustainable ranges that appeal to environmentally conscious consumers. While modest swimwear is also appealing to non-Muslims in some Asian countries who try to avoid sun exposure.

- **Supporting SMEs:** Small and medium-sized enterprises (SMEs) that lack compliance with halal or international standards may face restrictions in accessing strategic OIC markets. SMIIC can foster the capacity building of OIC-based enterprises by eliminating technical barriers to trade in collaboration with ICDT and ICCIA. Additionally, governments can encourage banks to dedicate financial support to SMEs working in the halal industry. Launched in February 2018, "imSME" is Malaysia's first online Islamic and conventional SME financing/loan referral platform. Initiated by Bank Negara Malaysia (BNM), the Malaysian central bank, with other partner financial institutions, imSME is owned and operated by Credit Guarantee Corporation Malaysia (CGC), an entity also majority-owned by BNM.

- **Promoting Islamic finance:** OIC governments can offer several initiatives to strengthen this segment, such as reducing taxes for businesses funded by Islamic financial institutions, raising overall awareness about Islamic finance products as well as promoting them to non-Muslim consumers.

- **Convening Islamic universities:** OIC bodies, such as the Islamic World Educational, Scientific and Cultural Organization (ICESCO), can help convene Islamic universities and institutes in member countries through forums and conferences to discuss trending topics and current affairs.

- **Halal Pharmaceuticals, modest fashion as part of national strategies:** National strategies pertinent to the halal ecosystem have largely prioritized halal food and Islamic finance. OIC governments can link sectors such as halal pharmaceuticals and modest fashion to their national halal strategy and more generally, to their national economic agenda. In this regard, ICDT has been organizing OIC halal health expos covering pharmaceuticals to promote trade and investment in the health sector in Member States.

INVESTMENT ATTRACTION AND FACILITATION

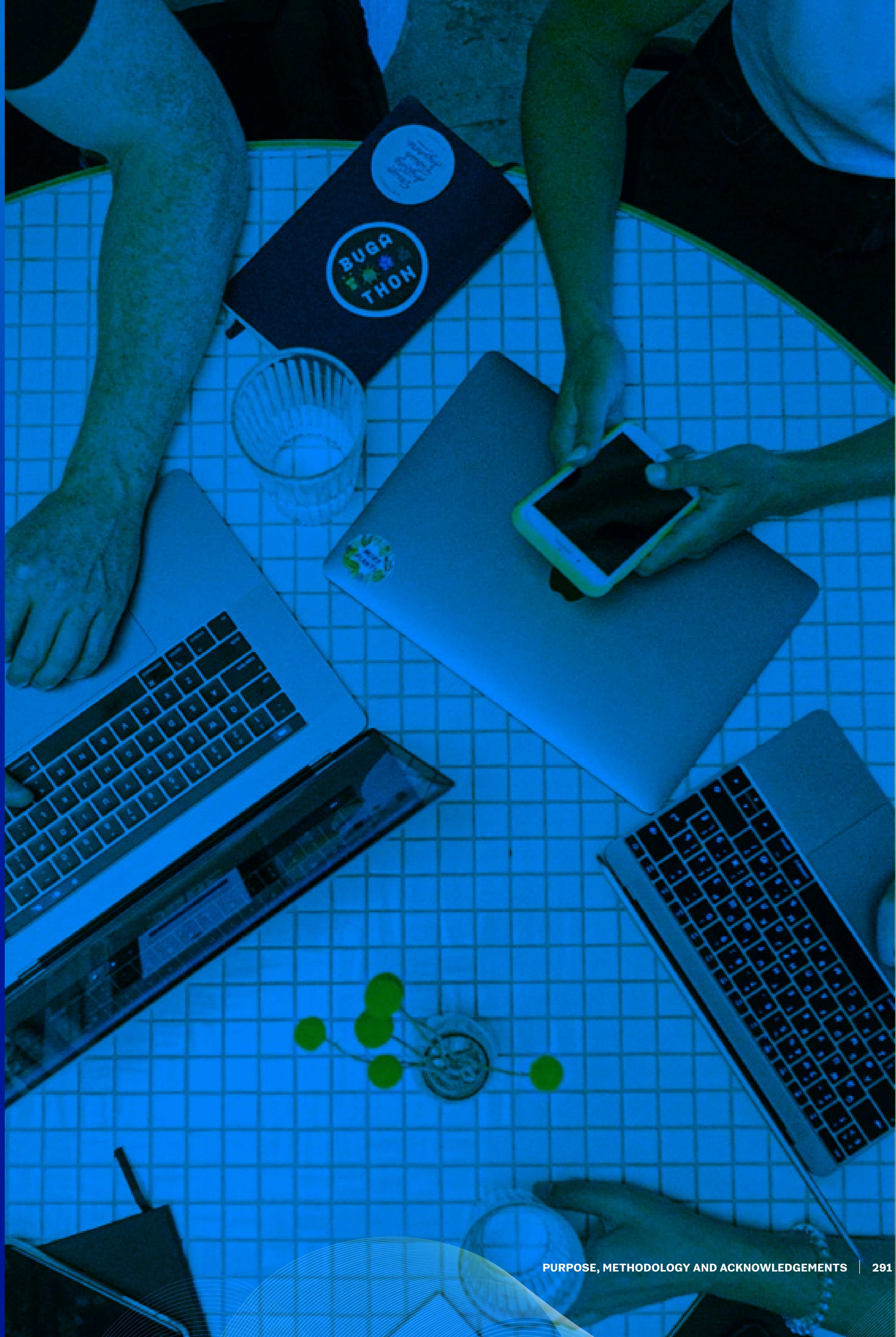
- **Investment promotion agencies:** Investment promotion agencies can raise awareness about local markets and offer information about domestic investment opportunities. OIC governments can establish agencies such as the Sharjah FDI Office (Invest in Sharjah) to position local economies and industries of interest to facilitate investment and guide investors in understanding local market dynamics. The agencies should work with the government to identify areas within legislation that can be amended to encourage more investment. In the same vein, ICDT organized in collaboration with IsDB policy dialogue forums in Saudi Arabia and the Senegal for investment promotion agencies, with the next one to be held in Pakistan in June 2023. ICDT also initiated a program for capacity building of investment promotion agencies for African member countries in collaboration with IsDB, ICIEC, BADEA and Afreximbank.

- **Stakeholder collaboration:** OIC governments can facilitate local ecosystems by connecting key stakeholders and introducing investor-friendly regulations. Encouraging public-private sector collaborations and cooperation between entities such as government departments, chambers of commerce, and business councils can boost investment and foster economic growth. Agreements such as the MoU between the Dubai Land Department and Dubai Chambers to provide a favorable investment environment can be established in other OIC countries. ICDT is the chair of the Subcommittee on Trade and Investment of OIC Institutions to boost their collaboration to enhance intra-OIC Trade and Investment since December 2015.

14

PURPOSE, METHODOLOGY AND ACKNOW- LEDGEMENTS

The report provides a forward-looking and original trade and investment opportunity analysis to strengthen and grow OIC halal economy trade and investments. The report's purpose is to inspire and empower OIC government entities, industry, and investors to grow OIC's share in halal trade and investments with integrity.



14.1. Purpose and Methodology

PURPOSE

The purpose of the *2022 Annual OIC Halal Economy Report* is to inspire and empower OIC government entities, industry, and investors to grow OIC's share in halal trade and investments with integrity. This is specifically targeted towards halal-related OIC industries, government agencies and investors. The report provides a forward-looking and original trade and investment opportunity analysis to strengthen and grow OIC halal economy trade and investments.

METHODOLOGY

In developing the report, DinarStandard leveraged proprietary frameworks, supplemented by robust primary, and secondary methods.

PRIMARY RESEARCH

In-depth interviews were conducted with industry related executives, government agencies, and OIC bodies.

SECONDARY RESEARCH

Existing market, trade and sector data was captured from all key countries and related global organizations to develop market sizing and projections.

PROPRIETARY FRAMEWORKS

The study team leveraged strategy frameworks and data derived from DinarStandard's global Halal market related projects.

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INTERVIEWS

The following interviews were conducted with industry executives, ministers, and representatives of OIC organisations.

Halal Food	**Stefanus Indrayana**, General Manager - Corporate Communication, Indofood; and Secretary General of Indonesia Food Industry Association (GAPMMI) (Indonesia) **Ziyad Al Ashqar**, Corporate Sales Manager, Patchi (UAE) **A.Ş. Rohaizad Hassan**, Director of Food Safety Board Presidency, Yildiz Holding (Türkiye)
Halal Pharmaceuticals	**Roziatul Akmam Osman**, Principal Partner & Halal Industry Strategist, ROZI OSMAN INTERNATIONAL PLT (Malaysia) **Wan Jeffery Majid**, CEO - Commercial, Duopharma Biotech Berhad (Malaysia)
Modest Clothing	**Franka Soeria**, Co-founder, #Markamarie and Council of Modest Fashion Expert (Indonesia) **Sena Tatari**, Founder and Designer, Al-Tatari (Türkiye)
Islamic Finance/ Social Finance	**Md. Siddiqur Rahman**, Deputy Managing Director, Islami Bank Bangladesh Limited (Bangladesh)
Islamic Higher Education	**Prof. Dr. Euis Amalia**, Head Department of Doctoral Program in Islamic Banking, Syarif Hidayatullah State of Islamic University (Indonesia) **Dr. Mohammad Anwar Sahib**, Dean Islamic studies, International Online University (IOU) (Gambia) **Prof. Abdussalam Ismail Onagun**, Adjunct Professor Islamic Finance, Hamdan Bin Mohammed Smart University (UAE) **Prof. Dato' Dr Mohd Azmi Omar**, President & Chief Executive Officer, INCEIF University (Malaysia) **Dr. Main Alqudah**, President & CEO, Guidance College (previously Al Huda Uni) (US) **Dr. Aisha Subhani**, Vice President, Zaytuna College (US)
Halal Travel and Tourism	**Dr. Hussain Sunny Umar**, Founder, Maldives Halal Travel (Maldives) **Muzzammil Ahussain**, Executive Vice President, Seera Group (Saudi Arabia) **Fatima Čaušević-Mešić**, Director, Lily Travel DMC (Bosnia and Herzegovina)
Halal Media and Recreation	**Sinan Ismail**, Founder and CEO, Durioo Sdn Bhd (Malaysia) **Michael Milo**, Co-Founder and CEO, Muslim Kids TV (Can
Ministries & Government Bodies	**Ministry of Trade** (Indonesia) **UAE Ministry of Economy** (UAE) **Brunei Ministry of Finance and Economy** (Brunei) **Invest Qatar** (Qatar) **Qatar Development Bank** (QDB) (Qatar) **Bangladesh Standards and Testing Institution**, **Ministry of Industries** (Bangladesh) **Saudi Halal Center** (Saudi Arabia)
OIC Multilateral Organizations	**H.E. Mrs. Latifa El Bouabdellaoui**, Director General, Islamic Centre for Development of Trade (ICDT) **H.E. Mr. Yousef Khalawi**, Secretary General, Islamic Chamber of Commerce, Industry and Agriculture (ICCIA) **H.E. Mr. Ihsan Övüt**, Secretary General, The Standards and Metrology Institute for the Islamic Countries (SMIIC) **H.E. Mr. Oussama Kaissi**, Chief Executive Officer, Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

1. OIC HALAL ECONOMY TRADE ANALYSIS METHODOLOGY

The OIC imports and their exporting markets were retrieved and synthesized by DinarStandard from the ITC Trademap database, May 2021. The OIC imports projections for 2026 were forecasted by correlating GDP with OIC imports. The trade projections are assumed to account for the latest macroeconomic events – Ukraine crisis and impact of COVID-19 – using the latest IMF GDP growth projections released in April 2022.

Halal food product codes exclude the codes identified as haram (not permissible to consume in Islam). Trade data on pharmaceuticals and cosmetics are based on codes 30 and 33 respectively. Fashion product codes include HS pertaining to apparel and footwear. Categorization of products for each sector is a result of DinarStandard's proprietary trade database and analysis

PEXELS/ TIGER LILY

2. HALAL ECONOMY TRADE AND INVESTMENT INDEX METHODOLOGY

The OIC Trade and Investment Index is a composite weighted index that measures the overall development of trade and investment in halal economy sectors by assessing the performance of its parts. It is an OIC level composite index with selected national and industry component level indexes. This index will allow for OIC member countries to quantify the state of halal products trade and investment in their country as a whole and on a sector level. This quantified information will help facilitate further comprehension of how the different parts of the market are developing over time.

The objective of the Trade and Investment Index is to obtain a ranking of OIC member countries based on the country's current trading activity globally and intra OIC, as well as the country's attractiveness to investors. The index also provides insight on a sector basis to understand which sectors are driving trade and where improvements can be made

The Trade and Investment Index is an OIC-level composite index with selected country and industry component-level indexes with the following objectives:

OIC INDEX LEVEL:

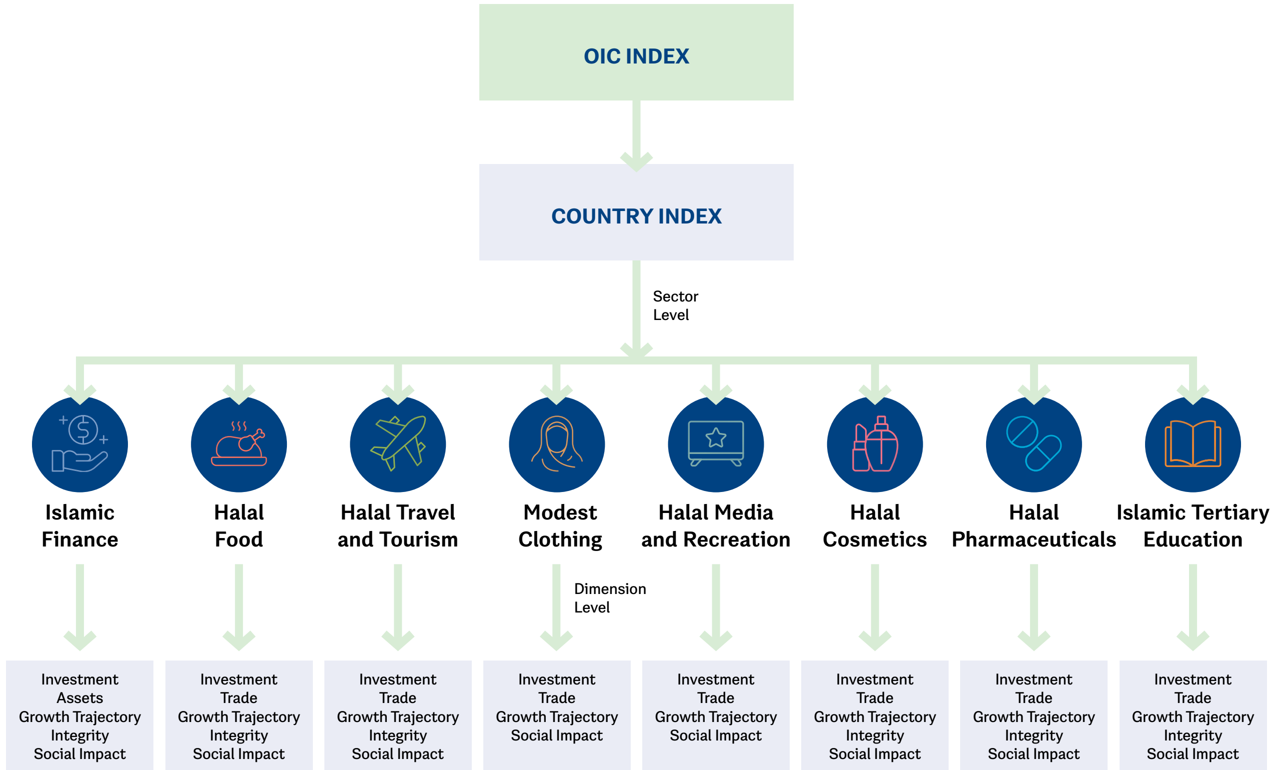
- Present one single index to provide a pulse of trade and investment in the OIC's MS Islamic economies
- Provide an index that is reliable and unbiased
- Provide an OIC view of the Islamic economic trade and investment landscape
- Inform current and potential Islamic economy stakeholders/investors about the industry's performance and encourage trade and investment in OIC MS

COUNTRY INDEX LEVEL:

- Assess the current state of trade and investment in the Halal market economy in each country
- Track changes over time and make comparisons across regions and countries

SPECIFIC SECTOR LEVEL:

- Measure the sector's trade and investment related health and development from various perspectives
- Enhance sector's market transparency and efficiency
- Track changes over time and make comparisons across regions and countries



The Trade and Investment Index is calculated by applying a weightage to each of the sector indexes. The weightage is fixed to give a proportional importance to each sector. The weighting is as follows:

Islamic Finance	20%
Halal Food	20%
Halal Travel	10%
Modest Fashion	10%
Halal Media & Recreation	10%
Halal Pharmaceuticals	10%
Halal Cosmetics	10%
Islamic Tertiary Education	10%

The different components that make up the index are selected based on the key constituents of trade and investment in each industry as a whole including investments, trade, growth trajectory, and social developments. All are fundamentally important for the development of trade and investment in the industry.

DATA COLLECTION

The data employed in the Global Islamic Economy Index when aggregating data and computing index values includes information that is publicly disclosed only. The employment of disclosed information ensures the reliability and consistency of the results.

INDEX CALCULATION METHODOLOGY

The methodology for calculating the Index values has been developed based on the following key characteristics:

- The absolute values should be adjusted or rationalized based on the overall size of the country/economy to ensure comparability among countries
- The methodology should have minimal subjectivity and be based on a consistent formula across metrics
- The OIC Index is based on the arithmetic mean of the individual Country Indexes
- The Country Indexes are based on the arithmetic means of their individual Indexes
- The Individual sectors are based on the arithmetic means of their Sub-indexes
- The Sub-Sectors are based on the sum of the metric values of their individual Metrics
- The Metric Value is designed to be aggregated to provide the Sub-Index Values

For numerical values ($ amounts) and numbers (e.g., number of seminars or conferences):

$$\textit{Metric Value} = \frac{\textit{Absolute Value}}{(\textit{Scale Value x Rationalising Coefficient})} \times \frac{\textit{Metric Weight}}{2}$$

For percentage values (e.g., return on equity):

$$\textit{Metric Value} = \frac{\textit{Absolute Value}}{\textit{Scale Value}} \times \frac{\textit{Metric Weight}}{2}$$

For yes/no values (e.g., if there are regulations for Islamic banks):

Metric Value = Metric Weight if yes, 0 if no

Scale Value is the average for all absolute values for that metric (not including zeros). This value forms the basis of our scale for that metric and will remain unchanged for future years.

This will ensure the development of the metric is not restricted to a particular range, and the first year will form the base year against which relative growth in the metric is measured.

The **Metric Weight** is designed to ensure that a particular sub-indexes metrics are weighted to ensure that all sub-indexes are comparable, regardless of the number of metrics used to derive each.

The Metric Weight is calculated as follows:

$$\textit{Metric Weight} = \frac{100}{\textit{Total metrics within the Sub-index}}$$

The **Rationalizing Coefficient** is specific to each country and is designed to adjust the scale based on the size of the country. This is designed to ensure the comparability of the index values across countries.

$$\textit{Rationalising Coefficient} = 1 + \frac{\textit{Average}\left(\frac{\textit{GDP - Median GDP}}{\textit{Median GDP}}, \frac{\textit{Population - Median Population}}{\textit{Median Population}}\right)}{4}$$

We have designed the Rationalizing Coefficient for comparing the relevant country size based on their GDP and population. These are compared to the median value for all countries so as not to be skewed by extreme values at both ends of the scale.

3. SIZING

The value of Muslim consumer spending across lifestyle sectors by country was developed by applying a proprietary Muslim socio-demographic multiplier to global sector-level market sizing data.

UNIVERSE MARKET SIZING METHODOLOGY OVERVIEW

	Key Steps in Calculation (Summary)	Key External Sources
1. Global lifestyle spend by sector (excl. Finance), $B - 20%		
x	**Comprises: (by country)** • Food & beverage • Footwear & Clothing • Pharma & Cosmetics • Media & Recreation • Tertiary Education	**National databases:** International Comparison Programs (2017 base-line), UN World Trade Organisation, World Bank, DS Analysis and esti-mations
2. Muslim multiplier - 10%		
=	**Based broadly on: (by country)** • Muslim % of population • Relative income levels • Average family size	**Census data:** DS analysis and estimations

Overall, the Islamic economy sector estimates are based on the potential universe of opportunity and focused on its core audience of Muslim consumers globally. **This number does not represent the actual value of the global Islamic or halal-certified products economy, but more broadly, the total spend value that Muslims provide to the referenced sectors.** Islamic finance estimates are based on the ICD Refinitiv Islamic Finance Development Index (IFDI), with banking estimates baselined from central bank data, and assumes full regulatory support in the core Islamic finance markets (OIC countries) and 100% Muslim demographic penetration.

Global Muslim market estimates are applied based on DinarStandard's Muslim population estimates per country, which are adjusted for income disparities. Projections were determined primarily by regressing historical annual growth of the relevant industry metrics on GDP growth for each country, in many cases showing high correlation while also comparing to external estimates by national statistics agencies and global industry forecasts to triangulate historic and projected growth.

METRICS USED TO CALCULATE MUSLIM SPEND FOR INDIVIDUAL SECTORS:

Muslim market	Global spend metric, by country	Sources used
Muslim spend on food and beverage Muslim spend on apparel and footwear Muslim spend on media and recreation	Spend on food and non-alcoholic beverages Spend on clothing and footwear Spend on culture and recreation	Baselined from the latest International Comparison Program values (2017), adjusted to more recent values from national statistics agencies and GDP evolution
Muslim travel spend	Spend on outbound travel	2010-2019 World Bank data; UNWTO forecasts for the effects of COVID-19 on the number of arrivals to countries
Muslim spend on pharmaceutical and personal care products	Spend on pharmaceuticals and Cosmetics	National statistics agencies; industry associations
Muslim spend on tertiary education	Spend on education, school enrollment, tertiary (% gross), Population by Age	Baselined from the latest International Comparison Program values (2017), adjusted to more recent values from national statistics agencies and GDP evolution, World Bank

CALCULATION OF NUMBER OF MUSLIM TOURIST ARRIVALS

The number of Muslim tourist arrivals was derived by calculating the proportion of Muslims within the total inbound tourist arrivals to a specific country.

The total number of tourist arrivals per country in 2019 was obtained from UNWTO. To obtain the number of inbound tourists for 2020, the 2019 value was reduced by 70%. The breakdown of the tourist arrivals based on their country of origin was obtained from WTTO and applied to the total number of tourist arrivals. To obtain the number of Muslim tourists amongst these arrivals was derived by applying the Muslim multiplier of the tourist country of origin. The top 5 source countries were provided. For the remaining inbound tourists, a 5% Muslim proportion was applied for non-OIC destination countries, and 55% was applied for OIC destination countries.

4. INVESTMENT

An extensive list of investments made in the OIC over the period January 2021 to January 2022, covering the Food, Pharmaceuticals, Cosmetics, Islamic Finance, Media and Recreation, Apparel, Education and Travel sectors was compiled based on research carried out across multiple databases including CapitalIQ, and Crunchbase. This research was supplemented by DinarStandard's own research and a scan of subsequent transactions identified by Salaam Gateway and other news publications in January 2022.

Investments analyzed include mergers/acquisitions, private equity, and venture capital transactions. Where the nature of investment wasn't clear, deal values above $15 million were assumed to be private equity transactions based on trends observed in previous years' data, while those with deal values between $500,000 and $15 million were assumed to be venture capital transactions.

Financial services companies operating in both conventional and Islamic finance were also assumed to belong to the Islamic finance category. Muslim socio-demographic multiplier to global sector-level market sizing data.

14.2. Acknowledgements

ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

Islamic Centre for the Development of Trade (ICDT)

Organization of Islamic Cooperation (OIC)

ICDT, established in Casablanca in 1984, is the Subsidiary Organ of the OIC entrusted with the mission of promoting Trade & Investments in OIC. For close to four decades, the Islamic Centre for Development of Trade (ICDT) has strived to facilitate trade and investments across OIC countries by promoting halal economy products and services, developing partnerships and strategic alliances between stakeholders of Member States, helping disseminate information on intra-OIC supply and demand and fostering best practices. In addition to organizing seminars, forums, and conferences, ICDT follows up the trade negotiations on the Trade Preferential System among the OIC Member States (TPS-OIC) as well as the trade negotiations in the framework of the World Trade Organization (WTO). Furthermore, it conducts sector-based studies with the major aim of boosting trade among the OIC Member States

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REPORT TEAM

Senior Advisor	**HE Latifa Elbouabdellaoui** Director General, ICDT
Advisor	**Mamoudou Bocar Sall** Assistant Director General, ICDT
Report Strategic Advisor	**Rafi-uddin Shikoh** CEO & Managing Partner, DinarStandard
Lead Analyst and Halal Pharma Analyst	**Mourad Ben Jaafar**
Report Coordinator and Travel Analyst	**Reem El Shafaki** Partner, DinarStandard
Trade, Halal Food, Halal Cosmetics, Islamic Education Analyst	**Iman Ali Liaqat** Research Analyst, DinarStandard
Sizing, Index, Investments, Modest Clothing, Media and Recreation Analyst	**Aaliya Mia** Senior Associate, DinarStandard
Food Industry Advisor	**Dr. Mohamed Ali** Associate Partner, DinarStandard
Islamic Finance Analyst	**Najmul Haque Kawsar** Senior Consultant
Leader's Confidence Analyst	**Nahla Misbah** Senior Associate, DinarStandard
Top Companies Analyst	**Muhammad Ali Alghofiqi**
Report Editors	**Zainab Mansoor** **Laura Martin**
Editing Support	**Hanya Waseem** Operations & Market Research Assistant, DinarStandard
Report Designers	**Ángel Monroy** @theangelmonroy **Maaz Mujahid**

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APPENDIX

SMIIC Members and Local Certifying Bodies

COUNTRY	CERTIFYING BODY
Afghanistan	ANSA
Algeria	IANOR
Azerbaijan (S)	AZSTAND
Bangladesh	BSTI
Benin	ANM
Burkina Faso	BNORM
Cameroon	ANOR
Chad	ATNOR
Côte d'Ivoire	CODINORM
Djibouti	ADN
Egypt	EOS
Gabon	AGANOR
Gambia	TGSB
Guinea	IGNM
Indonesia	BSN
Iran	INSO
Iraq	COSQC
Jordan	JSMO
Kazakhstan	KAZMEMST
Kuwait	KOWSMD
Kyrgyz Republic	CSM
Lebanon	LIBNOR
Libya	LNCSM
Malaysia	DSM
Mali	AMANORM
Mauritania	DNPQ
Morocco	IMANOR
Niger	ANMC
Nigeria	SON
Pakistan	PSQCA
Palestine	PSI
Qatar	QS
Saudi Arabia	SASO
Senegal	ASN
Somalia	SOBS
Sudan	SSMO
Suriname	SSB
Tunisia	INNORPI
Türkiye	TSE
Uganda	UNBS
United Arab Emirates	MOIAT
Uzbekistan	UZSTANDARD
Yemen	YSMO

Observers and Local Certifying Bodies

COUNTRY	CERTIFYING BODY
Bosnia & Herzegovina	BAS
Russia	ROSSTANDART
Thailand	HSIT

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