

# 2018 ANNUAL REPORT

**IsDB**   
البنك الإسلامي للتنمية  
Islamic Development Bank



# EMPOWERING PEOPLE FOR A SUSTAINABLE FUTURE

## WHO WE ARE

The Islamic Development Bank is a multilateral development bank (MDB), working to improve the lives of those we serve by promoting social and economic development in member countries and Muslim communities worldwide, delivering impact at scale.

## OUR MISSION

- ◆ **We believe** all people have the right to live in dignity and prosperity, and that nurturing economic growth is the best route out of poverty.
- ◆ **We equip** people to drive their own economic and social progress at scale, putting the infrastructure in place to enable them to fulfil their potential.
- ◆ **We build** collaborative partnerships between communities and nations, across the public and private sectors.
- ◆ **We foster** innovative and sustainable solutions to the world's greatest development challenges, as we work towards the UN Sustainable Development Goals.

This report is the first of two volumes that constitute the Annual Report of the Islamic Development Bank. The second report contains the audited financial statements and is published in a separate volume as the Financial Statements. Both volumes are available online at [www.isdb.org](http://www.isdb.org).

All figures on entities are reported here as net approvals while their respective Annual Reports are in gross approvals.

ISSN 0466-1319





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

# CORPORATE PROFILE

## THE ISLAMIC DEVELOPMENT BANK

### ESTABLISHMENT

The Islamic Development Bank (IsDB) is an international financial institution established pursuant to Articles of Agreement signed at the city of Jeddah, Kingdom of Saudi Arabia, on 21st Rajab 1394H, corresponding to 12 August 1974. The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975) and the IsDB formally began operations on 15 Shawwal 1395H (20 October 1975).

### VISION

By the year 1440H, the Islamic Development Bank will have become a world-class development bank, inspired by Islamic principles, that has helped significantly transform the landscape of comprehensive human development in the Muslim world and helped restore its dignity.

### MISSION

To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and bringing prosperity to the people.

### MEMBERSHIP

The IsDB has 57 member countries across various regions. The prime conditions for membership are that the prospective country should be a member of the Organization of the Islamic Cooperation (OIC), that it pays the first instalment of its minimum subscription to the Capital Stock of the IsDB, and that it accepts any terms and conditions that may be decided upon by the Board of Governors.

### CAPITAL

At its 38th Annual Meeting, the IsDB's Board of Governors approved the 5th General Capital Increase whereby the Authorized Capital was increased to ID100 billion and the Subscribed Capital (available for subscription) was increased to ID50 billion. By the same Resolution, the Board of Governors agreed to the calling in of the callable (in cash) portion of the 4th General Capital Increase. As at the end of 2018, the subscribed capital of the IsDB stood at ID50.2 billion.

### ISLAMIC DEVELOPMENT BANK GROUP

The IsDB Group comprise five entities. The Islamic Development Bank (IsDB), the Islamic Research and Training Institute (IRTI), the Islamic Corporation for the Development of the Private Sector (ICD), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and the International Islamic Trade Finance Corporation (ITFC).

### HEAD OFFICE AND REGIONAL HUBS

Headquartered in Jeddah, the Kingdom of Saudi Arabia, the IsDB has eleven regional hubs in Abuja, Nigeria; Almaty, Kazakhstan; Ankara, Turkey; Cairo, Egypt; Dakar, Senegal; Dhaka, Bangladesh; Dubai, United Arab Emirates; Jakarta, Indonesia; Kampala, Uganda; Paramaribo, Suriname; and Rabat, Morocco.

### FINANCIAL YEAR

The IsDB's financial year used to be the lunar Hijra Year (H). However, starting from 1 January 2016, the financial year was changed to the Solar Hijra year starting from 11th of Capricorn, (corresponding to 1 January) and ending on the 10th Capricorn (corresponding to 31 December of every year).

### ACCOUNTING UNIT

The accounting unit of the IsDB is the Islamic Dinar (ID), which is equivalent to one Special Drawing Right (SDR) of the International Monetary Fund.

### LANGUAGE

The official language of the IsDB is Arabic, but English and French are also used as working languages.



# 2018 ANNUAL REPORT

**TRANSFORMATION IN A FAST-CHANGING WORLD:  
A ROAD TO SUSTAINABLE DEVELOPMENT GOALS**

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Early Learning (EL)

Play	Math & Science	Closing
20 Minutes	20 Minutes	5 minutes
Guided play	Mathematics	Closing
Guided play	Mathematics	Closing
Guided play	Mathematics	Closing
Free play	Health & Hygiene	Closing
Free play	Health & Hygiene	Closing
Free play	Health & Hygiene	Closing

ကျောင်းဆင်းခြင်းစာတမ်း

- နှုတ်ခမ်း
- သားတို့
- သမီးတို့
- ချစ်တင်
- ချစ်တင်
- နောက်

ADDITION

$$\begin{array}{r} 258 \\ + 31 \\ \hline 289 \end{array}$$

DHYMEC

Shift: ABL-1  
P.G ÷ 10  
P.B ÷ 20  
T.P ÷ 30

Weekly Class Routine

English 35 minutes

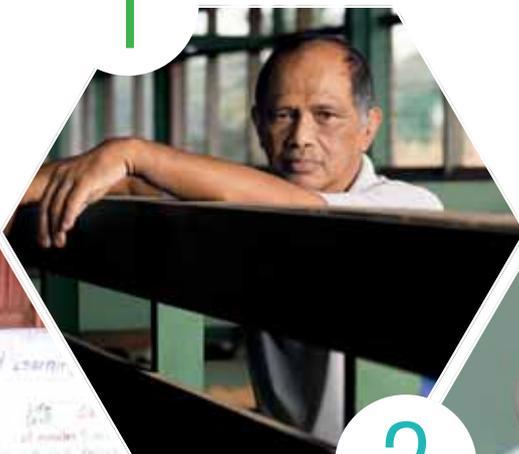
Monday	English
Tuesday	Mathematics
Wednesday	Mathematics
Thursday	Mathematics
Friday	Mathematics
Saturday	Mathematics
Sunday	Mathematics



# 2018 ANNUAL REPORT



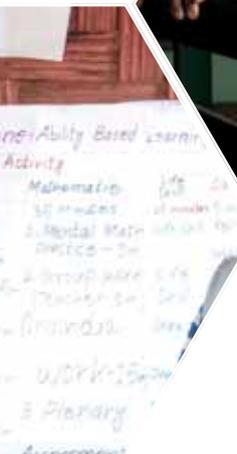
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# ABBREVIATIONS

<b>10YSF</b>	IsDB Group 10-Year Strategy Framework	<b>MoU</b>	Memorandum of Understanding
<b>AAOIFI</b>	Accounting and Auditing Organization for Islamic Financial Institutions in IsDB MCs	<b>NGOs</b>	Non-Governmental Organizations
<b>AsDB</b>	Asian Development Bank	<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>AFD</b>	Agence Française de Développement	<b>OED</b>	Operations Evaluation Department
<b>AIIB</b>	Asian Infrastructure Investment Bank	<b>OIC</b>	Organisation of the Islamic Cooperation
<b>AMF</b>	Arab Monetary Fund	<b>P5P</b>	President's Five-Year Program
<b>APIF</b>	Awqaf Properties Investment Fund	<b>PCRs</b>	Project Completion Reports
<b>BADEA</b>	Arab Bank for Economic Development in Africa	<b>PPP</b>	Public-Private Partnership
<b>BED</b>	Board of Executive Directors of IsDB	<b>SDGs</b>	Sustainable Development Goals
<b>BMGF</b>	Bill & Melinda Gates Foundation	<b>SMEs</b>	Small and Medium Enterprises
<b>BoG</b>	Board of Governors of IsDB	<b>STF</b>	Structured Trade Finance
<b>CDS</b>	Country Diagnostic Study	<b>STI</b>	Science, Technology and Innovation
<b>CEEFM</b>	Crowd Engagement and External Funds Management	<b>TCP</b>	Technical Cooperation Program
<b>CIBAFI</b>	Council of Islamic Banks and Financial Institutions	<b>TWAS</b>	The World Academy of Sciences
<b>COMCEC</b>	Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation	<b>UIF</b>	Unit Investment Fund
<b>CSOs</b>	Civil Society Organizations	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>E4C</b>	Education for Competitiveness	<b>UNDP</b>	United Nations Development Program
<b>EAA</b>	Education Above All	<b>UNECE</b>	United Nations Economic Commission for Europe
<b>ECO</b>	Economic Corporation Organization	<b>UNESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>FDI</b>	Foreign Direct Investment	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>GCC</b>	Gulf Cooperation Council	<b>UNESCWA</b>	United Nations Economic and Social Commission for Western Asia
<b>GIS</b>	Geographical Information System	<b>UNICEF</b>	United Nations Children's Fund
<b>GVCs</b>	Global Value Chains	<b>UNOPS</b>	United Nations Office for Project Services
<b>IADB</b>	Inter-American Development Bank	<b>UNOSSC</b>	United Nations Office for South-South Cooperation
<b>ICBA</b>	International Centre for Biosaline Agriculture	<b>WAIPA</b>	World Association of Investment Promotion Agencies
<b>ICD</b>	Islamic Corporation for the Development of the Private Sector	<b>WBG</b>	World Bank Group
<b>ICIEC</b>	Islamic Corporation for the Insurance of Investment and Export Credit	<b>WHO-AFRO</b>	World Health Organization Regional Office for Africa
<b>ID</b>	Islamic Dinar (equivalent to one Special Drawing Right of IMF)		
<b>IsDB</b>	Islamic Development Bank		
<b>IsDBG</b>	Islamic Development Bank Group		
<b>IsDB-OCR</b>	Ordinary Capital Resources of IsDB		
<b>IDPs</b>	Internally Displaced People		
<b>IFRC</b>	International Federation of Red Cross and Red Crescent Societies		
<b>IFSB</b>	Islamic Financial Services Board		
<b>ILO</b>	International Labour Organization		
<b>IPP</b>	Independent Power Producer		
<b>IRTI</b>	Islamic Research and Training Institute		
<b>ISFD</b>	Islamic Solidarity Fund for Development		
<b>ITAP</b>	Investment Promotion Technical Assistance Program		
<b>ITFC</b>	International Islamic Trade Finance Corporation		
<b>ITFO</b>	Import Trade Financing Operations of IsDB		
<b>LDC</b>	Least Developed Countries		
<b>LDMCs</b>	Least Developed Member Countries		
<b>LLF</b>	Lives & Livelihoods Fund		
<b>MCPS</b>	Member Country Partnership Strategy		
<b>MCs</b>	Member Countries of the Islamic Development Bank		
<b>MDBs</b>	Multilateral Development Banks		
<b>MENA</b>	Middle East and North Africa		

## SYMBOLS

..	Not Available
-	Not Computable
\$	United States Dollar
ID	Islamic Dinar

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)



The IsDB group is fully committed to the SDGs. It recognizes that development objectives vary from one country to another. Its work is therefore initiated and motivated by understanding the real needs of its member countries, and it adapts its interventions accordingly.

# ACKNOWLEDGEMENTS



The 2018 Annual Report of the Islamic Development Bank was prepared by the **Economic Research and Institutional Learning Department** based on the overall guidance of the:  
**Board of Executive Directors**

**UNDER THE SUPERVISION OF:**

Dr. Mansur Muhtar, Vice President (Country Programs), Acting Director-General and Chief Economist.

**WITH INPUT FROM:**

Various departments and entities of the IsDB Group.

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In the Name of Allah, the Beneficent, the Merciful

H.E. The Chairman,  
Board of Governors of the Islamic Development Bank

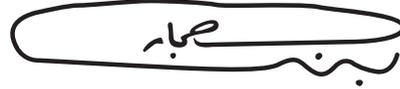
Dear Mr. Chairman,

*Assalamu alaikum warahmatullahi wabarakatuhu*

In accordance with Articles 32(i), 32(iii) and 41(1) of the Articles of Agreement establishing the Islamic Development Bank and Section (11) of the By-laws, I have the honor to submit for the kind attention of the esteemed Board of Governors, on behalf of the Board of Executive Directors, the Annual Report on the operations and activities of the Bank in 2018.

The Annual Report also includes the audited financial statements of the Bank as well as those of the operations of the Waqf Fund, as prescribed in Section (13) of the By-laws.

Please accept, Mr. Chairman, the assurances of my highest consideration.



**H.E Dr. Bandar M. H. Hajjar**

President, Islamic Development Bank and  
Chairman, Board of Executive Directors

# MESSAGE FROM THE PRESIDENT

During the year 2018, the Islamic Development Bank made efforts to consolidate activities regarding its new strategic vision as encapsulated in the President's Five-Year Program (P5P). The organizational restructuring was completed to align operational activities of the Bank to the new strategic vision of making the IsDB a more effective and efficient development partner for its member countries. The fast-changing global development landscape poses serious challenges that require strategic responses to leverage opportunities for accessing financial and non-financial resources to achieve development.

All development stakeholders agree that achieving the Sustainable Development Goals (SDGs) is a crucial development priority. Considering the relative insufficient development fundamentals in member countries, far-reaching policies are required to transform their economies from low to high value-adding production as the springboard for achieving the SDGs. Hence, the theme of this year's Annual Meeting is ***"Transformation in a fast-Changing World: A road to Sustainable Development Goals"***. We need to change from reliance on primary commodity exports to create conditions that attract investments to leverage the growing relevance of Global Value Chains (GVCs). This is a viable route to the transformation of economies of member countries to address the various development challenges facing them especially youth unemployment and poverty.

Based on interactions with various stakeholders in member countries, we have a common understanding of the realities of the global development challenges. We agree on what we need to do to leverage opportunities to uplift the social and economic conditions in our member countries. A key element of the new business model and strategy is to ensure closeness to the clients through effective decentralization. During the year, seven of the 11 Regional Hubs became fully operational. The essence of our new approach of decentralization enables a deeper understanding of development and the project implementation challenges of member countries. In turn, it will guide an appropriate targeting of critical needs to ensure effective and efficient project implementation, thereby optimizing the development impacts of development projects in our member countries.



We remain strongly committed to supporting member countries to achieve social and economic development in tandem with the SDGs. In 2018, despite our focus on restructuring and realignment of our new strategic vision with our new business model, we achieved net approvals of \$7 billion. We are making various arrangements and deepening partnerships to increase the amount of financial resources available to finance more projects in member countries as well as enhance our development effectiveness to optimize the impact of our development interventions.

A handwritten signature in black ink, enclosed in a simple oval border. The signature is in Arabic script and reads 'بندر' (Bandar).

**Dr. Bandar M. H. Hajjar**  
President, Islamic Development Bank and Chairman,  
Board of Executive Directors

# BOARD OF EXECUTIVE DIRECTORS<sup>1</sup>



H.E. Dr. Bandar M. H. Hajjar  
President, Islamic  
Development Bank and  
Chairman, Board of  
Executive Directors



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Suleiman Al Bazai  
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**Representing:** Saudi Arabia



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Abouzkeh  
**From:** Libya  
**Representing:** Libya



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**Representing:** United Arab  
Emirates



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**Representing:** Nigeria



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**Representing:** Egypt



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**Representing:** Kuwait



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**Representing:** Turkey



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**From:** Morocco  
**Representing:** Algeria, Morocco, Mauritania, Tunisia



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**Representing:** Yemen, Sudan, Oman, Bahrain



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**Representing:** Senegal, Burkina Faso, Niger, Mali, Gambia, Togo



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**From:** Jordan  
**Representing:** Jordan, Syria, Iraq, Palestine, Lebanon



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**From:** Guinea  
**Representing:** Benin, Guinea, Guinea Bissau, Sierra Leone, Cameroon, Côte D'Ivoire



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**From:** Uzbekistan  
**Representing:** Azerbaijan, Albania, Uzbekistan, Turkmenistan, Tajikistan, Kazakhstan, Kyrgyz Republic



Hon. Fredrick Twesiime  
**From:** Uganda  
**Representing:** Uganda, Chad, Gabon, Djibouti, Comoros, Mozambique, Somalia

<sup>1</sup> These are the members of the IsDB Board of Executive Directors for the 15th Session

# EXECUTIVE SUMMARY

## A REVIEW OF 2018

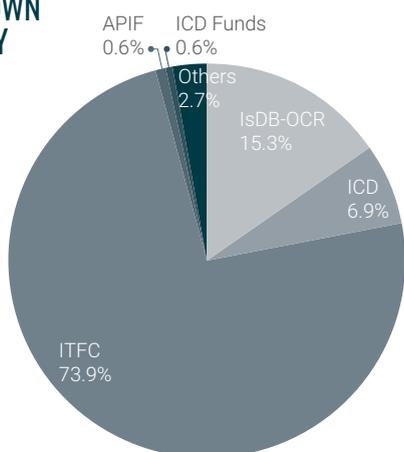
In recent years, the global economic and development landscape has grappled with issues such as rising migration, increasing income and wealth inequalities, deepening global economic imbalances driven by technological progress and concerns about environmental impact of economic growth. During 2018, the global economy was beclouded by trade tensions that escalated among the major economies. These began to abate towards the end of the year, but are not fully resolved and the impact is likely to slow global economic growth in the coming years. The global economy grew at a rate of 3.73 percent in 2018, reflecting a slight decrease of 0.01 percentage point from 2017. The economies of member countries grew at an average of 3.44 percent in 2018, reflecting a deceleration from 3.72 percent in 2017.

In recognition of the challenges facing member countries in the context of competitive global development landscape, the IsDB progressed on its restructuring agenda and also sustained its development financing to support development aspirations of member countries. The summary of these two-pronged activities are presented in terms of Progress on Major Initiatives and Key Achievements During 2018 as follows:

### TOTAL GROUP APPROVALS FOR DEVELOPMENT PROJECTS TO MEMBER COUNTRIES

**ID5 billion**  
**(\$7 billion) for**  
**313 operations**

#### BREAKDOWN BY ENTITY



- IsDB-OCR: ID0.8 billion | \$1.1 billion
- ICD: ID0.35 billion | \$0.48 billion
- ITFC: ID3.7 billion | \$5.2 billion
- APIF: ID32.2 million | \$44.8 million
- ICD FUNDS: ID29 million | \$40.3 million
- Others: ID135 million | \$188 million

### PROGRESS ON MAJOR INITIATIVES

**President's Five Year Program (P5P):** During 2018, the business model was streamlined. A key element of the new business model and strategy is to ensure closeness to the clients through effective decentralization, maximizing human capital development and an effective utilization of Islamic finance as a tool for achieving sustainable development. Accordingly, out of the 11 Regional Hubs (RHs) that were established, seven became fully operational during the year.





**A New Brand:** As part of the effort to re-brand the IsDB, a new logo was unveiled by the President, Dr. Bandar Hajjar, on 5th June 2018. The new brand reflects the new priorities and changing role of the IsDB with emphasis on partnerships, resource mobilization and STI. The new brand maintains the heritage of the bank's identity and simultaneously projects the new direction and business model of the institution. The brand symbolizes a new drive that focuses on pro-activeness, collaboration, building infrastructure and human capital in the 57 member countries.

**Science, Technology and Innovation (STI)-Related Activities:** The Transform Fund was established to facilitate the commercialization of technology and the promotion of joint STI activities among member countries to support development of entrepreneurship. After its launch, a Scientific Advisory Board was inaugurated to review proposals and make recommendations to the Board of Trustees. Based on a set of criteria and thorough evaluation, about 32 of the best innovative ideas and projects were selected among 1,586 submitted proposals as winners of the first round of the Call for Innovation under Transform Fund. Another initiative was the launching of the Engage Platform to encourage innovators, SMEs and other stakeholders to submit bankable STI fundable projects that could support the development of member countries. Other initiatives are Crowd Funding, Maritime Entrepreneurship, Partnership with Whitaker Peace and Development Initiative and an STI Prize.

**Revised Scholarships Program:** The IsDB Scholarship Program has been revised to reflect the new strategic direction in consonance with contemporary global development imperatives, especially in alignment with the SDGs. In this regard, the program was revamped to include new fields of study and eligibility criteria. Partnerships have been established with renowned global institutions to ensure that the scholarships achieve optimal knowledge benefits. In addition, some complementary initiatives have been introduced such as one stop shop for finance, mentorship programs, counselling programs, alumni awards and community awards.

## KEY ACHIEVEMENTS DURING 2018

- The IsDB Group achieved total approvals of ID5 billion (\$7 billion) for 313 operations in 2018. Approvals from the IsDB-OCR declined by 76 percent compared to 2017, as the Bank shifted its focus to project implementation and delivery of previously approved projects with less emphasis on new approvals.
- By regional group classification, about 49 percent or ID2.4 billion (\$3.4 billion) of the approvals was for countries in the MENA and Europe group of member countries. This is followed by 30 percent or ID1.5 billion (\$2.1 billion) for the Africa and Latin America group of member countries while the Asian group of member countries received 20 percent or ID987 million (\$1.4 billion) of total net approvals in 2018. Regional projects constituted about 0.8 percent or ID42 million (\$58 million) of total approvals and 0.4 percent or ID18.5 million (\$25.8 million) of the approvals were dedicated to community services in non-member countries.
- Total IsDB-OCR approvals amounted to about ID0.8 billion (\$1.1 billion) for 27 operations, of which ID234.2 million (\$333.5 million) was for the energy sector (31 percent); ID148.5 million (\$208 million) for Transportation (19 percent); ID108.7 million (\$150.5 million) for Health (14 percent); ID104.4 million (\$145.3 million) for Agriculture (about 14 percent); ID99.2 million (\$140 million) for Education (13 percent) while ID69.1 million (\$97.4 million) of the approvals (9 percent) was for the Water, Sanitation and Urban Services.
- The energy and transport sectors accounted for 31 and 19 percent of the total IsDB-OCR approvals respectively. This implies that critical economic infrastructure, the bedrock for economic transformation, received 50 percent of total approvals. In addition to 14 percent of the approvals for the agriculture sector, the pattern of approvals of the IsDB-OCR in 2018 is significant for promoting prosperity in alignment with several SDGs.
- Energy projects are directly relevant to SDG7 (Affordable and Clean Energy). Transport sector projects are relevant to SDG11 (Sustainable Cities and Communities). Both energy and transport are critical economic infrastructure sectors, hence relevant also to SDG8 (Decent Work and Economic Growth) and 9 (Industry, Innovation and Infrastructure). The spillover effects of the activities of these sectors will contribute to SDG1 (No Poverty).

-  **1** NO POVERTY
-  **4** QUALITY EDUCATION
-  **8** DECENT WORK AND ECONOMIC GROWTH

-  **2** ZERO HUNGER
-  **6** CLEAN WATER AND SANITATION
-  **9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

-  **3** GOOD HEALTH AND WELLBEING
-  **7** AFFORDABLE AND CLEAN ENERGY
-  **11** SUSTAINABLE CITIES AND COMMUNITIES

The sectoral distribution of the IsDB-OCR 2018 approvals reflects the essential requirements for achieving the targets of the SDGs





- Apart from critical economic infrastructure sectors, Health and Education accounted for 14 and 13 percent respectively of the total IsDB-OCR approvals in 2018. The activities of these sectors are directly relevant to SDG3 (Good Health and Well-being) and SDG4 (Quality Education). Moreover, the Water, Sanitation and Urban Services sector with 9 percent of the total approvals support SDG6 (Clean Water and Sanitation) and SDG11 (Sustainable cities and communities).
- The Islamic Corporation for the Development of the Private Sector (ICD) approved \$483 million for various operations in 2018, bringing the cumulative approvals since inception to \$5.2 billion. With disbursements at \$538 million, the ICD achieved a disbursement/approval ratio of 111 percent in 2018.
- The International Islamic Trade Finance Corporation (ITFC) approved \$5.2 billion and disbursed \$4.6 billion for trade finance activities during the year. In addition, the ITFC achieved a significant diversification of its portfolio by targeting new member countries and new clients, with a focus on extending lines of financing to banks.
- The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) insured businesses by 20 percent more than 2017, an increase from \$7.5 billion in 2017 to \$9 billion in 2018. In addition, new commitments increased by 34 percent from \$3.6 billion in 2017 to \$4.8 billion in 2018. Moreover, total premiums invoiced during 2018 increased by 77 percent from \$40.55 million in 2017 to \$71.7 million in 2018.
- Awqaf Properties Investment Fund (APIF) approved ID32.2 million (\$44.8 million) to co-finance five projects with a combined total with other partners worth \$157 million. These projects comprise construction of a Mixed-use Building in Nairobi, Kenya; construction of a Waqf Residential Complex in Kampala, Uganda; construction of a dormitory in the USA; the construction of a Hotel in Saudi Arabia and the purchase of a Students' Hostel in Turkey.
- An amount of \$1.6 million was approved for Reverse Linkage activities to leverage knowledge and expertise for development in member countries. Furthermore, 42 technical cooperation operations were approved for a cumulative amount of \$1.4 million. Out of these, five were for recruiting experts, 15 of them for on-the-job training, and 22 were for seminars/conferences/meetings.
- The sum of \$324,500 was approved for three Non-governmental Organizations (NGOs) activities in Nigeria, Somalia, and Turkey. These operations focus on enhancing the resilience of conflict-afflicted communities through education and skills development for those affected by conflicts.
- Ten Technical Assistance projects, amounting to a total of \$1.8 million, were approved to support activities for enhancing Islamic Financial Services, especially in capacity development. In addition, 12 Islamic finance awareness events were organized for a total amount of \$233,500.
- Six operations were approved to support women and youth associations. In addition, a cross institutional collaboration was established under the *SheTrades program* which focuses on supporting businesswomen in the handicraft sector in Egypt. Furthermore, a Technical Assistance grant was approved for Suriname to develop the capacity of the Bureau of Gender Affairs.

- The Islamic Research and Training Institute (IRTI) issued 33 publications, including books, journals, flagship reports, and research papers in Islamic Economics, Banking and Finance. Furthermore, IRTI delivered 21 training courses to various institutions in IsDB Member Countries, and advanced projects to develop five Islamic financial products in the areas of Istijrar, Currency Salam, Sukuk on the Usufruct of Waqf Assets, Social Cryptocurrency, and Credit Incentive and Enhancement Systems.
- The IsDB maintained its sound financial health in 2018 with strong shareholders' support. This has resulted in maintaining the highest credit ratings of 'AAA' by all the three leading international rating agencies (Standard & Poor's, Moody's and Fitch Ratings) with a "Stable" outlook.
- The IsDB is also one of the highest rated multilateral lending institutions based on its stand-alone credit rating. Both the Basel Committee on Banking Supervision and the European Commission have also designated the IsDB as a 'Zero-Risk Weighted' Multilateral Development Bank.
- The ICIEC has maintained a rating of 'Aa3' since 2008 with a "Stable" outlook from Moody's, which is among the highest ratings assigned to major insurers of credit and political risk globally.
- The ICD also maintained a rating of 'Aa3' by Moody's. However, its outlook has been changed to "Rating Under Review". Its 'A+' rating by S&P was reaffirmed in 2018 with a "Negative" outlook, while its rating by Fitch was lowered by one notch to "AA-" with a "Stable" outlook.
- The ITFC has also maintained a rating of 'A1' by Moody's with a "Stable" outlook. This rating considers ITFC's planned moderate leveraging of the balance sheet, strong liquidity and a "medium" assessment of capital adequacy and support by shareholders.
- The IsDB in partnership with the UN Economic Commission for Europe (UNECE) initiated the creation of the Geographical Information System (GIS) of Regional Infrastructure Networks. The first phase of the initiative covers 11 countries in the Eurasia region and will further be expanded to the African region in 2019.
- The preparation of four second generation Member Countries Partnership Strategies (MCPSSs) were initiated based on the new strategic vision of the IsDB. This builds on achievements since 2010 of 19 MCPSSs with 17 completed and two under implementation.
- Fifteen completed projects were evaluated in 2018 with significant rates of success in terms of their impact on the social and economic development of member countries. In addition, a post-evaluation was conducted on a Special Ebola Emergency Response Program funded by the Fael Khair in West Africa. Furthermore, the evaluation of Trust Fund interventions in Palestine was started during 2018.

On general administrative and organizational matters, various initiatives were implemented to align with the new strategic vision. To improve processes, new and innovative information management services were implemented. For instance, a Presidential dashboard and customized dashboards for senior management have been introduced to improve the visibility and transparency of information management. Furthermore, digitalization is being implemented in order to foster a proactive, agile and more conducive work environment for an efficient delivery of its functions.

The Human Resource Management activities were re-strategized to align with the new strategic vision of the Bank. In line with decentralization, several positions were redeployed down to the Regional Hubs, leading to an increase from 90 to 218 with additional five staff for Waqf activities making a total of 223. Overheads in the management and support functions were reduced. In addition, over 100 new staff were recruited during 2018 and the selection process for another 100 recruits are at an advanced stage. To continue building the workforce that the IsDB needs, the HR function was completely restructured, modelled on best practices, policies were simplified, and processes were digitized. A new approach for performance management was rolled out and compensation structures were revised to ensure competitiveness in the talent market.



## HUMAN RESOURCES

HUMAN RESOURCE MANAGEMENT ACTIVITIES WERE RE-STRATEGIZED TO ALIGN WITH THE NEW STRATEGIC VISION OF THE BANK.

2018 saw an increase in positions in Regional Hubs from 90 to

**223**

Over

**100**

New staff were recruited and the selection process for another

**100**

recruits is at an advanced stage

## CREDIT

The IsDB has maintained the highest credit ratings of

**‘AAA’**

by all the three leading international rating agencies

The Basel Committee on Banking Supervision and the European Commission have also designated the IsDB as a

**‘ZERO-RISK WEIGHTED’**

Multilateral Development Bank



# 2018 IN NUMBERS

TOTAL NET APPROVALS (2018)

**\$7 billion**

TOP-5 RECIPIENTS OF ISDB GROUP FINANCING IN 2018 (\$ MILLION)

**EGYPT**

**959.5**

**TUNISIA**

**932.9**

**BANGLADESH**

**771.0**

**PAKISTAN**

**657.8**

**TURKEY**

**594.1**

TOTAL NET APPROVALS BY COUNTRY IN 2018 (\$ MILLION)



THE PRESENT MEMBERSHIP  
OF THE BANK CONSISTS OF

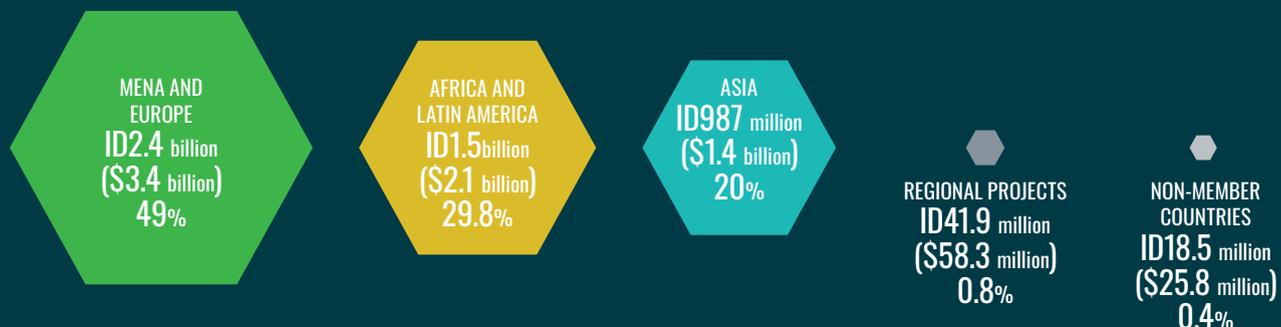
**57** countries

THE WORK OF THE ISDB CAN BE SEEN  
AROUND THE WORLD, WITH OPERATIONS  
IN THREE CORE REGIONS:

- AFRICA AND LATIN AMERICA
- ASIA
- MIDDLE EAST & NORTH AFRICA (MENA) AND EUROPE



REGIONAL LEVEL ALLOCATION IN 2018



ASIA

- Bangladesh
- Brunei
- Indonesia
- Kazakhstan
- Kyrgyz Republic
- Malaysia
- Maldives
- Tajikistan
- Turkmenistan
- Uzbekistan

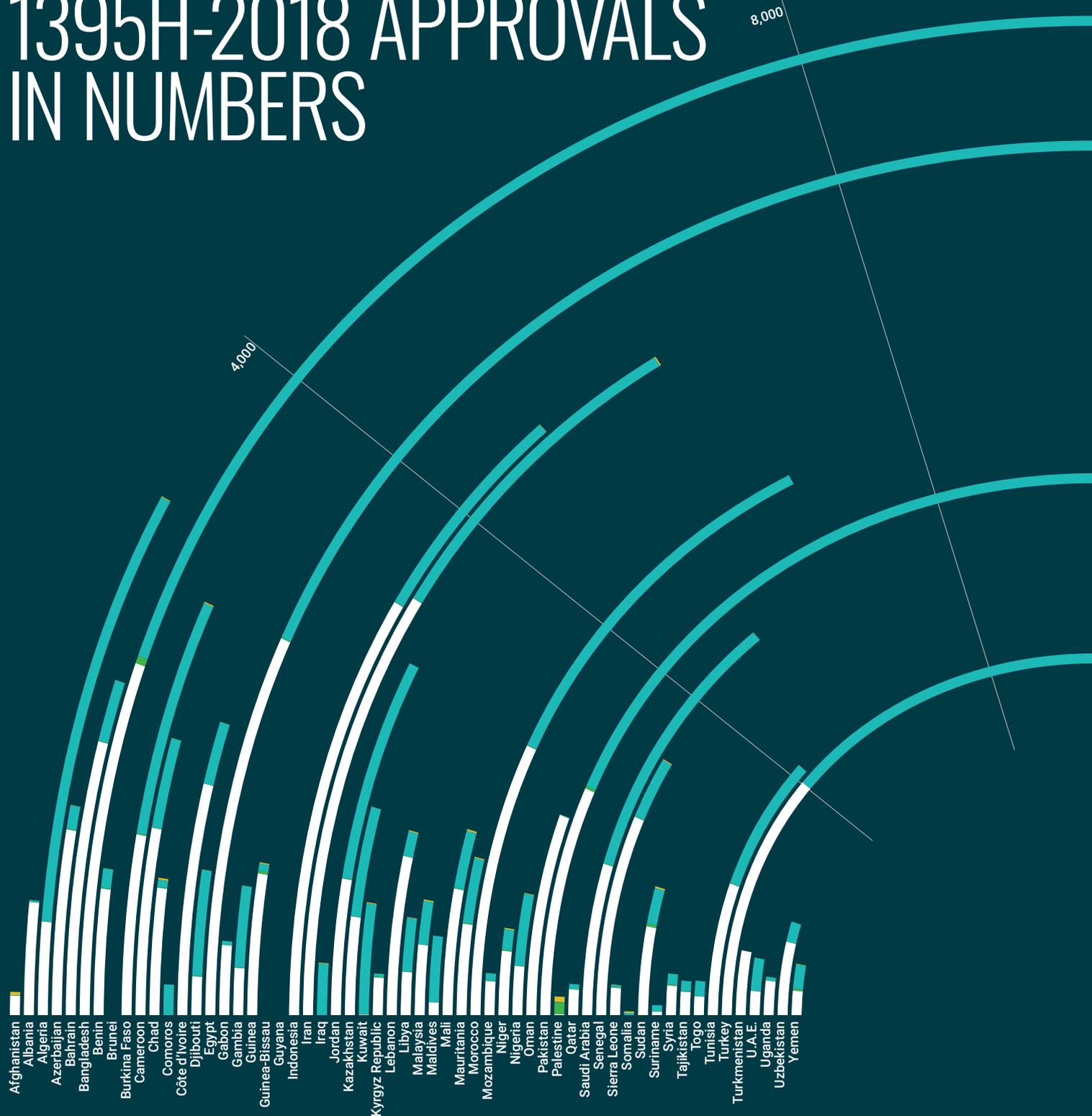
AFRICA AND LATIN AMERICA

- Benin
- Burkina Faso
- Cameroon
- Chad
- Comoros
- Côte D'Ivoire
- Djibouti
- Gabon
- Gambia
- Guinea
- Guinea-Bissau
- Guyana
- Mali
- Mozambique
- Niger
- Nigeria
- Senegal
- Sierra Leone
- Somalia
- Suriname
- Togo
- Uganda

MIDDLE EAST & NORTH AFRICA (MENA) AND EUROPE

- Afghanistan
- Albania
- Algeria
- Azerbaijan
- Bahrain
- Egypt
- Iran
- Iraq
- Jordan
- Kuwait
- Lebanon
- Libya
- Mauritania
- Morocco
- Oman
- Pakistan
- Palestine
- Qatar
- Saudi Arabia
- Sudan
- Syria
- Tunisia
- Turkey
- U.A.E.
- Yemen

# 1395H-2018 APPROVALS IN NUMBERS



CUMULATIVE NET APPROVALS (1395H-2018)

**ID 96 billion** | **\$138.4 billion**



**BY MAJOR MODE OF FINANCING (1395H-2018)  
(BILLION)**

**TRADE FINANCING**

**ID54.9  
\$78.1**

**PROJECT FINANCING**

**ID38.5  
\$56.7**

**TECHNICAL ASSISTANCE  
OPERATIONS**

**ID1.9  
\$2.8**

**SPECIAL ASSISTANCE  
OPERATIONS**

**ID0.6  
\$0.8**

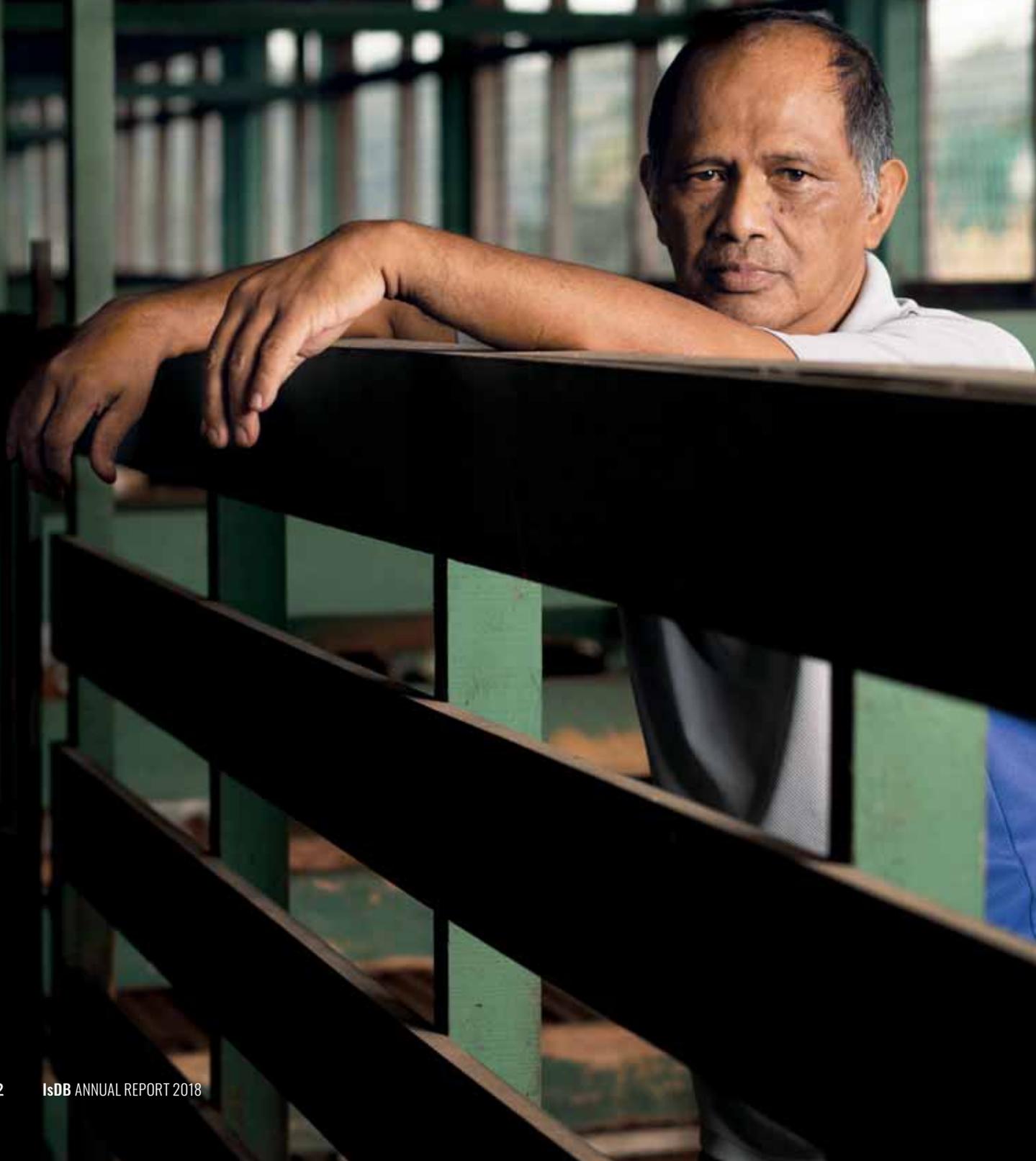
**BY NUMBER OF OPERATIONS (1395H-2018)**

**10,331**



20,000  
\$ million

# 1 ISDB GROUP INITIATIVES AND PROGRAMS





## INTRODUCTION

The IsDB Group – comprising IsDB, IRTI, ICIEC, ICD, and ITFC – delivers a range of development assistance activities to foster the socio-economic development of member countries and Muslim communities in non-member countries. The assistance takes various forms and is delivered through multiple channels, programs and funds. This chapter presents the IsDB Group’s operational performance, major initiatives, and the achievements of Group Entities as well as the Special Funds managed by the Bank.

Cumulatively, IsDB Group financing of development projects in member countries since the Bank’s inception is up to

**ID 96 billion**

which is equivalent to

**\$138.4 billion**

# CHAPTER 1 IN BRIEF

IN 2018 THE GLOBAL ECONOMY GREW BY

# 3.73%

Fastest growing member countries with economic growth rates above 6 percent per annum since 2015:

**CÔTE D'IVOIRE**

**BANGLADESH**

# 7.4%

# 7.3%

**SENEGAL**

**DJIBOUTI**

**TURKMENISTAN**

# 7%

# 6.7%

# 6.2%

## SCIENCE TECHNOLOGY AND INNOVATION

STI initiatives will contribute to the achievement of the six focused SDGs, which are:



**2** ZERO HUNGER



**3** GOOD HEALTH AND WELLBEING



**4** QUALITY EDUCATION



**6** CLEAN WATER AND SANITATION



**7** AFFORDABLE AND CLEAN ENERGY



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

The IsDB STI initiatives serve the P5P and aim to transform the IsDB into a world-class institution of developers by being “Proactive” in offering comprehensive development solutions to our member countries.

## 1.1 SUMMARY OF 2018 ISDB GROUP OPERATIONAL RESULTS

In 2018, the global economy grew by 3.73 percent, reflecting a slight decrease of 0.01 percentage point from 2017. During the year, several challenges clouded the global economy, the most prominent of which was the trade tensions among the major economies, especially between the USA and China. The effects of these trade tensions on the global economy are likely to snowball into next year even if the issues are resolved. This explains the forecast of a downward growth trend for the global economy for the next three years. The trade issues further accentuate the various complexities facing the global economy that is undergoing major transformations that are changing its economic landscape. The complex issues facing the global economy include the effects of economic growth on the environment, rapid technological change, the dynamics of international financial flows resulting from monetary policy normalization in the US, rising trends of migration and the presence of high income and wealth inequalities in many countries.

The average growth rate of economies of the IsDB's member countries in 2018 was 3.4 percent, lower than the 2017 rate of 3.7 percent. The Asian group of member countries experienced the strongest growth among the various IsDB regional groups of member countries with an average growth rate of 5.2 percent, although a decrease from 5.4 percent in 2017. The Africa and Latin America group of member countries experienced a sharp acceleration in the rate of growth to 3.2 percent in 2018 from 2.8 percent in 2017. This reflects a rising growth trend with real GDP per capita forecast to reach a growth of 3.5 percent in 2018 up to 3.9 percent in 2020. However, the economies of the MENA and Europe group of member countries experienced weak growth trends with an average rate in 2018 of 2.7 percent representing a significant fall from 3.1 percent in 2017 and this is forecast to slide further in the next two years. The fastest-growing member countries with economic growth rates above 6 percent per annum since 2015 maintained high growth in 2018. These countries are Bangladesh (7.3 percent), Côte d'Ivoire (7.4 percent), Djibouti (6.7 percent), Turkmenistan (6.2 percent) and Senegal (7 percent). These member countries are projected to sustain this high growth trend into 2019.

“The focus of all developing countries in the contemporary international development agenda, is to achieve the Sustainable Development Goals (SDGs).”

**FIG 1.1** IsDB Group Net Approvals

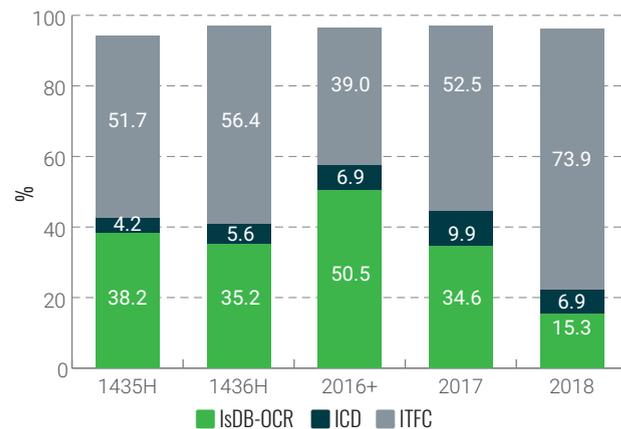


Central to the mandate of the IsDB is the delivery of development assistance to support member countries to achieve social and economic development. Cumulatively, IsDB Group financing of development projects in member countries since the Bank’s inception is up to ID96 billion, which is equivalent to \$138.4 billion. The focus of all developing countries in the contemporary international development agenda, is to achieve the Sustainable Development Goals (SDGs). In this context, the IsDB is aligning its delivery of development assistance to member countries with these SDGs.

In 2018, the IsDB, along with entities in the Group approved a total of ID5 billion (\$7 billion) for 313 operations in 2018 (Fig 1.1). This represented a decrease of about 23 percent relative to 2017. These approvals were in accordance with the strategic vision of the IsDB Group as well as targeting critical development needs of member countries.

In terms of the breakdown of the approvals by entity within the Group (Fig 1.2 and Fig 1.3), ITFC approved a total of ID3.7 billion (\$5.2 billion), which represented an 8.3 percent increase from 2017, but constituted about 74 percent of total IsDB Group approvals in 2018. The IsDB total approvals in 2018 amount to ID0.92 billion (\$1.31 billion). However, IsDB-OCR approvals amounted to only ID0.8 billion (\$1.1 billion). Approvals from the IsDB OCR declined by 76 percent compared to 2017, as the Bank shifted its focus to project implementation and delivery of

**FIG 1.2** Trends in Share of Entities in Total IsDB Group Net Approvals



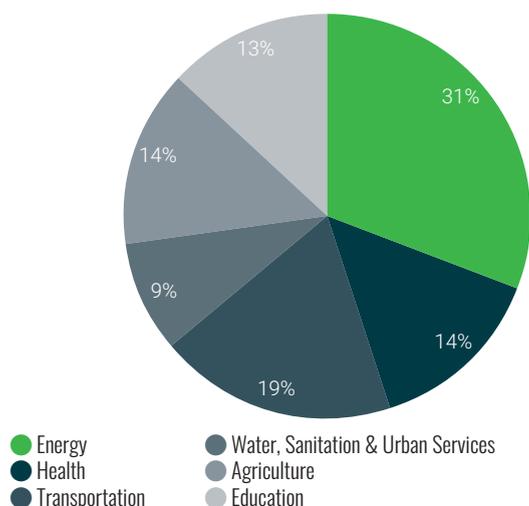
**FIG 1.3** Net Approvals by IsDB Group Entities & Funds



previously approved projects with less emphasis on new approvals. ICD’s total approvals in 2018 of ID0.4 billion (\$0.5 billion) were about 46.7 percent lower than the total approvals of 2017 and represented about 7 percent of total IsDB Group approvals in 2018. The Awqaf Property Investment Fund (APIF) approved ID32.2 (\$45 million) while the ICD Funds approved ID29 million (\$40 million) in 2018, representing a 14 percent increase for APIF, but an 18 percent decrease for ICD Funds.

<sup>1</sup> Period in excess of one year during 14 October 2015-31 December 2016 as a result of transition from using Hijra to Gregorian calendar.

**FIG 1.4** Sectoral Distribution of IsDB-OCR Net Approvals 2018G



For the IsDB and all its entities, approvals for 2018 declined due to its significant reform activities intended to prepare the institutions for a more effective and efficient delivery in subsequent years. Several arrangements have been put in place with various international partners to expand activities in order to increase the amount of financial resources available for development activities in member countries.

In terms of the distribution of approvals among the regional groups of member countries (Table 1.1), about 49 percent or ID2.4 billion (\$3.4 billion) was allocated to countries in the MENA and Europe region, 29.8 percent or ID1.5 billion (\$2.1 billion) went to the Africa and Latin America region while the Asia region of member countries received 20 percent or ID987.2 million (\$1.4 billion) of total net approvals in 2018. Furthermore, about 0.8 percent ID41.9 million (\$58.3 million) of total approvals were dedicated to regional projects while 0.4 percent or ID18.5 million (\$25.8 million) were distributed for community services in non-member countries.

The sectoral distribution of 2018 OCR approvals (Fig 1.4) shows that the energy sector received the largest share at 31 percent amounting to ID234.2 million (\$333.5 million) in 5 operations. This was followed by Transportation at about 19 percent amounting to ID148.5 million (\$208.2 million). Health at 14 percent amounted to ID108.7 million (\$150.5 million), Agriculture at about 14 percent amounted to ID104.4 million (\$145.3 million), followed by Education at 13

**TABLE 1.1** Regional Distribution of IsDB Group Net Approvals in 2018

	No.	ID million	\$ million	%
<b>IsDB-57</b>	258	4,933.2	6,938.2	98.8
CRS Africa & Latin America-22	111	1,509.1	2,090.5	29.8
CRS MENA & Europe-25	90	2,436.9	3,443.4	49.0
CRS Asia-10	57	987.2	1,404.3	20.0
<b>Non-Member Countries</b>	25	18.5	25.8	0.4
<b>Regional Projects</b>	30	41.9	58.3	0.8
<b>Total</b>	<b>313</b>	<b>4,993.6</b>	<b>7,022.3</b>	<b>100.0</b>

percent with an amount of ID99.2 million (\$140 million) while 9.1 percent of the total approval, amounting to ID69.1 million (\$97.4 million) was allocated to the Water, Sanitation and Urban Services sector.

This allocation demonstrates that critical economic infrastructure has been given priority as these projects and programs are key to creating the enabling conditions for investment to spur the transformation of economies from low to high productivity. The resulting expansion of economic activities could have the potential to create employment opportunities and to lead to prosperity thereby addressing SDG-1, which concerns No Poverty. The fact that agriculture follows next as a priority after critical economic infrastructure helps address SDG-2, which is about Zero Hunger. Expenditure on Health meets SDG-3 (Quality Health) which is ranked at the same percentage level of approvals with Agriculture while the allocation to Education aims at meeting SDG-4 (Quality Education). Water (SDG-6), Sanitation and Urban Services (SDG-11) had a combined share of 9 percent of net approvals. These figures indicate that IsDB approvals for delivery of projects were substantially aligned with the SDGs in 2018.



# 1 NO POVERTY



**“The P5P recognizes and gives priority to supporting member countries to achieve the Sustainable Development Goals (SDGs) targets.”**

## **1.2 IsDB GROUP MAJOR INITIATIVES**

### **1.2.1 PRESIDENT’S FIVE-YEAR PROGRAM (P5P)**

Technological progress is the driving force of the fast-changing global development landscape and is a key driver of economic growth and development. The advanced and emerging industrialized countries continue to leverage off their economic development advantages while other developing countries, including many IsDB member countries, are in dire need of an economic transformation to cope with their development challenges. These challenges include inadequate infrastructure, low levels of human capital development, weak value-adding productive activities and a lack of technological capabilities.

The situation is exacerbated by a large and growing youth population with unemployment among young persons becoming an overwhelming development challenge facing member countries. Frustrations arising from a lack of economic opportunities has led to tensions that can culminate in conflicts. As a result, there has been increasing numbers of countries in fragile states facing associated negative social, economic and environmental impacts. It is estimated that 89 million people requiring humanitarian assistance reside in IsDB member countries while 30 out of 50 armed conflicts recorded worldwide have occurred in IsDB member countries.

A paradigm shift is needed to address these development challenges. In response, the President’s Five-Year Program (P5P) was conceived to provide focused, integrated and holistic solutions for member countries based on the root causes of development challenges rather than the symptoms. It will also facilitate the realignment of development finance to critical areas of need to enable member countries to better cope with emerging development challenges. The P5P focuses on job creation underpinned by strong competitiveness through a connectivity to global markets. An important aspect is for the IsDB to evolve from a development bank to a Bank for Development and Developers.

This paradigm shift will involve expanding and deepening existing partnerships and seeking new partners having a common goal of commitment to greater development effectiveness. The new development model is more sustainable than existing models as it allows the Bank

to play the role of catalyst for development, transforming it from an on-balance sheet funding provider to a development enabler, market creator and investment facilitator. It prepares people for the future economy focusing on partnerships, especially with both private sector and Science, Technology and Innovation (STI) entities, in global value chains and making education more relevant to member countries.

The P5P recognizes and gives priority to supporting member countries to achieve the Sustainable Development Goals (SDGs) targets. Globally, the availability of financial resources to finance development is significantly inadequate. For instance, the global financing gap for achieving the SDG targets is estimated at around 3 percent of global GDP, or 1.1 percent of the value of global capital markets, equivalent to approximately \$218 trillion. Given the constraints faced by member countries in mobilizing resources to finance development initiatives, the IsDB can leverage its institutional strengths to catalyze not only financial resources, but also activate key investment partners to play crucial roles in stimulating the economies of member countries towards achieving sustainable development.

During 2018, the business model was streamlined. A key element of the new business model and strategy is to ensure closeness to clients through effective decentralization, maximizing human capital development and with an effective utilization of Islamic finance as a tool for achieving sustainable development. Accordingly, out of the 11 IsDB Regional Hubs (RHs) that were established, seven became fully operational during the year, including the new RH in Bangladesh. The Host Country Agreement for establishment of a RH in Egypt has been signed. Studies on the creation of a Center of Excellence in Malaysia is progressing well, and another three Virtual RHs (Uganda, UAE and Suriname) continue to operate temporarily. Staff from headquarters have been posted to the RHs and the provision of both a physical and an IT infrastructure have been made available to realize the new decentralized business delivery model.

These changes will enable a better understanding of development and project implementation challenges in order to guide an appropriate targeting of critical needs to ensure effective and efficient project implementation. It is envisaged that through this strategy, the development impact of IsDB interventions in member countries will be significantly higher.



## 1.2.2 THE ESSENCE OF STI IN ACHIEVING SUSTAINABLE DEVELOPMENT IN MEMBER COUNTRIES

Science, Technology and Innovation (STI) is a key driver of economic transformation and providing the impetus for achieving sustainable development. The rapid changes in the global economic landscape and the development challenges that arise highlight the need for developing countries to leverage STI to accelerate technological advancement for stimulating high economic growth and achieving sustainable development. The economic development experiences of both advanced and emerging countries reveal that technological progress, which is a by-product of STI, is the most critical factor in transforming low-level economies into high-level economic activities to drive sustainable high economic growth paths. Technological change enhances human capabilities leading to quality and efficiency gains.

The emerging global economic and development challenges revolve around the effects of technological progress in opening new frontiers of economic activities. There are also concerns about the growing role of Artificial Intelligence (AI) and Robotics in creating substitutes for human jobs that could aggravate the unemployment situation facing many of the world's economies. According to the World Economic Forum (WEF), technological innovation will have disruptive effects and change job opportunities in various sectors. Based on current trends, a net job loss of more than 5.1 million could occur over the period 2015-2020 due to disruptive labor market changes. This comprises the loss of 7.1 million jobs, of which two-thirds are in the Office and Administrative job category while the Manufacturing and production sectors are projected to experience about 1.6 million job losses. In contrast, there could be positive gains of around 2 million jobs in several smaller job categories.

The IsDB recognizes these emerging global development challenges and the role of STI in transforming member countries into vibrant and technology driven economies that could cope with the increasingly competitive global landscape. Hence, it is imperative for member countries to adopt STI policies and strategies as a springboard for technological progress to stimulate high economic growth towards achieving sustainable development.

In response to this, the STI Department was established to serve as the beacon for member countries. The STI Department will support the IsDB to become a leader in harnessing the power of STI as a main driver for institutional effectiveness and in supporting member countries to formulate effective policies, strategies and programs that promote a robust STI ecosystem to achieve economic growth, prosperity and restore dignity to our member countries.

Leveraging the power of STI will help our member countries to find practical solutions to key development challenges related to SDGs. The IsDB STI initiatives serve the P5P and aim to transform the IsDB into a world-class institution of developers by being "Proactive" in offering comprehensive development solutions to our member countries.

In this regard, STI initiatives will contribute to the achievement of the six focused SDGs, which are: (i) Zero Hunger; (ii) Good Health and Well-Being; (iii) Quality Education; (iv) Clean Water and Sanitation; (v) Affordable Clean Energy and (vi) Industry, Innovation and Agriculture.

## 1.2.3 LEVERAGING GLOBAL VALUE-CHAINS FOR INCLUSIVE GROWTH IN MEMBER COUNTRIES

The current development model of many member countries depends on public spending to stimulate economic growth with exports being predominantly raw materials without significant value added. The weak value addition has constrained growth and employment creation with the resultant high levels of unemployment especially among the youth. This is apparent from International Labour Organisation (ILO) statistics which estimated that in 2017, youth unemployment in Northern African member countries was about 30 percent while the youth unemployment rate was 25.6 percent in Arab Asian member countries.



# 2 ZERO HUNGER



**“I believe that this new brand identity is one of a world-class institution tackling the challenges of today’s modern world.”**

IsDB President, Dr. Bandar Hajjar



Apart from the challenge of low value-added activities, member countries also face the constraint of the limited global financing available for development projects. For instance even though total Official Development Assistance (ODA) reached \$142.6 billion in 2016 the financing gap to achieve the SDGs is estimated at around \$2.5 trillion annually and the requirement of member countries is considered to be between \$700 billion and \$1 trillion a year to finance SDG development activities. The gap is expected to widen further by 2030 with the population of member countries expected to rise from 1.7 billion to 2.2 billion creating a higher demand for resources.

International production, trade and investments have tended to be organized across global value chains (GVCs) in recent years where the various stages of the production process are located across different countries. Emerging global development trends indicate that many developing countries are able to achieve robust economic growth through participating in GVCs. By specializing in specific aspects in the production chain, based on comparative advantage, firms in developing countries can gain access to global markets irrespective of their capabilities within the entire production chain.

Related to the GVCs phenomena is the increase in foreign capital inflows in the form of Foreign Direct Investments (FDI) into developing countries which grew, on average, by 16.4 percent per year, between 2001 and 2016 thereby exceeding investments in advanced economies by more than twice as much over the same period (UNCTAD, 2017). The positive relationship between FDI and GVCs provided a basis upon which developing countries, especially Least Developed Countries (LDCs), could take advantage to nurture value adding production to gain competitiveness and achieve sustainable development.

## **1.3 IsDB GROUP ACHIEVEMENTS**

### **1.3.1 A NEW BRAND FOR IsDB**

As part of the effort to re-brand the IsDB, a new logo was unveiled by the IsDB President, Dr. Bandar Hajjar, on 5th June 2018. The new brand reflects the new priorities and changing role of the IsDB with an emphasis on partnerships, resource mobilization and STI.

Since assuming office in October 2016 the President has identified awareness about the development interventions of the Bank as a key priority. In fact, it is the first pillar of the P5P, which was drawn from the 10-Year Strategic Framework approved by the Board of Governors in 2014.

The new IsDB brand maintains the heritage of the bank's identity and simultaneously projects the new direction and business model of the institution. The brand symbolizes a new drive that focuses on pro-activeness, collaboration, building infrastructure and human capital in the 57 member countries of the IsDB. It lays emphasis on providing solutions to development challenges using STI and engagement with value chains.

In explaining the new brand, IsDB President, Dr. Bandar Hajjar, stated that “The IsDB has been a symbol of trust, credibility, strength and stability for over 44 years with a proud heritage of providing resources, fighting poverty and restoring dignity to our member countries. As we build on our successes of the past we must look to the future. I believe that this new brand identity is one of a world-class institution tackling the challenges of today's modern world”.

### **1.3.2 SUPPORTING PRIVATE SECTOR DEVELOPMENT**

Due to the transitional period in 2018, the Islamic Corporation for the Development of the Private Sector (ICD) witnessed a slowdown in the progress of implementing its ambitious and growth-oriented business plan by approving \$483.2 million worth of operations (Fig 1.5). This amount brings the cumulative approvals since the inception of ICD to \$5.2 billion. On the other hand, the Corporation was able to scale up its disbursements and it disbursed \$538 million with a disbursement/approval ratio of 111 percent.

In creating new channels of operations in member countries, ICD approved \$419 million for Line of Financing (LoF), while ICD's disbursement for financial institutions reached \$405 million in 2018. On the real sector side, \$64 million of financing was approved with \$132 million disbursed. The majority of disbursements were in high impact sectors such as Energy, Industry and Healthcare. In addition, Asset Management continued to be an important tool for ICD to deliver its development mandate with the total assets under management over \$760 million.

The sectoral distribution of ICD's approvals was consistent with its strategic priorities of moving towards the financial and high impact sectors. ICD approved about \$419 million of investments, or nearly 87 percent in the financial sector. Similarly, most of ICD's new project approvals in the corporate sector concentrated on high-impact sectors such as industry, energy, and healthcare.

In terms of regional distribution, 67 percent of ICD's approvals went to Sub-Saharan Africa, 11 percent to global/regional projects, followed by Europe and Central Asia (11 percent), Asia (9 percent), and MENA (2 percent).

### 1.3.3 BOOSTING TRADE FINANCE

The International Islamic Trade Finance Corporation (ITFC) commenced operations in 2008 with a mandate to promote intra-OIC trade and support trade development activities in member countries through the financing of imports and exports to benefit member countries.

The ITFC finances both public and private sector trade activities with **Murabaha** as the main mode of financing. However, other modes of financing are also used depending on the nature of transactions and circumstances. These include Direct Financing, Structured Trade Finance (STF), Line of Trade Finance, 2-Step *Murabaha* Financing, Islamic Discounting and Letter of Credit opening and confirmation. Sectors that are mainly targeted by ITFC financing are energy (crude oil and refined petroleum products), agriculture (such as fertilizers, cotton, ground nuts, coffee, and wheat), financial services, manufacturing and textiles.

ITFC financing has recorded robust growth over the past 11 years with cumulative net approvals reaching \$43.4 billion by the end of 2018 (Table 1.2). In terms of a year on year comparison, trade finance approvals grew by 8.3 percent from \$4.8 billion in 2017 to \$5.2 billion

**FIG 1.5** Trends in ICD Net Approvals (1435H-2018)



in 2018. The growth in approvals was due to a higher demand for financing from member countries (owing to an increase in oil prices) as well as the ITFC's efforts to diversify its portfolio by targeting new member countries and new clients, with particular focus on extending lines of financing to banks. In addition, the ITFC's financing for agriculture (mainly cotton and ground nuts) and the energy sectors in Africa has continued to expand and is becoming an important part of its growth strategy.

Disbursements improved significantly to \$4.6 billion in 2018, a growth rate of 37.1 percent compared to the \$3.3 billion recorded in 2017. The sizeable level of approvals in 2018 (\$5.2 billion) meant that the ITFC needed to mobilize resources from external partners in order to fund this level of trade financing commitments. Working with existing and new partners, the ITFC is expected to mobilize over \$3.0 billion in 2019, in 36 syndicated operations, in favor of 15 member countries. This level of mobilized funds will represent about 58 percent of the total trade financing provided by ITFC to its clients in 2018.

The top

# 6 member countries

benefiting from ICIEC services since inception are:



**TABLE 1.2** ITFC APPROVALS (1429H- 2018G)

Year	Amount (in \$Million)
1429H	2,150.0
1430H	1,941.4
1431H	2,231.6
1432H	2,763.4
1433H	4,261.4
1434H	4,894.5
1435H	4,937.9
1436H	5,891.8
2016G*	4,319.2
2017G	4,792.7
2018G	5,190.9
<b>Cumulative Net Approvals</b>	<b>43,374.8</b>

\* 15 months (from Oct 14, 2015 to December 31, 2016)

## 1.3.4 FOSTERING CREDIT AND COUNTRY RISK INSURANCE

The Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) is the IsDB Group entity mandated to expand trade and encourage foreign investment in member countries using credit enhancement and political risk insurance instruments in accordance with the principles of Shariah. The ICIEC is rated Aa3 by Moody's with a Stable Outlook.

The ICIEC's intermediation has facilitated the participation of international investors and financiers in numerous infrastructure projects with high developmental impacts in member countries. It is important to highlight that those projects would likely not have materialized without the ICIEC's intervention due to the high perceived political and country risks.

Consistent with the Group's objective of crowding in private sector investment, and to increase its capacity to support critical development projects in member countries, the ICIEC transfers significant portions of its insurance exposure to the global reinsurance market and to multilateral partners.

Since its inception, the ICIEC has supported business to the tune of \$42.31 billion in Export Credit Insurance and \$10.47 billion in Foreign Investment Insurance. (Table 1.3)

**TABLE 1.3** Key Indicators (Inception to 31 December 2018)

<b>Business Insured</b>	<b>\$52.78 billion</b>
Export Credit	\$42.31 billion
Investment	\$10.47 billion
<b>Claims Paid</b>	<b>\$82.73 million</b>

**TABLE 1.4** Summary of ICIEC Operations Results 2018

Indicators (\$ million)	Results 2018	Results 2017	% Change
<b>New Commitments</b>	4,785	3,574	34%
<b>Total Business Insured</b>	9,030	7,527	20%
<b>Total Exposure</b>	4,668	4,605	1%
<b>Total Premium Issued</b>	71.74	40.49	77%
<b>Claims Paid</b>	34.19	10.02	241%
<b>Recoveries</b>	0.00	1.88	-100%

The insurance of businesses by the ICIEC increased by 20 percent from \$7.53 billion in 2017 to \$9.03 billion in 2018. Similarly, new commitments increased by 34 percent from \$3.6 billion in 2017 to \$4.8 billion in 2018. Moreover, total premiums invoiced during 2018 increased by 77 percent from \$40.49 million in 2017 to \$71.74 million in 2018. (Table 1.4)

Since inception, the ICIEC's insurance approvals issued reached \$41.5 billion and the value of businesses insured amounted to \$52.8 billion. The claims ratio (claims paid over premium earned), which is the main indicator of credit insurance operations performance, stood at 47.7 percent for 2018 and a cumulative 27.6 percent since inception, which is lower than the industry average. The top six member countries benefiting from the ICIEC services since inception are Saudi Arabia (21.8 percent), UAE (13.7 percent), Turkey (11.3 percent), Bahrain (7.9 percent), Egypt (6.7 percent) and Pakistan (5.5 percent).

**“With the limited resources available, the ISFD has been financing projects that benefit the poor in its member countries through co-financing.”**

### **1.3.5 ENHANCING ISLAMIC ECONOMICS AND FINANCE**

The Islamic Research and Training Institute (IRTI) was founded in 1981 to support the IsDB’s mission of providing development finance in accordance with Islamic law. The mandate of IRTI is to identify, accelerate and develop economic and financial solutions consistent with the principles of *Shari’ah* to enable the development of a dynamic and comprehensive Islamic financial industry that supports socio-economic development.

The notable achievements of IRTI in 2018 include:

- The Global Report on Islamic Finance 2018;
- Thirty-three publications including books, journals, flagship reports, institutional reports, working papers and policy papers in Islamic Economics, Banking and Finance;
- Conducting twenty-one training courses and workshops in various aspects of Islamic Economics, Banking and Finance;
- Five Islamic financial products in the areas of Istijrar, Currency Salam, Sukuk on the Usufruct of Waqf Assets, Social Cryptocurrency and Credit Incentive and Enhancement Systems (CIES); and
- Completion of Phase I (Islamic Banking Information Module) of the new Islamic Financial Industry Information (IFI) cluster of databases.

In addition to the activities of IRTI, the IsDB undertook various activities to support the development of the Islamic Financial Services Industry (IFSI) which is of strategic importance and a key component of the mandate of the IsDB. Hence the 10-Year Strategic Framework identified “Islamic Finance Sector Growth” as one of the three strategic objectives for IsDB.

### **1.3.6 EXPANDING OPPORTUNITIES FOR THE POOR**

The Islamic Solidarity Fund for Development (ISFD) is a special fund for poverty reduction that was established pursuant to a resolution of the Extraordinary Islamic Summit Conference held in Makkah, Saudi Arabia, in December 2005. The targeted amount of contribution is \$10 billion based on voluntary contributions from member countries as an illustration of Islamic solidarity and brotherhood. Accordingly, major contributions are expected to come from high income member countries at a level which would offset the potentially small contributions that are expected from Least Developed Member Countries (LDMCs). The ISFD operates on the basis of a Waqf (Islamic Trust).

By the end of 2018, total contributions to the Fund stood at \$2.7 billion comprising commitments made by forty-nine member countries (\$1.7 billion) and the IsDB (\$1.0 billion). Of these commitments, \$2.58 billion has been fully paid (\$1.58 billion by member countries and \$1.0 billion by the IsDB). The income of the Fund in 2018 was \$88 million generated mainly from the returns on investment of paid in capital and retained earnings.

The ISFD Board of Governors adopted a Resolution in 2011 to use the criteria of weighted average GDP, export and foreign reserves as guide to the economic buoyancy of member countries and the potential contribution they can make to the ISFD. In addition, member countries were encouraged to allocate suitable Waqf (such as a plot of land in a prime area) to the ISFD so that it can invest to generate revenues to add to the contributions of member countries to the Fund.

With the limited resources available, the ISFD has been financing projects that benefit the poor in its member countries through co-financing. Since its establishment up to 2018 the cumulative approvals of the ISFD has reached \$773 million, as part of a cumulative total of \$5.15 billion co-financing of projects. About 80 percent of ISFD projects are allocated to LDMCs. In regional terms, 60 percent was allocated to Sub-Saharan Africa while the remaining was for member countries in other regions. Cumulative disbursements had reached \$235 million by the end of 2018.



# 4 QUALITY EDUCATION





1 NO  
POVERTY



3 GOOD HEALTH  
AND WELL-BEING





The ISFD has developed, and/or partnered with other development institutions to develop new programs such as the Economic Empowerment Program, the Youth Job Creation Program, the Alliance to Fight Avoidable Blindness (Box 1.1) and Save the Mothers Program. The ISFD also contributed \$100 million on a grant basis towards a new program called “Lives and Livelihoods Fund (LLF)” as a buy down facility that has been established by the IsDB and the Bill and Melinda Gates Foundation (BMGF). The ISFD contribution to the LLF will not only help in addressing extreme poverty in the LDMCs but will also generate estimated concessional resources of \$500 million for the member countries.

The Fund looks forward to implementing several approved Waqf funds such as Ihsan Waqf Investment Fund (IWIF) with banks as innovative resource mobilization initiatives. Under this program, ISFD contributions will not exceed 20 percent of each Fund’s capital, i.e., the contribution of the philanthropists will be 80 percent or more. The income of the entire invested amount will be allocated for ISFD programs for poverty alleviation. The ISFD also aims to set up specific poverty related trust funds under its umbrella. These funds will aim to attract external funds to finance the provision of basic services to the poor such as primary education, primary health care, micro-finance, agriculture and rural development, energy, emergency relief and institutional capacity building.

### 1.3.7 CROWD FUNDING THROUGH AWQAF

As part of its new business model, which is anchored on leveraging global partnerships to increase project financing to member countries, a new Partnerships Complex was established along with a special unit, Crowd Engagement and External Funds Management (CEEFM) as part of the new organizational structure announced on 1st January 2018. The main objective is to have a new and dedicated mechanism for resource mobilization (special funds and trust funds) and crowd engagement (crowd funding and crowd sourcing). During 2018, the CEEFM accomplished the following:

#### CASH WAQF SUKUK (CWS)

CEEFM has been cooperating with the ISFD to develop an innovative resource mobilizing tool known as Cash Waqf Sukuk (CWS). CWS applies the concept of ‘temporary’ cash

## BOX 1.1 RESTORING SIGHT TO GIVE PEOPLE A PATH OUT OF POVERTY

After a successful cataract campaign in Niger in 2003, the IsDB launched the Alliance to fight Avoidable Blindness in 2008 to provide comprehensive, accessible and sustainable eye care services in eight IsDB member countries.

The First Generation of the Alliance to Fight Avoidable Blindness (2008-2015) with eight partners and a budget of \$10 million, has restored sight of more than 49,400 people and provided training to 177 local eye care personnel.

To build on the success of the first generation of the program, the IsDB and the ISFD decided to introduce the second generation of the alliance. About 32 financial and technical partners pledged \$250 million, far exceeding the initial budget of \$30 million. Among other ambitious objectives, the second Generation is expected to carry out 1.5 million cataract operations and provide 10 million glasses for children.

During the second half of 2018, the Bank and its partners started the formulation of a five-year action plan for each beneficiary country in addition to organizing capacity development activities and organizing cataract campaigns in several countries with the overall aim to carry out 10,000 cataract operations, train around 25 ophthalmologists, and finalize the formulation of the action plans for each country.

About 32 financial and technical partners pledged

**\$250 million,**

far exceeding the initial budget of

**\$30 million**

## BOX 1.2 SUPPORT TO RENEWABLE ENERGY; INDEPENDENT POWER PRODUCER (IPP) IN ABOUR PROJECT (JORDAN)

As an important milestone, the Abour Wind Project, a Public-Private Partnership (PPP), reached its financial close in September 2018. The project is designed to develop a 51.75 MW Wind Power Project under the FIT regime in Jordan. The Project is to Build, Own and Operate (BOO), a wind farm. The PPP arranged and committed to provide almost 66 percent of the project's long term financing needs under its traditional Ijara-based Islamic finance structure.

The Abour project is part of Government of Jordan's efforts to increase the renewable energy supply to 10 percent by 2020 and will also serve the purpose of promotion of FDI into the country and help reduce dependence on imported feedstock for the thermal generation of power. The Project forms part of IsDB's commitment to support the SDGs by providing affordable and clean green energy to its member countries. This is the second clean energy project that IsDB has financed in Jordan.



The Abour project is part of the Government of Jordan's efforts to increase the renewable energy supply to

# 10% by 2020

Waqf and raises money through sukuk proceeds to be invested in Shariah-compliant investments. The initiative is intended to mobilize grant resources for ISFD's poverty alleviation programs. The target proceeds to be raised under CWS issuance is \$1 billion over 3 years with the first tranche between \$100-200 million.

### IHSAN WAQF INVESTMENT FUND (IWIF)

In addition to CWS, CEEFM has developed and obtained approval of the ISFD Board of Executive Directors for the Ihsan Waqf Investment Fund (IWIF). The IWIF is a 'social savings-investment' fund as opposed to the conventional investment fund and adheres to the principles of temporary cash waqf as well. Contributions from ISFD and external benefactors will be made through a designated Fund Manager who is entrusted to manage and invest the IWIF capital. Income generated from the IWIF is forfeited by the benefactors and channeled for poverty reduction programs and projects as identified by the ISFD. The following progress has been recorded:

- A Memorandum of Understanding (MoU) was signed between the ISFD and Waqf Fund for Al Quds during the IsDBG Annual Meeting in Tunisia to establish a \$100 million IWIF to support poverty alleviation efforts in Al Quds, Palestine.
- An Indicative Term Sheet has been agreed with a Bahrain-based investment manager for the establishment of a IWIF with a size of \$250 million.
- An MoU to establish a third IWIF is expected to be signed by year end with YARD (Yemen) for \$100 million IWIF for poverty projects in Yemen. CEEFM, in coordination with the ISFD, is also currently negotiating with Abu Dhabi Islamic Bank, First Abu Dhabi Bank, IHH, Aktif Bank, and Ras Al Khema Bank for developing more IWIFs and in 2019, it plans to engage with five additional financial institutions.

### HARMONIZATION ROLE OF CEEFM

Due to numerous external funds under the IsDB the CEEFM is developing a **Management Framework for Special Funds and Trust Funds** to define policies and procedures that are consistent with IsDB's mandate to guide the functions and operations of these Funds. This is with the view of making CEEFM a single point of accountability for proper business and financial management of all Special Funds including external funds entrusted to the IsDB.

In addition, the CEEFM has been tasked with coordinating the **Waqf Fund Turnaround Initiative**. This arose from the need to develop plans and policies to ensure financial sustainability of the Waqf Fund.

### 1.3.8 LEVERAGING PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

The IsDB's Public-Private Partnership (PPP) strategy is based on private sector inclusiveness in member countries to support infrastructure development. The PPP model is a mechanism for attracting market resources to support economically and financially viable infrastructure investments and to drive inclusive and sustainable developments (Box 1.2).

The existing PPP portfolio accounts for approvals of \$3.6 billion direct financing in fifteen IsDB member countries with forty-four financing transactions covering sectors such as transport (airports and toll roads), energy (electricity, petrochemicals & refinery) (Box 1.3), health care, mining and industry as well as water desalination. In addition, the current portfolio also accounts for \$326 million lines of financing provided to financial institutions with an objective to support Islamic Banking in member countries with 11 transactions. The regional distribution of the PPP's portfolio is as follows: North Africa (19 percent), Sub-Saharan Africa (5 percent), South East Asia (20 percent) and in the Middle East (56 percent).

In 2018, the IsDB through its PPP operations, has established a dedicated focus for PPP Technical Advisory to assist its member countries develop capacity and create an appropriate enabling environment to attract private sector finance to develop economic and social infrastructure. As a very first initiative under this umbrella, the Bank was mandated by the Ministry of Health, Saudi Arabia, to assist with the private sector participation program to design and tender for private sector participation in laboratory services in the Kingdom focused on Riyadh and Jeddah regions. This initiative is part of an extensive health sector reform and transformation currently under way as part of the Kingdom of Saudi Arabia's Vision 2030. This advisory mandate builds upon IsDB's strong credentials in PPP financing in the health sector and will pave the way for future engagements in social sector PPP advisory assistance to our member countries.

The plant will generate an estimated energy output of

**1,322,000 MWh**  
per annum



#### BOX 1.3 GAS-FIRED BHOLA POWER PROJECT, BANGLADESH

PPP co-financed a 220MW gas fired IPP in Bangladesh along with the Asian Infrastructure Investment Bank (AIIB) and Infrastructure Development Company Limited (IDCOL). The plant will generate an estimated energy output of 1,322,000 MWh per annum at an 80 percent plant load factor. This is a first co-financing by the IsDB in cooperation with the AIIB and the IDCOL for a Public Private Partnership project where the IsDB is providing \$60 million Ijara facility with an eighteen-year tenor to support this project.

The project is in line with the IsDB's commitment to support the Sustainable Development Goals. Energy is the major pillar of the seventh Five-Year Plan – 2016-2021, of the Government of Bangladesh (GoB) as one third of the nation does not have access to electricity. The project will provide a high quality, reliable, sustainable and resilient infrastructure in order to have a strong development impact on the GoB's initiative to increase power generation capacity by 17,984 MW by the year 2021. It will provide Bangladesh with cheaper energy as compared to the conventional HDO / HSD fired capacity. Improving the competitiveness of the country, it will be instrumental in supporting economic development and human well-being, with a focus on affordable and equitable access for all. The project will also serve to promote foreign direct investments into the country.

# 2 KEY ISDB DEVELOPMENT INTERVENTIONS





## INTRODUCTION

This chapter focuses solely on IsDB activities. It presents and highlights major IsDB financing and accomplishments made during the year in key priority areas/themes/sectors and regions.

The IsDB Science, Technology and Innovation Transform Fund (IsDB-STIF) was established with an initial capital of

**\$500** million.

The Fund supports

**4** categories:

- 1 NEW IDEAS WITH PROOF OF CONCEPT
- 2 SCALING UP OF INNOVATIVE PROJECTS
- 3 COMMERCIALIZATION OF TECHNOLOGY
- 4 CAPACITY BUILDING IN **STI**

# CHAPTER 2 IN BRIEF

In 2018 the IsDB through the ISFD, in collaboration with Education Above All (EAA), launched **Out of School Children Program** with a financing of

**\$100 million**

THE PROGRAM AIMS TO

Enrol and provide quality education to

**2.4 million**

marginalised children

Cover the training of

**244,800**

teachers and establish

**8,800**

new schools

On the occasion of the International Women's Day on March 8th, 2018, the President of the IsDBG announced the

## SheCAN

initiative. This is a five-year institutional initiative which champions the empowerment of women and girls, both inside the Group and within member countries.

In 2018, IsDB expanded its Reverse Linkage projects portfolio and

**6 NEW**

stand-alone Reverse Linkage projects were approved for a total amount of

**\$1.6 million**

## 2.1 SCIENCE, TECHNOLOGY, AND INNOVATION

Several Science, Technology, and Innovation (STI) initiatives were launched during 2018 in accordance with the recognition of the power of STI in stimulating economic growth and driving sustainable development. These are listed below as follows:

### THE TRANSFORM FUND

In July 2017, an IsDB Science, Technology and Innovation Transform Fund (IsDB-STIF) was established with an initial capital of \$500 million. It aims to support member countries in finding practical solutions to their key development challenges through the power of innovation and to facilitate the commercialization of technology, promote joint activities among member countries, research institutions and ensure the development of entrepreneurship.

The Fund supports four categories which are (i) New Ideas with Proof of Concept; (ii) Scaling up of Innovative Projects; (iii) Commercialization of Technology and (iv) Capacity Building in STI.

A total of 1,586 proposals were submitted, which went through a rigorous and comprehensive selection process that involved screening by specialized SDG reviewers against a number of criteria, including impact and sustainability. After a thorough evaluation process, recommendations were validated by the Scientific Advisory Board and endorsed by the Transform Board of Trustees. Consequently, 32 of the proposals from 18 different countries emerged as winners.

The winning proposals consists of 13 equity investment (for start-ups and small enterprises) and 19 grants (new ideas with proof of concept and institutional capacity building in STI). Of the 32 winning proposals, 24 were from member countries and eight from non-member countries.

In terms of gender distribution, 41 percent of the proposals were owned and submitted by woman-led institutions and woman-scientists. In terms of the SDGs the distribution was as follows: six proposals were related to SDG2, Zero Hunger (food security); nine were related to SDG3, Good Health and Well-Being; two were related to SDG4, Quality Education; three to SDG6, Clean Water and Sanitation; two were related to SDG7, Affordable & Clean Energy and 10 proposals were related to SDG9, Industry, Innovation and Infrastructure.



## THE ENGAGE PLATFORM

This is an on-line platform to encourage innovators, SMEs, the private sector, Non-governmental Organizations (NGOs) and other stakeholders worldwide to share STI ideas that can be translated into bankable projects to serve the development needs of member countries. The platform was launched on 20 February 2018, and was publicized globally at events including the World Economic Forum in Davos and the Astana Islamic Economic Forum in Kazakhstan. The response was excellent with over 4,000 subscribers and hundreds of registered companies to the platform.

## REVISED SCHOLARSHIPS PROGRAM

After decades of successes the IsDB Scholarship Program has been revised to reflect the new strategic direction and to be in cognisance with contemporary global development imperatives, especially in alignment with the SDGs. In this regard, the program was revamped to include the following:

- **Fields of study:** The new fields of study cover broader areas that relate to sustainable development in science and technology as well as non-science courses.
- **Eligibility criteria:** The new eligibility criteria were formulated and disseminated through partners in member countries and Muslim Communities in non-member countries through announcements, direct communications and the IsDB Website.
- **Partnership frameworks:** Based on an assessment of world university rankings, some universities have been selected as the main targets of IsDB scholarship beneficiaries and Memorandum of Agreements (MoAs) have been signed accordingly. In addition, MoUs have been signed with NGOs and other relevant institutions on the implementation of the revised IsDB Scholarship Program.

Furthermore, the scholarship program also involved other initiatives such as one stop shop for finance, mentorship programs, counselling programs, alumni awards and community awards.

## OTHER ACTIVITIES

Other STI activities are as follows:

### CROWD FUNDING

Awareness visits to Regional Hubs were carried out to sensitize potential stakeholders about crowd funding. A Business/Action Plan, Marketing Plan and the Structure of the Platform for crowd funding was developed and is currently under consideration.

### MARITIME ENTREPRENEURSHIP

This is a dedicated fund as a mechanism for anchor funding in Blue Economy investments. In this context, field work is being carried out in Senegal to analyze market landscapes to evaluate business models to determine appropriate financial models (such as sukuk, ijara, and salam).

### PARTNERSHIP WITH WHITAKER PEACE AND DEVELOPMENT INITIATIVE

There is an ongoing process to establish partnerships with the Whitaker Peace and Development Initiative (WPDI) to promote peace, social inclusion, reconciliation and employability in conflict/violence affected communities in Uganda. The program aims at empowering 168 youth as partners and leaders in the promotion of peace and sustainable development in the most vulnerable districts of Karamoja, a sub region of northern Uganda, through the deployment of the Whitaker Peace & Development (WPDI) flagship program “Youth Peacemaker Network (YPN)”.

The Partnership framework with WPDI will be through extending a TA Grant operation to achieve the following results: (i) establishment of a group of young mediators and entrepreneurs who will address conflict and create 14 social businesses; this group will be composed of 28 youth leaders and 140 local youth organizations; (ii) establishment of a Community Learning Centre that will serve more than 7,000 people including youth and vulnerable stakeholders; (iii) incubation of 18 Small and Medium Enterprises (SMEs) through a dedicated entrepreneurship platform; and (iv) the incubation of five SMEs through a dedicated entrepreneurship platform for women.

The new STI Prize is a cash reward of

# \$400,000

## STI PRIZE

During the IsDB 43<sup>rd</sup> Annual Meeting in Tunisia, the new framework of the STI Prize was announced and shared with the Board Members. The new prize is a cash reward of \$400,000 intended to recognize and award Muslim scientists in IsDB member countries and non-member countries that have achieved scientific advancement or a technological innovation that has impacted significantly on society.

## TRANSFORMERS SUMMIT

In December 2018, the IsDB hosted its inaugural Transformers Summit in Cambridge UK, bringing together entrepreneurs, innovators, NGOs and global leaders to discuss the role of STI in achieving Sustainable Development Goal 11 (SDG 11): Make cities and human settlements inclusive, safe, resilient and sustainable. The key themes of the Summit included how to create new jobs, ensure access to safe and affordable housing, develop green public spaces, and improve urban planning and management in a way that is both participatory and inclusive for all. The Summit called for progress and the sharing of ideas on SDG 11, which is significantly underfunded in comparison to other SDGs.

## TRANSFORMERS ROADSHOWS

The STI department launched the Transformers Roadshow to accelerate STI-led initiatives across the IsDB's Member Countries and Muslim communities. The Transformers Roadshow was an STI competition in which innovators are invited to pitch concepts supporting one or more of the UN's Sustainable Development Goals. The competition takes place in member countries throughout the year with entrants competing to win a \$3,000 prize to further develop their ideas. To date, they have taken place in Kazakhstan, Bangladesh and Niger.

## CROWDFUNDING PLATFORM

Recognising that crowdfunding is an increasingly popular and sophisticated way of raising money for projects and businesses, the IsDB launched IsDB-Innovate in December 2018: a crowd funding platform to facilitate funding for projects selected by IsDB-STI. The Platform will target donors from around the world to maximize exposure for projects. The donations raised by the platform will be channelled to the project owners without any deduction from IsDB. IsDB-Innovate is currently live in nine Member Countries with plans to expand in 2019.

## IsDB PRIZE FOR WOMEN AND GIRLS EMPOWERMENT IN EDUCATION

In 2018, the IsDB changed the IsDB Prize for Women's Contribution to Development" to "IsDB Prize for Women and Girls Empowerment in Education" to ensure that these prizes are scaled up and well-integrated with the IsDB future efforts for women empowerment. The prize will recognize, encourage, inspire, reward and follow up with those who go the extra mile in women empowerment, regardless of their gender, nationality, or religion.

## PARTNERSHIPS

### TWAS

The Bank has approved a Joint Programme with The World Academy of Sciences (TWAS) in Italy for building critical mass in the fields of Science, Technology and Innovation to address sustainable development challenges of member countries. Preparations are underway to announce the programme in March 2019.

### BAREFOOT

The IsDB is partnering with Barefoot College International in India by extending a TA Grant support amounting to \$1.5 million to improve the lives and economic viability of the rural poor living in remote inaccessible villages off the energy grids in nine selected IsDB Member Countries (Afghanistan, Cameroon, Mali, Senegal, Somalia, Syria, Jordan, Burkina Faso and Indonesia). The grant will help supply their communities with clean, low-cost household lighting from solar energy using a proven model for self-sustaining community development approach, known as the "Barefoot" or "traditional knowledge" approach.

**“The most essential social needs are education and health which are crucial components of human development and the key to sustainable development.”**



## FIDFMP

The Foundation for International Development of Family Medicine (FIDFMP) developed and conducted a “Five-Day Family Medicine (FM) Training and Supervision Study Tour” in London for Palestinian FM specialists and future trainers from 18<sup>th</sup> - 22<sup>nd</sup> June 2018. The participants comprised nine Palestinian FM specialists – four FM specialists from An Najah National University (ANNU), Nablus and five from the Ministry of Health. The aim was to give the delegates the time to observe and understand how the system of family medicine training works in the United Kingdom in preparation for the further development and delivery of high quality family medicine specialty training in Palestine.

## 2.2 FINANCING ECONOMIC INFRASTRUCTURE

### ENERGY SECTOR POLICY

The Board of Executive Directors has approved an update of the Energy Sector Policy in December 2018. The updated policy is titled “Sustainable Energy for Empowerment and Prosperity”. It establishes the overall directions to guide IsDB’s future energy operations in member countries. This is in line with IsDB Articles of Agreement, the IsDB Ten-Year Strategy, 2016 -25 (10YS) and its reform agenda based on the President’s Five-Year Program 2018 -22 (P5P). The Policy aims at leveraging on the Bank’s successes of the energy sector activities over the last decade, and will also embark on activities to reflect the four Pillars of the Policy namely: Energy access, Energy Efficiency, Renewable Energy and Knowledge, supported by four main enablers namely: Private Sector Development, Building Partnerships, Innovative Financing and Regional Integration.

### TRANSPORT SECTOR POLICY

The Board of Executive Directors has approved the Transport Sector Policy titled “Sustainable Transport for Inclusion and Prosperity”. It establishes the overall directions to guide IsDB’s future energy operations in Member Countries (MCs) in line with IsDB Articles of Agreement, the IsDB Ten-Year Strategy, 2016 -25 (10YS) and its reform agenda based on the President’s Five-Year Program 2018 -22 (P5P). The Policy aims at leveraging on the Bank’s successes of the transport sector activities over the last decade, and will also embark in activities to reflect the five Pillars of the Policy namely: affordable

access, disaster and post-conflict reconstruction, efficient transport systems, regional connectivity and green transport supported by four main enablers namely: Private Sector Development, Building Partnerships, Innovative Financing and Regional Integration.

## 2.3 STRENGTHENING SOCIAL INFRASTRUCTURE

The most essential social needs are education and health which are crucial components of human development and the key to sustainable development. Education, health, urban development and provisions of water bring high returns to both individuals and society and play an important role in enhancing economic and social prosperity as well as in maintaining human dignity. The IsDB recognizes the importance of human development in transforming the economies of member countries in order to achieve sustainable development and, therefore, it has considered these critical social sectors (education and health) as important components in its development financing activities.

### EDUCATION POLICY

The new education sector policy is meant to align the P5P strategy with Regional Hubs’ understanding of member country’s education systems to enable the Bank to develop appropriate intervention strategies to enhance the quality of, and access to, education in member countries. The theme “Learning for Human Development” is adopted to guide a focus on leaning outcomes that enhance human development.

In line with P5P, the policy envisages a flexible and comprehensive financial package that will include, among others, innovative Islamic financing instruments, blended financing, Public-Private Partnerships (PPPs) and crowd funding. There are three core pillars to be covered which are: enhance provision of basic education; post-basic education provision and advocacy and advisory services.

### OUT OF SCHOOL CHILDREN PROGRAM

Anchored on the policy principle of building foundations for human development, this will target early school readiness and out of school children in disadvantaged communities and refugee children. Despite considerable progress over



5 QUALITY  
EDUCATION





the decades in access to education, UNESCO estimates that there were still about 262 million children and youths who were out of school in 2017<sup>2</sup>. In response to this, in 2018 the IsDB through the ISFD, in collaboration with Education Above All (EAA), launched **Out of School Children Program** with a financing of \$100 million from ISFD leveraged by EAA with \$126 million. Within its five-year horizon, the program targets the member countries where large numbers of Out of School Children can be reached with context specific interventions to address the range of barriers faced by these disadvantaged children. The program, inspired by P5P, is designed to leverage capacities and expertise of international and national NGOs in delivering services and reaching out to communities in conflict situations. The Program aims to enroll and provide quality education to 2.4 million marginalized children. The program will also cover the training of 244,800 teachers and establish 8,800 new schools.

### POST-BASIC EDUCATION PROVISION

Under the Principle of Enhancing Human Development of the Education Policy and in line with the strategic shifts of the P5P – Competence, and in order to enable capacity building in technology of member countries, the Bank signed an agreement in 2018 with Côte d'Ivoire for a total amount of \$121 million (Euro 101.88 million) to support the development of the University of Bondoukou. The project, which is expected to add 3,000 additional seats in tertiary education, will cover the establishment of four faculties, advanced training of 30 academics and an up-grading of 100 administrative staff as well as an automated tracking system for the Ministry to identify and register all students. This pillar aims to support member countries establish centers of excellence and expand university education with an emphasis on promoting science and technology. In cognizance with the role of other development partners in the education sector, the policy principle of cultivating value-added partnerships focuses on engagements that generate innovative solutions to address the needs of member countries in education sector.

### GLOBAL PARTNERSHIP FOR EDUCATION

In order to support the objectives of mobilizing more and better financing for education and building a stronger partnership, the Bank has renewed its commitment, at the Global Partnership for Education (GPE) Financing Conference 2018 in Dakar, Senegal, to support its member countries in accessing their allocation of the GPE Multiplier Fund. A member country can access its allocation by mobilizing at least \$3 in new external financing for every \$1 from the GPE Multiplier. The IsDB was selected as Grant Agent for the Multiplier Fund allocation of \$10 million in Tajikistan which will be leveraged with \$30 million blended financing from the Bank.

### THE INTERNATIONAL FINANCING FACILITY FOR EDUCATION

The Bank initiated its collaboration with the International Commission on Financing Global Education (the Education Commission) on designing the International Financing Facility for Education (IFFEd). This innovative proposal/finance facility for education could unleash tremendous new funding streams for education in lower middle income countries and IsDB along with four other MDBs in working with the Education Commission to serve as implementing partners for the facility

### PARTNERSHIP WITH EDUCATIONAL INSTITUTIONS

The Bank has developed partnerships with several Saudi educational institutions during the year. The Bank has approved Technical Assistance (TA) grants to help Prince Muqrin University in building a critical mass of skilled professionals and researchers in the field of electronics. Under the collaboration with Princess Nora Bint Abdul Rahman University, the Bank has approved a grant to help the University in enhancing its technical and institutional capacities in teaching Arabic as a foreign language to female students.

<sup>2</sup> UNESCO Institute of Statistics 2017

## “The IsDB is developing a new Health Sector Policy (HSP) that would guide its interventions in supporting the improvement of access to quality health services in member countries.”

### HEALTH SECTOR ACTIVITIES

The IsDB is developing a new Health Sector Policy (HSP) that would guide its interventions in supporting the improvement of access to quality health services in member countries.

In 2018, the Bank extended its technical support (appraisal and quality review) to health sector projects amounting to \$43 million under Lives and Livelihoods Fund (LLF) for improving maternal, newborn and child health in Tajikistan (\$23 million) and Djibouti (\$20 million). The quality review of health projects was carried out in close collaboration with the LLF Unit and RHs, which led to 100% success rate of health projects submitted to the LLF Impact Committee with an approval of \$269.4 million financing for health sector in the LLF 2019 Work Program, combining \$34.29 million Grant financing and \$235.11 million OCR. The thematic focus of approved health projects varied from Diseases Prevention and Control (e.g. \$100 million to the National Malaria Elimination Program scale-up project for Nigeria and \$100 million to Support the third phase of Polio Eradication Program for Pakistan), to Health System Strengthening (e.g. \$29.40 million for strengthening Cameroon’s Primary Healthcare and Emergency Management Systems), and self-reliance on medical devices production (e.g. \$40 million for auto-disable syringe manufacturing in Egypt). The Global Practice Health Team has also successfully conducted the Project Completion Report (PCR) for the IsDB Support to “Polio Eradication Program-Phase II (PAK160) in Pakistan.

The Bank has also forged collaborations with relevant international organizations including:

**World Bank (WB)** on joint activities including emergency health projects for Jordan, Lebanon and the prospective Hepatitis C Control program in Egypt. To strengthen the collaboration, IsDB participated in the World Bank’s Third Universal Health Coverage Financing Reform held on 18th to 20th April 2018. The Forum was an opportunity to assess the status of SDGs and universal health care, particularly in relation to good practices and lessons learned from various countries’ experiences.

**World Health Organization (WHO)** to develop the Emergency Preparedness and Response mechanism to the benefit of the health services sector of member countries. Accordingly, the following proposed projects are under discussion for possible collaboration:

- Implementing Emergency Operations Centre and Incident Management Structure (IMS) functions in Occupied Palestinian Territory and Somalia;
- Introducing and scaling-up VECMAP (Geospatial mapping application for vector surveillance and control of Aedes mosquitoes). This VECMAP is a real-time, mobile based platforms early warning surveillance in crisis affected countries used to develop vector risk maps (hot spots) by analyzing the spatial distribution of Aedes mosquitoes as well as predicting future occurrence of vectors through analyzing the environmental and ecological predictors and habitat suitability;
- Introducing wearable unique identity tags for Internally Displaced People (IDPs)/refugees which can be used as the “key” to access individuals’ care data. The patient’s data would be stored in an on line Global Electronic Beneficiaries Record accessible to WHO and Emergency Medical Team partners; and
- Developing Emergency Preparedness and Response for Cholera in common member countries in Africa in collaboration with World Health Organization Regional Office for Africa (WHO-AFRO).



# 6 CLEAN WATER AND SANITATION



## BOX 2.1 CONAKRY SANITATION PROJECT, GUINEA

This is the first LLF infrastructure project financed by the IsDB for an amount of \$54 million including a \$16 million grant portion. The general objective of this project is to improve social living conditions in Conakry by (i) protecting the inhabitants against flooding events through an efficient storm water drainage system and (ii) improving the safety, health and environmental conditions through sustainable solid waste and sewage collection, transport and disposal systems.

The project will positively affect the epidemiology of the Matoto and Ratoma districts with a total population of more than one million by significantly reducing the incidence of water related diseases in those two districts. In 2015, malaria was the first cause of mortality, especially for children under 5 years, with 24,000 cases and 30,589 cases recorded respectively in those two districts. The other water related diseases that negatively affected the population were diarrhea (11,400 cases due to the contamination of the water sources) typhoid fevers (3,950 cases) and intestinal helminthiasis (16,900 cases in 2015). The other benefits and impacts are (i) a reduction of the loss of lives and properties due to flooding events; (ii) better hygiene and environmental conditions with less contamination and (iii) improved mobility for people and the transportation system.



## URBAN DEVELOPMENT

The pace of urbanization is associated with challenges especially related to the provision of decent housing and Solid Waste Management (SWM) services giving rise to public health and environmental concerns. The existing water and sanitation infrastructure in major cities of member countries are over stretched and hence urban development mitigation measures are required to improve urban living conditions in member countries. A comprehensive urban development policy is being developed to guide IsDB interventions in urban development activities. However, the approval of the Conakry sanitation project underscores the commitment of the IsDB in addressing challenges facing urban areas in member countries (Box 2.1).

## WATER

Water is the source of life, livelihoods and prosperity. However, water can also be a cause of devastation and poverty through drought, flood, landslides and epidemics. Despite some improvements in access to water supply and sanitation services, today about 4.5 billion people worldwide still lack access to safely managed sanitation services, and 2.1 billion people lack access to safely managed drinking water services. In line with the rest of the world, the major water user in IsDB member countries is agriculture, but unlike developed countries, inefficient management practices and decaying infrastructure in IsDB member countries tend to increase water losses leading to over-exploitation of this precious resource, with agriculture use exceeding 80 percent (versus 40 percent in developed countries).

During 2018, the Bank approved a total amount of \$35 million for two projects in the Kyrgyz Republic and Tajikistan covering water supply and sanitation services and irrigation schemes. The overall objective of these interventions is to improve the livelihood of a total cumulative population of about 210,000, through enhanced access and quality of water supply, sanitation services and modernized irrigation technologies. These investments will pre-dominantly target rural areas in order to help bridge the existing access gap between rural and urban areas. Ultimately, these two operations, co-financed with members of the Coordination Group – OPEC Fund for International Development (OFID) and Saudi Fund for Development (SFD), will contribute to achieving the SDG6 on Water and Sanitation in the two client countries.

“Agriculture is the dominant economic activity for the majority of the population in several IsDB member countries.”

## 2.4 FINANCING AGRICULTURE INFRASTRUCTURE

Agriculture is the dominant economic activity for the majority of the population in several IsDB member countries and, as such, is an important source of economic development and poverty reduction. It is, therefore, not surprising that the IsDB gives significant consideration to agriculture financing in its development interventions in member countries (Box 2.2). In 2018, the IsDB Board of Executive Directors approved the first ever **Agriculture and Rural Development (AGRD) Sector Policy**. The AGRD Sector Policy aims to provide strategic direction for investment by IsDB in the agricultural and rural development of its member countries. The policy identifies six areas in which IsDB will focus its support to its member countries: (i) build resilient and climate-smart agriculture, (ii) improve access to remunerative markets, (iii) promote inclusive, sustainable and integrated approaches, (iv) promote access to Islamic financial products and services, (v) promote private sector participation and (vi) build human and institutional capacity.

In 2018 IsDB also launched a strategic **Regional Rice Value Program (RRVCP)** covering 10 countries in West and Central Africa. The program will benefit more than 2 million smallholder farmers and is in line with the new business model of the Bank that aims to promote value chain approach and private sector participation in the development initiatives of the Bank. The program is co-financed with the Arab Bank for Economic Development in Africa (BADEA) and African Development Bank (AfDB) and is supported by a number of technical partners including Africa Rice and Swiss Development Cooperation (SDC). The program will be financed under the LFF.

The IsDB has also launched two technical assistance initiatives: 1) support to **Medinah dates Service center** to enhance the competitiveness of dates sector in Madinah Governorate in partnership with the Government of Kingdom of Saudi Arabia and 2) support the establishment of **International Innovation Centre for Aral Sea Basin** in partnership with Government of Uzbekistan.

In order to **enhance knowledge repository of the IsDBG** in agriculture and rural development, the Bank in 2018 launched its first **Agriculture Global Practice Publication** under the theme “Change for impact: transforming agriculture and rural development in IsDB member

## BOX 2.2 AGRICULTURE SUPPORT TO BURKINA FASO

Among IsDB’s major interventions is a significant investment to support the Government of Burkina Faso to develop its agricultural and rural development sector. This stands at \$636.32 million since the country joined the Bank in 1977 as a member. A sector review was conducted in December 2018 to provide insights on the impact of the bank’s investments through the lens of ongoing projects and highlight the design of future investments. To this end a total of seven projects were assessed with the combined budget of the projects at \$162.57 million. Four projects are currently on-going, while three are approved and in the process of preparing for implementation.





5 GENDER  
EQUALITY



8 DECENT WORK AND  
ECONOMIC GROWTH





countries. The book highlights the progress the sector has made in understanding the agricultural development challenges and possible pathways to overcome them. It presents important lessons and opportunities for transforming the agriculture and rural development sector in IsDB member countries. In addition, IsDB also successfully completed seven agriculture and rural development project/program completion reports for the following operations:

- Integrated Development of Cotton and Food Crop Production Project in Cameroon
- Construction of Modern Rural Housing Project (Phase-I) in Uzbekistan
- Millennium Village Project (Phase-II) in Mali
- Line of Finance for Agricultural Bank of Sudan
- Cotton Ginning Plant Project in Sudan
- Integrated Agricultural Development Project in Mauritania
- Agro-Pastoral Development Project in the Gambia, Guinea, Guinea Bissau and Senegal (Regional project)

Lessons learnt from these operations will inform the Bank's future operations and interventions. In order to scale up activities, partnerships were forged with key stakeholders. The most prominent among them is the collaboration with the Bill and Melinda Gates Foundation (BMGF) on a pipeline of projects in agriculture and rural development focusing on Regional Rice Value Chain Program. This will contribute towards expanding the economic opportunities in member countries. In addition, there is the long-standing joint program of activities between the IsDB and the International Centre for Biosaline Agriculture (ICBA) in the United Arab Emirates (UAE). Since the establishment of the ICBA in 1996 by the IsDB and the UAE Government, the IsDB has provided \$2 million per year to the ICBA, of which \$1 million is to support the core budget of ICBA, while the remaining \$1 million is for project financing. A joint pipeline of projects is under consideration.

In addition, an MoU with the OCP Group, a Moroccan fertilizer company, has been signed to establish strategic partnerships to invest in research and development of appropriate fertilizers for Sub-Saharan African member countries.

## 2.5 INCLUSIVE SOCIAL DEVELOPMENT INITIATIVES

In 2018, the IsDB undertook new initiatives to enhance its institutional commitments in support of inclusive social development anchored on women and youth empowerment as well as other support activities. Three initiatives are highlighted here:

### SheCAN INITIATIVE

On the occasion of the International Women's Day on March 8th, 2018, the President of the IsDBG announced the "SheCAN" Initiative. This is a five-year institutional initiative which champions the empowerment of women and girls, both inside the Group and within member countries. Through this initiative, the Bank will focus on transforming its institutional commitments to women's empowerment into visible actions by increasing financial, technical and human investments in programs and initiatives that create opportunities for women to participate in, and benefit from, the development assistance provided by the Bank. In essence, if a woman is educated, she can achieve anything she desires.

### WOMEN ENTREPRENEURS FINANCE INITIATIVE (WE-FI)

This initiative focuses on enhancing the resilience of Women-owned Small and Medium Enterprises (WSMEs), especially in fragile areas to motivate and inspire innovation, employment, and inclusive sustainable growth. The IsDB approved a grant of \$32.2 million under the first round of funding for the Women Entrepreneurs Finance Initiative to support projects in Mali, Northern Nigeria and Yemen. The funding is to support, among others, capacity development and business recovery support, as well to help WSMEs enter value chains.

We-Fi is a collaborative partnership among governments, multilateral development banks, and other stakeholders to unlock billions of dollars in financing for WSMEs in developing countries to address financial and non-financial barriers and to create a better ecosystem for women entrepreneurs in business ownership and development.

## BOX 2.3 13<sup>TH</sup> ISDB PRIZE FOR WOMEN'S CONTRIBUTION TO DEVELOPMENT

The Selection Committee Meeting of the 13th Edition of the IsDB Prize for Women's Contribution to Development was held on 18-19 February 2018G/ 2-3 Jumada-II 1439H at the IsDB Headquarters to select the laureates under the Prize theme "Women's Contribution to Promoting Peace and Stability".

### INDIVIDUAL CATEGORY

Mrs. Hamsatu Allamin and Mrs. Rehma Kasule were selected as the laureates for the individual category. Mrs. Hamsatu Allamin, a Nigerian national, was awarded the prize for her work on peace and education. She established the Women, Peace and Security Network and developed the "Boko Halal" narrative as a means of countering the narrative of Boko Haram while providing a platform for those seeking peace. Mrs. Rehma Kasule, an Ugandan national, received the award in recognition of her work within refugee camps and the Youth4Peace program she established.

### ORGANIZATION CATEGORY

The Groupe de Reflexion et d'action Femme, Democratie et Developpement, a women association in Togo, was awarded the Prize for its outstanding efforts in leveraging existing networks, especially the paralegal networks, to bring both women and men into the process of conflict prevention and peaceful coexistence across five different regions of Togo to resolve conflicts and promote peace.

In 2018, the IsDB supported

# 6 operations

providing support to women and youth associations

### WOMEN AND YOUTH EMPOWERMENT PUBLICATIONS

The Bank developed 11 Gender and Youth Country Profiles to provide an overview of the status of women and youth in member countries while also identifying the most pressing needs and challenges within the priority sectors of the Bank. These Profiles will be used to inform the Member Country Partnership Strategy (MCPS) and Country Dialogue that impact the identification and design of the IsDBG's interventions in these countries. To raise awareness on the implications of the SDGs on women and youth, two articles and a booklet were developed.

### OPERATIONS

In 2018, the IsDB supported six operations providing support to women and youth associations. In addition, cross institutional collaboration was established under the **SheTrade Program** which focuses on supporting businesswomen in the handicraft sector in Egypt to sustain and grow their business and providing support to young and educated women to strengthen their competencies to efficiently integrate within selected value chains. A Technical Assistance grant was also provided to Suriname to develop the capacity of the Bureau of Gender Affairs.

### COALITION TO STOP OBSTETRIC FISTULA PROGRAM

The five-year ISFD/IsDB Coalition to Stop Obstetric Fistula Program (2018-2022) focuses on improving maternal health by addressing this health condition and stopping obstetric fistula. Afghanistan, Pakistan, Sierra Leone, Somalia and the Gambia started implementation of the Program this year. National Steering Committees have been established in each of the five program countries and in-country situational analysis and needs assessments were initiated.

### ISDB PRIZE FOR WOMEN'S CONTRIBUTION TO DEVELOPMENT

During the year, the "IsDB Prize for Women's Contribution to Development" was changed to the "IsDB Prize for Women and Girls Empowerment in Education". (Box 2.3) The purpose is to encourage and reward those who went the extra mile in women empowerment regardless of their gender, nationalities or religions. This is in recognition of the essence of empowering women and girls in achieving poverty reduction and sustainable development.

The Bank has launched the IsDB Syrian Education Support Program and secured a grant of

**\$7 million**  
from ISFD

A new framework was developed to make the prize more aligned to the needs of member countries in achieving the SDGs, in particular SDG5-Gender Equality. In order to inspire more competition, the size of the prize was increased, and potential recipients have been diversified to include male and female individuals, institutions, Muslims and non-Muslims, and different nationalities. Partnerships are being formed with relevant international agencies, such as UNESCO, to enhance this special prize.

### POLICY DEVELOPMENT

**Civil Society Engagement:** The Bank finalized the first IsDB Policy for Civil Society Engagement to mainstream civil society in its institutional framework and initiatives. The Policy recognizes the different types of Civil Society Organizations (CSOs) and the diverse needs, trajectories and stages of development of 57 IsDB member countries and Muslim communities in non-member countries.

**Fragility and Resilience:** The Bank has finalized a comprehensive technical study paper and developed a draft Policy for IsDB Fragility and Resilience. The purpose of the Policy is to set standards and strategic direction of the IsDB to build resilience, strengthen institutions' capacity and contribute to social cohesion and sustainable development in member countries.

### FUNDING AND MOBILIZING RESOURCES FOR REFUGEES AND INTERNALLY DISPLACED PEOPLE (IDPs)

The Bank has launched the IsDB Syrian Education Support Program and secured a grant of \$7 million from the ISFD. Moreover, in order to increase the resources allocated for the education of Syrian refugees and IDPs, the Bank has developed a mechanism through engaging international NGOs to mobilize matching funds.

In this regard, NGOs including Spark International, Wafaa International Group from Indonesia, Islamic Relief World Wide (UK) and International Centre for Quality Education (ICQE) and Sheikh Abdullah Nouri Charity from Kuwait have committed \$9 million to the program in addition to the \$7 million contributed by the ISFD.

In 2018, the Bank through the NGO program approved three operations totaling

**\$324,500**  
for Nigeria, Somalia and Turkey

### NEW INITIATIVES UNDER DEVELOPMENT IN 2018

The Bank in close partnership with the ISFD and UNDP are working on a transformative initiative aimed at: (i) mapping, screening and categorizing CSOs; (ii) providing capacity development to CSOs; (iii) setting up a sustainable financing system through the development of crowd sourcing and partnerships; and (iv) supporting education for refugees and strengthening community resilience.

The Bank is planning to introduce a Triple-F (Fragility Financing Facility), which brings new and innovative financing operational mechanisms such as a humanitarian impact certificate and a development impact certificate. The overall objective of the Triple-F is to support the IsDB-member countries to respond to the humanitarian, reconstruction and resilience development through leveraging non-traditional partners and donors.

### PROJECTS SUPPORTING THE DELIVERY OF THE ISDB NON-GOVERNMENTAL ORGANIZATION (NGO) PROGRAM

Globally, between the years 2003 to 2018, the NGO program approved 261 projects for a total amount of \$14.1 million in the form of grants. These approvals consist essentially of direct support to grass roots communities and capacity development to improve the efficiency of local NGOs to allow them to better serve the population in all of the 57 IsDB member countries. The scope of the interventions covers training, Information Education Communication activities, and the provision of equipment.

In 2018, the Bank through the NGO program approved three operations totaling \$324,500 for Nigeria, Somalia, and Turkey. These operations also focused on enhancing community resilience through education and skills development in Borno State, on capacity development for NGOs serving Syrian refugees as well as on improving institutional capacity on resilience of the government in Somalia.



In 2018, 10 TA projects amounting to a total of

**\$1.8 million**  
were approved

## 2.6 SUPPORTING ISLAMIC FINANCE DEVELOPMENT

The IsDB, through the Islamic Financial Sector Development Department, provided Technical Assistance (TA) to support several projects and initiatives that contributed to the development of Islamic Finance along with capacity developing for targeted beneficiaries.

In 2018, 10 TA projects amounting to a total of \$1.8 million were approved as illustrated in Table 2.1.

In addition, during 2018, IsDB organized 12 Islamic finance awareness events for a total cost of \$233,500 as illustrated in Table 2.2.

**TABLE 2.1** TA Projects Approved to Support IFSI in 2018

#	Recipient	Scope	Amount \$ '000'
1	IFSB V	Facilitate implementation of the IFSB Standards in the IFSB member countries	250
2	Oman	Provision of Consultancy Services for the Formulation of Corporate Strategy for Oman Development Bank	100
3	Saudi Arabia	Prepare a study for establishing Waqf fund and preparing a business model	100
4	Indonesia	Providing Support to Strengthen Bank Muamalat Indonesia	196
5	Kazakhstan	Development of an Islamic Finance Master Plan	270
6	Sudan II	Developing a strategy and Capacity Building for Microfinance Development Company	280
7	UAE	Develop Unified Global Legal and Regulatory Framework for Islamic Finance	280
8	SESRIC	Organization of International Symposium in Istanbul	93
9	IFSB	33rd IFSB Council Meeting and related events - December 2018	180
10	IIFM	Translation of Standards (to Enhance dissemination and subsequent adoption)	30
<b>Total Approvals</b>			<b>1,779</b>

## PARTICIPATION IN EQUITY PORTFOLIO OF ISLAMIC FINANCIAL INSTITUTIONS

In accordance with one of its core mandates, the IsDB participates in the equity portfolios of Islamic Financial Institutions (IFIs). There are 37 IFIs in 23 countries across different regions worldwide with a total disbursed amount of ID293.6 million (\$423.4 million) with an estimated equity portfolio of ID400.4 million (\$577.4 million). The main Islamic banks, which are 20 out of the 37 IFIs, dominate accounting for about 54 percent of the equity portfolio but the increasing trend of Islamic microfinance institutions is likely to reduce the dominance of Islamic banks in the equity portfolios of IFIs.

**TABLE 2.2** Islamic Finance Awareness Events

#	Organization	Amount \$ '000'	Activity Particulars	Beneficiary Country
1	Shura Shariah Consultancy	25	7 <sup>th</sup> Shura Shariah Audit Conference	Kuwait
2	Zitouna University	5	5 <sup>th</sup> Sfax International Forum on Islamic Finance	Tunisia
3	King Saud University	15	Global Forum on Islamic Finance 2018	Saudi Arabia
4	Russian Islamic University	15	Islamic Finance Awareness	Russia
5	International Federation of Red Cross & Red Crescent Societies	40	Islamic Social Finance for Africa Workshop	Nigeria/ Regional
6	Al Madinah International University, Malaysia	14	6 <sup>th</sup> Global Waqf Conference 2018	Malaysia
7	Algerian High Islamic Council	10	Algerian Symposium on Islamic Finance and Takaful	Algeria
8	Uzbekistan	3	Waqf Seminar Uzbekistan	Uzbekistan
9	AAOIFI	48.5	AAOIFI Bi-Lingual Shariah Glossary Project	Regional/ Global
10	43rd IsDB Annual Meeting	3	Seminar on the Role of Islamic Capital Markets in Achieving SDGs	Regional/ Global
10	CIBAFI	45	CIBAFI Translation of the training materials	Regional/ Global
12	IICRA	10	Symposium for Lawyers of Islamic Financial Institutions	Regional/ Global
<b>Total</b>		<b>233.5</b>		



The main reasons for the participation of the IsDB in an equity portfolio of the Islamic Finance Sector (IFS) are:

- To support the development of the IFC
- To ensure financial inclusion in Islamic finance systems;
- To optimize returns on investment;
- To ensure preservation of invested capital;
- To mitigate risks and sustain high ratings ; and
- To provide leadership in the development of the Islamic financial sector.

### AWQAF SECTOR DEVELOPMENT

The Awqaf Properties Investment Fund (APIF) continued to carry out its activities for financing Awqaf projects in member and non-member countries. During the year 2018, the Fund has approved in combination with IsDB \$44.8 to co-finance five projects with other partners that adds to a total of \$157 million in five different IsDB member and non-member countries. Table 2.3 provides the details.

Regarding its overall performance since its inception, the APIF has approved 55 projects in 30 countries, globally, with a total value of \$1.04 billion.

The total assets of the Fund amounted to \$94.11 million at the end of 2018 compared to \$88.74 million as at December 31 of the previous year. The Fund also achieved financially satisfactory results and the net income for the year was \$2.48 million. Accordingly, the APIF distributed a dividend of 2.50 percent of the paid-up capital of the Fund.

The impact of these projects is considerable. Firstly, their social impact is very significant as the income generated is used to empower the poor in socially important fields such as education and health, as well as supporting other charitable activities. Secondly, these projects also provide jobs for people and ensure sustainability of livelihoods for them and their families. Thirdly, the value of the waqf property tends to increase manifold and from being idle, the property is turned into an income generating asset that, if properly maintained, can last for a century or more, providing a sustainable source of income for achieving social objectives.

**TABLE 2.3** List of APIF Projects Approved in 2018 (Amounts in \$ million)

		APIF	IsDB Line	Beneficiary & Others	Total (\$)
1	Construction of a Mixed use Building in Nairobi, Kenya	2	4.5	3.4	9.9
2	Construction of a Waqf Residential Complex in Kampala, Uganda	4	6.7	4.4	15.1
3	Construction of a Dormitory Project in New York, USA	5	10	74.6	89.6
4	Purchase of a Student Hostel in Eskişehir, Turkey	3.8	0	1.6	5.4
5	Construction of a Hotel in the Central Region of Al Madinah Al Munawarah, Saudi Arabia.	4.4	4.4	28.2	37
<b>Total Amount</b>		<b>19.2</b>	<b>25.6</b>	<b>112.2</b>	<b>157</b>

### ISLAMIC MICROFINANCE DEVELOPMENT

Currently, IsDB financing of Islamic microfinance projects comprises 51 active projects with a total approval of \$430.85 million. The portfolio can be segmented into 14 standalone microfinance projects (\$297.27 million) and 36 Agriculture projects with a microfinance component (\$133.58 million). The significance of the impacts of Islamic microfinance projects is illustrated with one the most successful such in Box 2.4.

### ENHANCING TECHNICAL COOPERATION AMONG MEMBER COUNTRIES

Promoting technical cooperation is one of the key development interventions of the IsDB, which has been further strengthened by the Reverse Linkage initiatives to facilitate knowledge and technology exchange among member countries. Since its establishment in 1983, the Technical Cooperation Program (TCP) has been the IsDB's flagship South-South cooperation program to support the transfer of expertise, know-how and resources across member countries in order to solve development challenges. It is based on a tripartite scheme involving three partners: a technical donor, a beneficiary and the IsDB as a facilitator. The TCP organizes seminars and on-the-job training courses. It also facilitates the recruitment of experts to assist member countries for capacity development purposes and to augment their skills as well as enriching the experience of technical and professional staff.



## BOX 2.4 ISLAMIC MICROFINANCE IN ALBANIA

One of the recently completed Islamic microfinance projects is in Albania. The Microfinance Project with the First Albanian Financial Development Company (FAFDC) has developed a Murabaha product that was well received by both Muslims and non-Muslims. About 1,063 Murabaha loans were disbursed amounting to Lek 421.16 million. FAFDC provides Murabaha loans using IsDB funds and conventional loans using funds from other donors. Although the profit/mark-up amount charged under the Murabaha is almost the same as the equivalent amount of interest rate paid on loans from conventional banks, Murabaha is still the more preferred loan product due to two main reasons.

Firstly, unlike the conventional loan, Murabaha individual loan does not require any form of collateral for loans less than a particular threshold (this represents 99 percent of the Murabaha portfolio). Hence, processing time is much quicker. Secondly, FAFDC staff help clients negotiate a lower price for the Murabaha asset that is to be procured on behalf of their clients. At times, they even helped the clients to find new markets for their customers so that the clients will generate sufficient liquidity to repay their loans. The lack of collateral or guarantees has made FAFDC more interested in helping their clients grow their business. Interestingly, despite the lack of requirement

for collateral under the Murabaha product, the quality of the portfolio for both the Murabaha and the conventional loans are similar with both portfolios registering a “Portfolio at Risk” of more than 90 days of only 1.5 percent.

**Arben Shosha** and his family are involved with the breeding of the cattle. He requested funding for the purchase of cattle and chose Murabaha over conventional loan because with no collateral it was financed more quickly. The client has a good character and good experience as a farmer breeding cattle. FAFDC helped introduce the client to buyers. The client was able to negotiate a better price and he expressed interest in receiving more funding to increase the number of cattle for breeding.

**Mrs. Enerjeta Çepele** is a resident from the village of Verbas. She lives with her husband and two children. Enerjeta received Murabaha financing to purchase solar greenhouses to cover 2,000 square meters in order to cultivate various agricultural crops, mainly tomatoes. Due to the climatic and terrestrial conditions of this area, tomatoes are of high quality and can be sold faster. The demand is especially high from March to June. She does not have any problems selling her produce as there are a lot of collection points that are willing to purchase her products. As a result of her successful business, she has shown interest in seeking new financing for purchasing more greenhouses in order to expand production.

During 2018, 42 technical cooperation operations were approved for a cumulative amount of \$1.4 million. Out of these, five were for recruitment of experts, 15 of them for on-the-job training, and 22 were for seminars/conferences/meetings. These operations directly benefited more than 24 member countries in various sectors. A further 18 Regional events benefited various member countries, including LDMCs.

## 2.7 BUILDING BRIDGES BETWEEN MEMBER COUNTRIES THROUGH REVERSE LINKAGE

Playing a connecting role between member countries is at the heart of the P5P. In this regard, the Reverse Linkage approach is one of the successful tools used by the Bank for the purpose of combining the Bank's technical expertise with its financial resources, and matching capacity within the member countries' resources. For instance, through the TCP, the Bank supported the Moroccan Court of Audit for post-evaluation (Box 2.5). In another case, the Bank worked with Burkina Faso, OIC and IAEA to raise awareness of cancer.

In 2018, the IsDB focused on scaling up and mainstreaming the Reverse Linkage program, which is a technical cooperation mechanism enabled by the IsDB whereby member countries and Muslim communities in non-member countries exchange their knowledge, technology and resources to develop their capacities and devise solutions for their autonomous development.

As part of its efforts to strengthen the internal ecosystem for Reverse Linkage, the Bank developed and adopted its Reverse Linkage policy as one of the tools to strengthen connectivity and solidarity-based cooperation among the member countries. This document provides the main parameters for implementing Reverse Linkage projects in accordance with stipulated operational, financial, and legal mechanisms.

### BOX 2.5 DEVELOPING CAPACITY IN THE MEMBER COUNTRIES THROUGH TECHNICAL COOPERATION

#### MOROCCO:

In 2017, His Majesty, the King Mohamed VI of Morocco, directed the Court of Audit of Morocco to consider projects post-evaluation as one of its priorities. In fulfilling this objective, the IsDB is cooperating with Morocco to support the Court of Audit to enhance their capacity in project monitoring and post-evaluation through its Technical Cooperation Program.

The IsDB has worked with the relevant authorities in Morocco to prepare a comprehensive capacity development program on project monitoring and post-evaluation with the overall aim to strengthen the human and institutional capacity of the Court of Audit. The project includes two major pillars including: (i) development of guidelines and procedures for conducting effective projects post-evaluation; and, (ii) training sessions for the staff of Court of Audit.

The IsDB is supporting the project through its Technical Cooperation program by recruiting highly specialized expert who will support the Court of Audit in: (i) developing the tools, guidelines and manual of procedures for carrying out post-evaluation assignments; and, (ii) developing and undertaking four training sessions for officials from Morocco Court of Audit. In total, 45 magistrates from the Court of Audit of Morocco will benefit from this program.

In 2018, IsDB expanded its Reverse Linkage projects portfolio and six new stand-alone Reverse Linkage projects were approved for a total amount of \$1.64 million (Box 2.6). These include the following:

1. Reverse Linkage project between Mauritania (recipient) and Tunisia (provider) for “Developing a Platform for Mobile-Based Financial Services”;
2. Capacity Development and Preparation of Projects under the Reverse Linkage Modality to Leverage Moroccan Expertise in Renewable Energy for Rural Areas
3. Reverse Linkage project between Sudan (recipient) and Turkey (provider) on “Capacity Development of the Africa City of Technology”;
4. Reverse Linkage project between Bangladesh (recipient) and Turkey (provider) on “Enhancing the Capacity in Cotton Varieties Development”;
5. Reverse Linkage project between Guyana (recipient) and Malaysia (provider) in “Rice Production”.
6. Reverse Linkage Project between Guinea (Recipient) and Tunisia (Provider) on “Enhancing the Value Chain for Exporting Agricultural Products in Guinea”.

In addition to its own contribution, the IsDB was able to mobilize an additional \$4.0 million from its partners to support these Reverse Linkage projects.

Furthermore, the Bank worked on mainstreaming Reverse Linkage in its OCR operations. Six mainstreamed projects were approved with a total amount of \$2.0 million. These projects were focused on two priority sectors of the Bank: agriculture and health.

In 2018, the IsDB continued to enhance its existing partnerships and develop new ones utilizing the Reverse Linkage modality with the aim of contributing to the IsDB's vision to “become a Bank of development and developers”.

The IsDB strengthened the dialogue and cooperation with the technical cooperation agencies (TCAs) of 12 member countries—referred to as the 3-2C initiative—for effective technical cooperation. The following TCAs are part of the 3-2C network: (i) Statistical Economic and Social Research and Training Centre for Islamic Countries (SESRIC); (ii) Azerbaijan International Development Agency; (iii) Comorian International Cooperation Agency; (iv) Egyptian Agency of Partnership for Development; (v) Guinean Agency for Technical Cooperation; (vi) Ministry of National Development Planning of Indonesia; (vii) Malaysia External Trade Development Corporation; (viii) Moroccan Agency for International Cooperation; (ix) Nigeria Directorate of Technical Aid Corps; (x) Palestinian International Cooperation Agency; (xi) Senegal Technical Cooperation Department; (xii) Tunisian Agency for Technical Cooperation; and (xiii) the Turkish Cooperation and Coordination Agency.

The 3-2C network focused on the preparation for the upcoming Second High Level United Nations Conference on South-South Cooperation (also known as BAPA+40), and agreed to collaborate on an advocacy paper on the importance of national ecosystem for South-South and Triangular Cooperation (SSTrC).

Through its mapping exercise, the Bank identified providers of transferable development solutions—referred to as Resource Centres (RCs)—in Indonesia and Pakistan. Indicative of the IsDB successes, the OECD made reference to the achievements of the reverse linkage program and its development impacts on member countries.



## **BOX 2.6** ISDB-ONEE FUNDING FACILITY FOR CAPACITY DEVELOPMENT & PREPARATION OF PROJECTS UNDER THE REVERSE LINKAGE MODALITY FOR RENEWABLE ENERGY IN RURAL AREAS, MOROCCO

Over the years, Morocco has become a leader on renewable energy in the African continent, particularly in rural electrification. In order to benefit from Morocco's experience in rural electrification through renewable energy, many African countries signed cooperation agreements with Morocco. In line with its role as a facilitator of exchange of expertise, the IsDB also signed an agreement with Morocco to promote, among other sectors, the transfer of Moroccan expertise in the energy sector to IsDB member countries in Sub-Saharan Africa.

Under this partnership, ONEE—which is the main public operator of electricity in Morocco—is the provider of expertise. Through the IsDB's Reverse Linkage modality, Morocco is transferring its expertise to Mali and Niger to support their efforts to increase electrification rates in rural areas.

In order to scale up this initiative, and to support the achievement of SDG7, IsDB and ONEE established a Funding Facility which supports project preparation in rural electrification through the Reverse Linkage modality. The Funding Facility aims to: (i) improve the quality-at-entry of projects by ensuring that they are relevant and sustainable; (ii) expedite the implementation of rural electrification projects by developing the capacity of executing agencies; and, (iii) enhance the contribution of the Bank to support the achievement of SDG7 on energy as well as SDG13 on climate resilience.

The total envelope of the Funding Facility, at the outset, amounts to \$500,000 grant financing. The IsDB has contributed with a grant amounting to \$250,000. Morocco, through ONEE, has provided a similar amount through an in-kind contribution.

ONEE will be the Bank's partner in developing the rural electrification projects under this initiative. It will be collaborating with the national stakeholders of the beneficiary countries. All the projects of the Funding Facility will be developed using the Reverse Linkage modality of the Bank.



# 17 PARTNERSHIPS FOR THE GOALS

“In accordance with the new strategy of the Bank (P5P), in which partnerships are a key pillar, the IsDB is scaling up its partnership activities with the global development community.”

## 2.8 PROMOTING PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

Partnerships are reflected in SDG17 as a strong vehicle for scaling-up development interventions. They provide the platform to attract more resources from different partners as well as enabling different development agencies to bring their implementation experience to improve delivery efficiency for effective developmental impact. Over the years, the IsDB has partnered with several development partners as shown in Table 2.4. In accordance with the new strategy of the Bank (P5P), in which partnerships are a key pillar, the IsDB is scaling up its partnership activities with the global development community.

During 2018, the IsDB engaged in the following partnerships to benefit member countries:

### THE INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES

The partnership between the IsDB and the International Federation of Red Cross and Red Crescent Societies (IFRC) is to develop a finance facility to support stakeholders to design and fund and implement joint development activities. Essentially, the IsDB and IFRC bring together their different experiences to support vulnerable communities through efficient data management.

The IsDB, through Fael Khair Program approved an amount of \$8.1 million towards “Strengthening Community Resilience in Cox’s Bazar, Bangladesh” project. This three-year project will contribute to development targets outlined in the Strategies for Promoting Pro-Poor and Inclusive Growth in the Government of Bangladesh *Seventh Five Year Development Plan 2016-2020*. The project aims at **strengthening the resilience of host communities in Cox’s Bazar**, who are currently sharing their assets and resources to accommodate the displaced people from Rakhine area.

**TABLE 2.4** Major Institutional Cooperation MoUs & Agreements signed During 2009-2018

Year	MoUs	Selected Institutions
2009	9	World Bank Group, ETDB, UNESCAP, ITU, AFC, UK DFID, TOBB & University of Cambridge
2010	7	AfDB, IFAD, OIC, ALO & UN AIDS
2011	18	ADB, EBRD, EaDB, IFC, UNDP, UNESCO, UNECE, CIBAFI, WAMY, ATO, University of Oxford, Columbia University & ParisTech
2012	8	AFD, EIB, UK DFID, KDB, BMGF, HDC & World Bank (Islamic Finance)
2013	7	GIZ, IFPRI, IFDC, KEXIM, UN, WCO & World Bank (AidFlows)
2014	6	World Bank Group (E4C), ADB, Africare, OFID, UEMOA & GIF
2015	15	OIC, World Bank Group (SPF), BMGF, UK DFID (AWEF), USAID, AMF, UNIDO, IFSB, IRENA, AFC, FGCCC, QIB, NEPAD & Imperial College
2016	16	BMGF, QDF, KSRelief, ADFD, ECOWAS, JBIC, Borsa Istanbul, Russia (3 MoUs), UNDP, UNEP, UNECE, IAEA, ALIC, World Bank (CFF)
2017	7	AfDB, ADB, laDB, AFD, UNICEF, D-8, The World Academy of Sciences
2018	7	IFRC, UNOPS, AIIB, AFD, Sustainable Energy for All, ICBA, BPKH

The project is designed around three outcomes that are closely interrelated and complementary:

- Improved access to health services;
- Reduced risk of disease;
- Improved socio-economic conditions for those most at risk, including women, children, elderly persons and people with disabilities.

By contributing to the development targets of the Seventh Five Year Development Plan, the project also supports Bangladesh’s progress towards the attainment of the SDGs.



## THE UNITED NATIONS OFFICE FOR PROJECT SERVICES

The IsDBG and the United Nations Office for Project Services (UNOPS) are collaborating to support member countries with an emphasis on those afflicted by fragility and conflict. The focus is to strengthen their capacities in operational delivery towards achieving the SDGs. The IsDB and UNOPS have collaborated in previous years in implementing several projects such as supporting the Guinean government to improve health facilities to respond to the Ebola epidemic and the Tunisian government in developing skills in the green economy and in financing young entrepreneurs to support the creation of a clean technology economy. Recently, UNOPS provided management services and solutions to the IsDB's decentralization process, as well as technical assistance in project implementation and sustainable procurement support to host governments.

The IsDB-UNOPS partnership is growing stronger as a result of the new strategic vision of the IsDB, which is anchored on leveraging global partnerships to scale-up development activities in member countries. In this context, UNOPS will support the IsDB to strengthen its PPP activities especially in developing policies to enhance end-to-end solutions in order to enable an optimal utilization of PPP opportunities to scale-up infrastructure investments in member countries.

## ASIAN INFRASTRUCTURE INVESTMENT BANK

The IsDBG and Asian Infrastructure Investment Bank (AIIB) have partnered to improve social and economic outcomes in Asia and beyond. The partnership focuses mainly on the core business of AIIB, which is investing in sustainable infrastructure and other productive sectors to better connect people, services and markets that will ultimately impact the lives of billions of people. The IsDB and AIIB have 20 common member countries.

## AGENCE FRANÇAISE DE DÉVELOPPEMENT

The IsDBG and the *Agence Française de Développement* (AFD) Group (AFD and Proparco, the AFD's private sector subsidiary) have established a cooperation initiative that focuses mainly on: (i) Climate Finance; (ii) Sustainable Cities & Villages; (iii) Fragility; (iv) Private Sector Development; and (v) Innovation. The cooperation targets common member countries of the Sahel region and Africa in general where AFD is most active. It covers lending and non-lending activities across the IsDBG, including: (i) joint diagnostic and analytical work; (ii) joint project preparation and appraisal and institutional capacity assessments; (iii) sharing of pipelines and annual work programs; (iv) advisory services and technical assistance; (v) development effectiveness; and (vi) sovereign & non-sovereign projects (including PPPs), trade finance, and political risk insurance. The co-financing target is \$1 billion (\$500 million from each institution) over the period 2018-2022.

## ASIAN DEVELOPMENT BANK

The IsDBG and Asian Development Bank (AsDB) has established a Framework for Cooperation and Co-financing Agreement 2017-2022. The estimated total financing requirements from both institutions toward the common pipeline is \$5 billion, where AsDB earmarked \$3 billion and IsDB Group earmarked \$2 billion over five years. The critical sectors and initiatives are expected to be transport, energy, urban development and services, education, agriculture and rural development, health, regional cooperation, private sector development, trade finance, trade development and public private partnership. During 2018, the two institutions also signed a cooperation agreement for (i) establishing knowledge partnerships; (ii) developing joint Country Diagnostic Studies (CDS); (iii) promoting and adopting cross-country knowledge sharing, best global practices, and dissemination of studies; and (iv) undertaking capacity building in conducting the CDS and utilizing international best practices.

## INTER-AMERICAN DEVELOPMENT BANK

The IsDBG and the Inter-American Development Bank (IADB) along with the Inter-American Investment Cooperation (IIC) have established a Joint Action Plan (JAP) to cooperate and co-finance on knowledge sharing and technical assistance. Guyana and Suriname are the two common member countries that stand to benefit from this partnership even though it can be indirectly extended to other countries. The cooperation will cover the following areas: (i) joint diagnostic work, procurement and capacity assessments; (ii) sharing of pipeline and annual work programs; (iii) cooperation in the areas of fragility/conflict situations; (iv) special initiatives which support inclusive social development; (v) development effectiveness; (vi) science, technology and innovation; (vii) private sector development; and (viii) trade finance (export and import operations) and promotion of trading activities in and between the two institution's member countries. In 2018, the IsDB approved a project in Guyana on "Energy Program Power Utility Upgrade" to be co-financed by the IsDB and the IADB.

## THE DEUTSCHE GESELLSCHAFT FÜR INTERNATIONAL ZUSAMMENARBEIT GMBH

During 2018, the IsDB and the Deutsche Gesellschaft für international Zusammenarbeit GmbH (GIZ) established a JAP to collaborate on: (i) Islamic Microfinance; (ii) Youth Employment; (iii) Education and Vocational Training; (iv) Transport; (v) Water Security, Food Security, Agriculture; (vi) Renewable Energy, including renewable energy for the poor; (vii) Climate Change; (viii) Gender; (ix) Crisis Response and Strengthening Resilience (Syria crisis, Yemen); (x) Reverse Linkages/Triangular Cooperation; (xi) Poverty Reduction; and (xii) Capacity Building in areas to facilitate the results under the Global Partnership on Effective Development Cooperation and the Sustainable Development Goals (SDGs) Agenda 2030.

The cooperation between the IsDB and the GIZ is a long standing one which resulted in joint implementation of nine training sessions in MENA, Central Asia and Africa on financing sustainable urban transport projects. In addition, the GIZ cooperates through the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU) funded project with the IsDB to contribute to the development of a master plan for Bus Rapid Transit (BRT) in Greater Beirut where the IsDB has earmarked a \$250 million loan for the Government of Lebanon.

## SUSTAINABLE ENERGY FOR ALL MIDDLE EAST HUB

A cooperation agreement between the IsDB and Sustainable Energy for All (SEforALL) in 2018, in partnership with the United Nations Economic and Social Commission of Western Asia (UN-ESCWA), has led to the establishment of a Middle East Hub. The Hub Secretariat is hosted by the IsDB Economic and Social Infrastructure Department at IsDB Headquarters in Jeddah, Saudi Arabia. The focus of this cooperation is to support countries in the Middle East region to achieve the targets of SDG7. It involves supporting policy elaboration, technical assistance to national governments, developing knowledge products, and providing help to relevant countries in their assessments, preparations and implementation of sustainable energy plans and projects. In addition, it will facilitate synergies and a constructive dialogue among national, regional and international stakeholders by connecting them through partnerships and creating knowledge sharing platforms. The ultimate objective is to improve sustainable energy projects preparation and guidance to mobilize financial resources for sustainable and economic development as well as to improve coordination and promotion of regional sustainable energy initiatives and activities.

## INDONESIAN HAJJ FUNDS MANAGEMENT AGENCY

A Cooperation Framework Agreement (CFA) was signed between the IsDB and the Indonesian Hajj Funds Management Agency (BPKH) in 2018. The CFA covers five distinctive cooperation pillars namely (i) short-term deposits with or via the IsDB; (ii) long-term direct and indirect investment, including investment in properties in Makkah and Madinah; (iii) Adahi; (iv) Corporate Socially Responsible Program, including scholarship funding; and (v) technical assistance in fund management. The mandate of BPKH is to manage paid deposits of approximately \$8 billion from more than 3.4 million prospective pilgrims, who are waiting for their opportunity to perform Hajj. The BPKH cooperates with the IsDB in building up its investment portfolios for the fund, aiming at striking a balance between financial and social returns.

## UNITED NATIONS DEVELOPMENT PROGRAM

The IsDB and the United Nations Development Program (UNDP) have long standing partnerships in various development activities. Some accomplishments from this partnership include:



# 7 AFFORDABLE AND CLEAN ENERGY





2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



11 SUSTAINABLE CITIES AND COMMUNITIES



Capacity Development in the Water Sector of Kazakhstan; supports the Government's Water Agency (Kazvodkhoz) to improve irrigation and drainage systems management at the cost of \$2.0 million equally contributed by the IsDB and the UNDP.

Construction of Modern Houses in the Rural Areas of Uzbekistan - Phase-2" provided government staff capacity development at a cost of \$1.06 million on designing, supervising and the evaluation of the construction of houses and related infrastructure with specific attention to introducing energy efficient technologies in housing construction. The UNDP and the Government of Uzbekistan implemented the activities, under the GEF funded project "Market Transformation for Sustainable Rural Housing in Uzbekistan". A detailed engineering design of the energy efficient houses has been developed for construction to start in 2019.

Strengthening the Role of Parliaments in Realizing the 2030 Agenda is part of mainstreaming the SDGs in member countries. Under this partnership, the IsDB has approved two Technical Assistance (TA) projects benefiting Somalia and Tunisia. Each project aims at raising the capacity of the Parliament in the country concerned to effectively and transparently enact legislation, adopt budgets, and monitor the effective implementation of the SDGs in an inclusive and participatory manner.

South-South Cooperation Agenda is a cooperation arrangement between the IsDB and the UNDP Regional Services Centre for Africa in Addis Ababa to produce the "First Regional Report on South-South Cooperation (SSC) in Africa". The report is planned to be submitted for endorsement to the African Union Summit in January 2019 and presented at the BAPA+40 meeting in March 2019. The report will gather data on SSC from ten African countries. More importantly, the report will institutionalize a systematic reporting process on SSC activities in African countries, which is essential for assessing the results and impacts of those activities. The technical support of the IsDB includes: (a) suggesting guidelines and a template for SSC data collection, (b) providing inputs to the structure of the whole report, and (c) preparing the contents of the section on "Future Directions of SSC".

## UNITED NATIONS CHILDREN'S FUND (UNICEF)

The IsDB and UNICEF have been cooperating since 1989 with various successes in polio and malaria eradication, ebola response actions and other health related interventions. The beneficiaries are across Asia and Africa in countries including Pakistan, Guinea and Cameroon. A Strategic Partnership Framework (SPF) was established in 2017 on: (i) Operational/programmatic collaboration in key program areas, mainly Water, Sanitation and Hygiene and Health (WASH), as well as education, early childhood development (ECD), nutrition and livelihoods; (ii) Advocacy, policy, and research; (iii) Leveraging Islamic and Innovative financing; and other areas.

During 2018, the IsDB committed \$7.3 million (the total project cost is \$11.1 million) for a joint project with UNICEF on early learning, parallel to the Bangladesh Government's primary education system, and vocational training to the Rohingya refugee children and youth in Cox Bazar in Bangladesh. The overall purpose of this project is to contribute to universal access to education for 76,787 Rohingya children in makeshift settlements through support for early learning and non-formal basic education. In addition, the project is meant to improve the livelihood prospects for 2,000 adolescents in host communities through vocational training interventions and to advocate for policies which improve Rohingyas' rights to education in Bangladesh. The scope of the project involves setting up construction/renovation of 560 learning centres to provide access to safe and quality early learning and non-formal basic education for 76,787 Rohingya girls and boys. It also involves the recruitment of 560 additional teachers to enhance delivery of quality education to the beneficiaries.

The Bank is exploring the establishment of a philanthropic fund with UNICEF to address poverty reduction, humanitarian and resilience development nexus activities as well as to direct philanthropic capital towards much needed infrastructure projects, especially in LDMCs. The resource mobilization efforts for the \$20 million open-ended catalytic fund, namely the Global Muslim Philanthropic Fund, is expected to start in 2019. In addition, the IsDB participated in the 7th World Zakat Forum International Conference in Malaysia, exploring engagement with global Zakat institutions and assessing Zakat resource mobilization with various stakeholders.

## COORDINATION GROUP (CG)

The Coordination Group is an example of South-South cooperation and an inter-agency aid coordination mechanism of like-minded partners who share a similar vision of development cooperation in line with the letter and spirit of the Paris Declaration on Aid Effectiveness. The Coordination Group meets biannually at the level of heads of operations to identify new partnership opportunities and to coordinate joint actions, with a view to enhancing the focus and impact of collective assistance to mutual client countries. The membership of the Coordination Group comprise: Islamic Development Bank (IsDB) and the OPEC Fund for International Development (OFID), The Kuwait Fund for Arab Economic Development, the Saudi Fund for Development, the Abu Dhabi Fund for Development, the Arab Fund for Economic and Social Development, the Arab Monetary Fund, the Arab Gulf Programme for Development, the Arab Bank for Economic Development in Africa and the newly created Qatar Fund.

## UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

The IsDB and UNESCO have been cooperating for over forty years, since the initial Agreement was signed in May 1977. During 2018, the partnership focused on STI policies and policy instruments in terms supporting common member countries on: (i) Capacity building; (ii) Collecting and updating STI indicators; and (iii) Formulation of the STI Action Plan and Pilot Projects.

UNESCO is providing support to enhance the role of STI in the IsDB Group's interventions, and to create synergies between its 10-year Strategic Framework and the 2030 Development Agenda. This is in accordance with the new strategic vision of the IsDB to ensure that its development activities move beyond financing to leverage the power of knowledge resources.

## ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

The IsDB is cooperating with the OECD in several common areas of intervention such as aid for trade, triangular co-operation, resilience, effective development co-operation and results. The IsDB is also exploring further collaboration with the Development Assistance Committee (DAC) Network on Conflict and Fragility.

Under the Reverse Linkages Program, the IsDB is deepening interest in the Global Partnership Initiative (GPI), which was launched by Mexico and Canada, with the support of the OECD. The main objective of the GPI is to bring together development stakeholders to promote and ensure that triangular cooperation projects and initiatives are effective, country-led and involve inclusive partnerships for sustainable development.

## WORLD BANK GROUP

Cooperation between IsDB and the World Bank Group (WBG) began in 1976 when the IsDB started its operations. Cumulatively, this cooperation has led to the co-financing of 95 projects at total cost of \$31.6 billion in common member countries in Sub-Saharan Africa, Asia and the Arab region, to which the IsDB has contributed \$3.9 billion and the World Bank Group has contributed \$8.8 billion.

## COOPERATION WITH THE UN OFFICE FOR SOUTH-SOUTH COOPERATION AND UN SYSTEM STAFF COLLEGE

In 2018, the IsDB deepened its partnership with the UN Office for South-South Cooperation (UNOSSC) to promote "Innovative Solutions for the Engagement of the Private Sector in Achieving the 2030 Agenda and Promotion of Entrepreneurship through South-South and Triangular Cooperation".

## RESOURCE MOBILIZATION ACTIVITIES IN 2018

A key component of the new IsDB strategy is to enhance delivery of development activities through partnerships and resource mobilization. Hence, apart from partnerships with international development organizations, the IsDB is making concerted efforts to establish strong collaboration with the private sector and commercial financial and investment institutions. As part of these efforts, the IsDB has formulated a syndications function for its Public Private Partnership (PPP) projects. The main objective is to mobilize additional financial resources from the private sector to increase the financing of development projects and programs to support social and economic development in member countries.

The strategy is to leverage existing Trust Funds, Special Funds and resources mobilization instruments. Some of these existing Funds include the \$10 billion Islamic Solidarity Fund for Development (ISFD), the \$2.5 billion Lives and Livelihood Fund (LLF), the \$698 million Fael Khair

“The IsDB in partnership with the UN Economic Commission for Europe (UNECE) initiated the creation of the Geographical Information System (GIS) of Regional Infrastructure Networks.”



Program, the \$100 million Awqaf Properties Investment Fund (APIF) and the \$3 million Conference Amongst East Asia Countries for Palestinian Development (CEAPAD) Facilitation Mechanism [CEAFAM].

Another important aspect of the new strategy is to explore the attraction of liquidity placements from export credit agencies, pension funds, waqf funds, zakat funds as well as hajj funds in the Far East, especially Malaysia, Indonesia and Singapore. These funds could also use their liquidity to invest in certain investment driven specialized funds such as Socially Responsible Investment (SRI) and sukuk.

The new strategy has attracted interests from various potential partners for joint implementation of development projects in Bahrain, Guinea, Kazakhstan, Nigeria, Oman, and Turkey.

## 2.9 PROMOTING REGIONAL COOPERATION AND INTEGRATION AMONG MEMBER COUNTRIES

Regional Cooperation and Integration (RCI) is an area of importance to the IsDBG, which aims to become a connecting platform for member countries to cooperate

with each other and with the rest of the world. In fact, “Connectivity” and “Cooperation among Member Countries” are a strategic objective and a pillar, respectively, of the current 10 Year Strategy of the IsDBG and key elements of the associated key performance indicators. In this regard, the IsDBG has made significant contributions to RCI since its inception. Despite these efforts, IsDB member countries continue to lag behind global averages and their potential in many RCI indicators. Faced with this reality, the IsDBG has drawn on its own experiences and that of other MDBs and Regional Cooperation Organizations (RCOs) to develop a clear and coherent RCI Strategy.

The IsDBG’s RCI Strategy will enable the IsDBG to become a primary connecting platform for member countries, RCOs and relevant communities to cooperate with each other. The strategy calls for a scale-up of IsDBG support for Regional Cooperation and Integration efforts and focuses on: (i) enhancing cross-border connectivity; (ii) improving the investment climate and competitiveness; (iii) mainstreaming trade and Islamic finance; and (iv) facilitating cooperation to provide regional public goods. It is expected that the RCI Strategy will become operational early in 2019.



## ISDB'S GEOGRAPHIC INFORMATION SYSTEM (GIS) OF REGIONAL INFRASTRUCTURE NETWORKS

The IsDB in partnership with the UN Economic Commission for Europe (UNECE) initiated the creation of the Geographical Information System (GIS) of Regional Infrastructure Networks. The first phase of the initiative covers 11 countries in the Eurasia region. The GIS initiative is planned to be expanded to the Arab region in close coordination with United Nations Economic and Social Commission for Western Asia (UNESCWA),

Centre for Transportation Studies for the Western Mediterranean (CETMO) and UNECE. The initiative will further be expanded to the African region in 2019.

The GIS application will provide IsDB and the partner institutions with a modern and strong instrument for digital analysis, dissemination and visualization of data/information on transport infrastructure, international transit operations and trade flows in the region. The GIS platform will also serve as a multi-country planning tool for regional connectivity and for a reduction of the cost and time of trade.

It will also help storing data and displaying potential investment opportunities and financial gaps in the infrastructure sector at national and regional levels and will facilitate resource

mobilization for filling those gaps from the private sector. This will include an extensive inventory of specific road, rail, inland waterway, ports, terminals and other infrastructure projects for the participating countries, together with their estimated budget and implementation plan.

## ENHANCING REGIONAL CONNECTIVITY THROUGH THE DEVELOPMENT OF INTER-COUNTRY CORRIDORS

Within its new approach to the promotion of regional connectivity, the IsDB is focusing on the development of inter-country corridors through aligning hard infrastructure with the "soft" aspects of regional integration. In this context, priority is given to connection of the landlocked member countries to international ports and maritime.

Studies for the commercialization of two existing corridors that the IsDB has contributed in their construction were commissioned. The commercialization studies aim to create a regional corridor management mechanism with a view to ensure regular and smooth operation of trains/vehicles with lower time and cost. The studies will include analysis and projection of freight structure and trade flows, the identification of promising products to be transported on the route and mapping of physical and non-physical barriers along the corridor. The two studies are:



# 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



## “The IsDB endeavors to facilitate institutional and human capacity development in member countries to enable them to address the challenges of the multilateral trading system.”

- The commercialization study of the Kazakhstan-Turkmenistan-Iran railroad (KTI) corridor, connecting landlocked MCs of Central Asia with other member countries with a 677 km railroad – in partnership with Economic Corporation Organization (ECO) and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
- The commercialization study of the Trans Sharan Road Corridor (TSR) connecting Maghreb (Algeria and Tunisia) with Sub-Saharan Africa (Chad, Mali, Niger and Nigeria) through a road network spanning over 9,400 km – in partnership with UNCTAD
- Workshops with the Arab Monetary Fund (AMF) to help countries accede to WTO
- Regional implementation of the trade facilitation agreement for Guyana and Surinam
- A workshop WTO Agenda following the Buenos Aires Meeting and its impact on African Member Countries (with ICDT)
- A workshop WTO Agenda following the Buenos Aires Meeting and its impact on Arab Countries and other Countries Asian (with ICDT)

The total amount approved for the TSR commercialization study is \$226,000, the 1<sup>st</sup> instalment will be disbursed in Q1 2019

The total approved amount for KTI commercialization study is \$187,000. The first instalment of \$77,800 was disbursed in Q4 2018

### THE ISDB TECHNICAL ASSISTANCE PROGRAM (TAP) FOR REGIONAL AND GLOBAL INTEGRATION IN TRADE

The IsDB TAP was launched in 1997 with the prime objective of helping member countries upgrade their human and institutional capacities to adjust to the new multilateral trading system. The aim of the Program is to provide greater awareness to the OIC member countries on World Trade Organization (WTO) Agreements and their implementation and to facilitate the process of their accession to the WTO. It also serves as a forum where relevant officials from member countries can exchange views and discuss various multilateral trade matters. In recent years, the focus of the Program has been more on helping the member countries in their accession to WTO, strengthening their negotiation skills and issues related to negotiations within the framework of the Doha Work Program.

The major activities organized by the IsDB during the year are the following:

- A study to support Senegal to elaborate a National Export Review (with UNCTAD)
- A working paper for the consideration of the next meeting of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) about practical options to increase OIC Ministers of Trade Coordination with the Islamic Center of Development of Trade (ICDT)

To achieve one of the main objectives of the Bank, “integrating member countries into the global economy and among themselves”, the IsDB endeavors to facilitate institutional and human capacity development in member countries to enable them to address the challenges of the multilateral trading system. The IsDB has implemented its trade integration/WTO program in close collaboration with the relevant international, national and OIC institutions such as WTO, UNCTAD, ITC, ICDT, regional economic organizations and others.

### ISDB INVESTMENT PROMOTION TECHNICAL ASSISTANCE PROGRAM (ITAP)

ITAP is an initiative launched in 2005 to support the efforts of IsDB member countries in promoting and attracting domestic and foreign direct investment as well as in improving their investment climate. Since its inception, ITAP has pursued its mandate and objectives through offering a wide array of investment promotion technical assistance and capacity building programs to investment promotion agencies (IPA) and intermediaries in member countries.

ITAP’s programs in 2018 ranged from capacity development and experience sharing programs to investment conferences and forums. These programs provided professional networking, training and investment promotion opportunities for over 60 officials of IsDB member countries. The projects were also delivered in partnership with international agencies such as United Nations Conference on Trade and Development (UNCTAD), Ministry of Industry and Technology of Turkey, the World Association of Investment Promotion Agencies (WAIPA) and Islamic Center of Development of Trade (ICDT). Moreover, ITAP has started a dialogue for delivering technical assistance programs for the investment promotion agencies of Guinea, Niger and Sierra Leone to be pursued in 2019.



## 2.10 LEVERAGING THE ADAHI TO SUPPORT THE NEEDY

The Saudi Arabian Project for the Utilization of Hajj Meat, more commonly known as Adahi program, is managed by the IsDB. The project serves the Hajj pilgrims by performing the sacrificial rituals and related services on their behalf. The Bank oversees the utilization of the Hajj meat in accordance with established religious norms. The meat is then distributed to the needy and poor in some of the member countries and to Muslim communities in non-member countries.

During the previous year, a total of 908,000 sheep and 328 cows were distributed to the needy, out of which about 628,000 sheep went to the needy in Makkah Al- Mukarrama and charities inside the Kingdom of Saudi Arabia. The remaining 280,000 sheep were distributed outside the Kingdom. The distribution of meat in different countries from 1436H to 1438H and the plan of Hajj meat distribution for 1439H are shown in the following Table 2.5.

In recent years, the following new initiatives have been adopted to improve the utilization of the Adahi:

### GELATIN PROJECT

Considering the Halal uncertainties of available gelatins, the Saudi Gelatin and Capsules company was established in collaboration with a Chinese company to produce 600 tons of Halal Gelatin (extracted from skins & bones of Cows and Sheep). Recently, the capsule factory has been upgraded with higher technology, resulting in the increase in its capacity to 2 billion hard gelatin capsules as primary packaging material for pharmaceutical companies' products of different sizes. There are plans to create a further 3 billion of capacity by the end of 2019. The gelatin company is fully owned by the Adahi, the Saudi Arabian Project for the Utilization of Hajj Meat.

### ON LINE HADY FOR PILGRIMS

The Adahi Project now provides the pilgrims with facilities to perform Hady and Fidyah nusuk (devotion) as well as Udhiyah, Sadaqah and Aqiqah on their behalf. The on-line platform allow the IsDB to build up a central information base that will assist in planning for the best utilization of Hajj meat, as well as serving the pilgrims by meeting all Shariah and health requirements besides ensuring high standard of hygiene. During 2018, a total of about 910,000 coupons were sold through the various channels.

**TABLE 2.5** Distribution of sacrificial Hajj meat for the years 1436H-1437H, 1438H and plan for 1439H

S	COUNTRY	1436H	1437H	1438H	1439H
1	Azerbaijan	5,000	5,000	5,000	5,000
2	Bangladesh	60,000	60,000	60,000	60,000
3	Burkina Faso	2,500	2,500	2,500	2,500
4	Chad	5000	5000	5000	5000
5	Comoros	3,000	3,000	3,000	3,000
6	Djibouti	7,000	7,000	7,000	7,000
7	Ghana	500	500	500	500
8	Guinea Bissau	5,000	5,000	5,000	5,000
9	Conakry	5,000	5,000	5,000	5,000
10	Jordan	20,000	20,000	20,000	20,000
11	Lebanon	15000	15000	15000	15000
12	Mali	5,000	5,000	5,000	5,000
13	Mauritania	10,000	10,000	10,000	10,000
14	Mozambique	4,000	4,000	4,000	4,000
15	Niger	2,500	2,500	2,500	2,500
16	Pakistan	10,000	10,000	10,000	10,000
17	Senegal	10,000	10,000	10,000	10,000
18	Sierra Leone	5,000	5,000	5,000	5,000
19	Sudan	10,000	10,000	10,000	10,000
20	Tanzania	6,000	6,000	6,000	6,000
21	Gambia	5,000	5,000	5,000	5,000
22	Egypt	-	-	60,000	60,000
<b>Total distribution outside the Kingdom</b>		<b>195.500</b>	<b>195,500</b>	<b>255,500</b>	<b>280,000</b>
<b>Total distribution to the poor at Haram and charities in the Kingdom</b>		<b>639.782</b>	<b>517,342</b>	<b>671,980</b>	<b>628,000</b>
<b>Total</b>		<b>835.282</b>	<b>712.842</b>	<b>927,480</b>	<b>908,000</b>

# 3 FOSTERING INSTITUTIONAL EFFECTIVENESS

A photograph showing a person in a blue shirt in the foreground, holding a white document. In the background, another person in a blue shirt is partially visible. The scene is set indoors, possibly in a meeting or office environment, with a window or glass partition visible.



## INTRODUCTION

This chapter presents IsDB's activities in the area of institutional effectiveness focusing on Board of Governors, Board of Executive Directors, Audit, Risk Management, Evaluation, Compliance, Development Effectiveness Results and Human Resources Management, among others.

The Board of Governors (BOG) comprises the representatives of

# 57

member countries mostly at ministerial level. A Governor and an Alternate Governor represent each member country on the Board. Each member has

# 500

basic votes plus one vote for every share subscribed

# CHAPTER 3 IN BRIEF

THE BOARD OF EXECUTIVE DIRECTORS (BED)  
IS COMPOSED OF

**18** members

**9** appointed  
members

representing  
each of the

**9** major  
shareholders

**9** elected  
members

each representing  
a group of

**4-7**  
countries

The BED which is  
currently serving its

**15<sup>th</sup>**

term usually holds

**5**

meetings a year

The BED approved

**18**

projects and  
adopted

**70**

resolutions

## 3.1 THE BOARD OF GOVERNORS

The Board of Governors (BOG) comprises the representatives of 57 member countries (mostly at ministerial level). It normally meets once a year and, in line with a previous decision that it should meet once every three years at the headquarters, it held its 42<sup>nd</sup> Annual Meeting in Jeddah in 1438H (2017).

A Governor and an Alternate Governor represent each member country on the Board. Each member has five hundred basic votes plus one vote for every share subscribed. Generally, decisions are taken by the BOG based on a majority of the voting power represented at the meeting. The BOG meets once every year to review the activities of the Bank for the previous year and deliberate on future strategies and policies. In its Annual Meeting the Board designates a Chairman, who holds office until the election of another Chairman at the next Board meeting. The BOG is the highest policy-making body. The BOG delegates powers to the Board of Executive Directors (BED) for the general operations of the Bank, except those relating to membership, increases or decreases in the Bank's authorized capital, admission or suspension of member countries, changes in the authorized capital stock, election of the President and the Executive Directors and determining their terms of service, approving the auditor's report and financial statements, as well as determining the reserve and distribution of net income. Pursuant to the Articles of Agreement, the BOG may also adopt such rules and regulations and establish such subsidiary institutions as may be necessary to conduct the business of the Bank.

### IsDBG 43<sup>RD</sup> ANNUAL MEETING

The 43<sup>rd</sup> Annual Meeting of the BOG of the IsDB was held on 17 – 19 Rajab 1439 (3 – 5 April 2018) in Tunis, Republic of Tunisia, under the theme of "Partnerships for Sustainable Development: Working Together to Drive Human Capital Development, Innovation and Digital Transformation". It was preceded by three days full of substantive meetings on topics of major importance such as: the IsDB Global Forum on Islamic Finance, Shaping Global Partnerships for Sustainable Transport and Sustainable Mobility, Digital Technologies for Sustainable Development, the IsDBG Youth Summit and Private Sector Forum. In addition, it hosted the official launch of the second generation of the Alliance to Fight Avoidable Blindness 2018-2022.



- The Board of Governors took note of the Annual Report of the IsDB for the year 1438/1439H (2017), approved statements of accounts, and endorsed the appointment of the external auditors.
- The Board also took note of the following items:
  - Update on the implementation of the IsDBG Ten-Year Strategy and IsDB President's Five-Year Program.
  - Report on the allocation to be made from IsDB net income for Technical Assistance Grant Operations for the years 1440-1444H (2018-2022).
  - Progress report for the Merit Scholarship Program for the year 1438H (2017/2018).
  - Report on utilization of the Special Allocation to develop the Islamic Financial Services Industry during the period 1437-1439H (2015-2017).
  - Date and venue of the 44<sup>th</sup> Annual Meeting of the IsDB Board of Governors.
  - Election of the Chairman and the two Vice-Chairmen of the IsDB Board of Governors for the 1440/1441H (2019) Session.
  - Appointment of the Procedures Committee for the 44<sup>th</sup> Annual Meeting of the IsDB Board of Governors.

The IsDB BOG also convened a Round Table Meeting to discuss the IsDB's future strategic direction under the P5P and to underline the experience and roles of member countries in creating the necessary conditions for the IsDB to operate as an effective instrument of transformation in member countries. The IsDB Governors highlighted and shared their experiences and lessons learnt and actively contributed to the strategic deliberations.

### 3.2 THE BOARD OF EXECUTIVE DIRECTORS

The Board of Executive Directors (BED) is composed of 18 members: nine appointed members representing each of the nine major shareholders, and nine elected members, each representing a group of four to seven countries. The BED which is currently serving its 15<sup>th</sup> term usually holds five meetings a year.

The BED is responsible for the direction of the general operations of the IsDB, and exercises all powers delegated to it by the Board of Governors. This includes preparing the work of the Board of Governors, taking decisions concerning the business of the IsDB and its operations, and approving the budget and submitting the accounts of each financial year for the approval of the BOG at each Annual Meeting.

**TABLE 3.1** Data of the BED Meetings during 1439-1440 (2018)

Date of BED Meeting	No.	Projects (*)	Special Assistance Operations	Strategic & Policy Items	Other Items	Follow-up Reports	Items Approved by the President and Submitted to BED for Information. (**)	Total No. of Agenda Items	Resolutions Adopted
Sunday, 25 February 2018 (9 Jumad Thani 1439)	324	1	-	5	13	2	-	21	8
Sunday, 1 April 2018 (15 Rajab 1439)	325	2	-	2	9	2	2	17	5
Sunday, 1 July 2018 (17 Shawwal 1439)	326	2	8	6	14	2	-	32	17
Sunday, 2 September 2018 (22 Dhul Hijja 1439)	327	2	3	7	15	2	1	30	7
Sunday, 16 December 2018 (9 Rabi' Thani 1440)	328	11	11	9	17	2	3	53	33
<b>Total</b>	<b>5 meetings</b>	<b>18</b>	<b>22</b>	<b>29</b>	<b>68</b>	<b>10</b>	<b>6</b>	<b>153</b>	<b>70</b>

(\*) Projects + TAs.

(\*\*) This column also includes TA Projects approved by the President, IsDB.

**Note:** Out of 153 items considered by the Board, Resolutions were adopted on 70 items while 6 items were approved by the President. The remaining 68 items which were considered by the Board pertain to Reports of B.E.D. Committees, Executive Sessions, standing items such as Adoption of the Agenda, Adoption of the Minutes, Brief Oral Report of the President, IsDB, Investment Operations, and other items for information.

The Executive Directors also worked in four Committees:

- Governance & Administrative Committee
- Operations & Development Effectiveness Committee
- Finance & Risk Management Committee
- Audit Committee

As far as the regular work of the BED is concerned, it approved 18 projects and adopted 70 resolutions on financing, policy and administrative matters. Table 3.1 gives some basic data on the BED meetings in 1439-1440 (2018).

### 3.3 RISK MANAGEMENT

The primary function of the Risk Management Department (RMD) is to assess, monitor, and manage various risks to which the IsDB is exposed such as credit risk, market risk, funding and liquidity risk, and operational risk. It is responsible for ensuring that the Bank maintains a sound risk profile, strong financial standing and creditworthiness consistent with maintaining IsDB's AAA credit ratings. The RMD also develops strategies to enhance financial risk governance and minimize the overall risk exposure of the Bank.

The activities of the RMD have grown substantially over recent years in terms of continuous enhancements to the risk management infrastructure and systems, development of policies and guidelines, as well as the availability of human resources. This development has enabled the RMD to help the Bank in maintaining its low risk profile and its 'AAA' rating from all the three international rating agencies.

In managing risks, due consideration is given to the risk-bearing capacity and prudential rules anchored to the Bank's capital adequacy and exposure management framework. Risk oversight is performed at different levels within the BED with its Finance and Risk Management Committee approving the risk strategy, policies and guidelines. The IsDB Management, supported by the Risk Management Committee (RMC) and Asset and Liability Management Committee (ALCO), ensures the execution of the activities in accordance with an approved risk governance framework.

The Bank attaches great importance to strengthening its internal risk management capacity in addition to fiduciary controls and safeguards. In 2018, the Bank has undertaken several initiatives to enhance the risk management and governance processes. These include the formulation of a

Risk Appetite Framework, Credit risk management related improvements (implementing Risk Analyst Platforms, Loss Given Default Modelling, Equity Risk Assessment modelling), enhancing Market Risk and Liquidity Risk Oversight, and improving the risk review function at the portfolio level. It is also making continuous efforts to enhance risk culture, implement its Operational Risk Framework and strengthen internal controls.

### 3.4 AUDIT ACTIVITIES

The Internal Audit Department (IAD) is the third line of defense in the risk management framework. IAD provides independent and objective assurance, as well as advice, to management and the Board on the overall effectiveness of the main governance, risk management, and internal control processes and systems including the manner in which the first and second lines of defense reach their control and risk management objectives.

The Internal Audit uses a risk-based approach to develop its Annual Audit Plan that is aligned with the IsDB's strategic priorities and its most significant risks. Whenever observations are raised, Internal Audit is mandated to independently evaluate the appropriateness of the Management Action Plans taken to resolve the issues and then rigorously follow-up. The Director of Internal Audit reports functionally to the Chair of the Audit Committee and administratively to the President.

2018 priorities were focused in strengthening the Internal Audit Department. This includes 1) the establishment of an IT audit division; 2) reviewing the internal audit practices and process for more efficiency; 3) update the audit universe and creating an IT risk register including more comprehensive IT risk assessment; 4) continuing investing in data mining tools and computer-assisted audit tools; and 5) improve auditor skills through training and workshops. The IAD also organised International Financial Reporting Standards (IFRS) and Cybersecurity & Cloud Computing workshops which were participated by representatives from other departments within the IsDB Group.

The Audit Committee and the President are informed of the Internal Audit activities via (i) activity reports that include information on audit results submitted twice during the year and at year end; (ii) quarterly Management Action Plans implementation status reports.

**“The IsDB has sound financial health and enjoys strong shareholders’ support. This has resulted in maintaining the highest credit ratings of ‘AAA’ by all three leading international rating agencies with a ‘Stable’ outlook.”**

As part of its building partnerships and collaboration internationally, the Internal Audit participated in the Annual Meeting of (i) the Multilateral Financial Institutions Chief Audit Executive Group (MFI-CAEG) and (ii) the Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial Institutions and Associated Internal Organizations (RIAS), where valuable experiences and best practices in internal auditing were shared among the participants.

### 3.5 CREDIT RATINGS

The IsDB has sound financial health and enjoys strong shareholders’ support. This has resulted in maintaining the highest credit ratings of ‘AAA’ by all the three leading international rating agencies (Standard & Poor’s, Moody’s and Fitch Ratings) with a “Stable” outlook. The IsDB is also one of the highest rated multilateral lending institutions based on stand-alone credit rating and both the Basel Committee on Banking Supervision and European Commission have also designated the IsDB as a ‘Zero-Risk Weighted’ Multilateral Development Bank.

The ICIEC has maintained a rating of ‘Aa3’ since 2008 with a “Stable” outlook from Moody’s, which is among the highest ratings assigned to major insurers of credit and political risk globally. This reflects both the stand-alone asset quality and capital adequacy of the ICIEC, its underwriting performance as well as potential support from its shareholders. It also reflects the ICIEC’s legal structure and business model, as the only multilateral export credit and investment insurance corporation in the world that provides Shari’ah compatible insurance and reinsurance.

The ICD has also maintained a rating of ‘Aa3’ by Moody’s. However, its outlook has been changed to “Rating Under Review”. Its ‘A+’ rating by S&P was reaffirmed in 2018 with a “Negative” outlook, while its rating by Fitch was lowered by one notch to “AA-” with a “Stable” outlook.

The ITFC has also maintained a rating of ‘A1’ by Moody’s with a “Stable” outlook. This rating takes into account ITFC’s planned moderate leveraging of the balance sheet, strong liquidity and medium assessment of capital adequacy and member support.

### 3.6 MEMBER COUNTRIES PARTNERSHIP STRATEGY

The Member Country Partnership Strategy (MCPS) was launched in 2010 as a major instrument for strategizing medium-term country engagement as well as synergizing of IsDB Group interventions in member countries. It is also a process for enhancing a dialogue with key stakeholders in member countries and other development partners. Preparation of the MCPS is aligned with the IsDB Group’s 10-Year Strategy and the P5P. Throughout the MCPS process, the IsDB Group has enhanced its dialogue with key stakeholders in member countries and other development partners.

As of December 2018, the IsDB Group had prepared 22 MCPSs, out of which 17 MCPs were completed while five are at various stages of implementation (Table 3.2). All the MCPSs have recorded impressive achievements in terms of both financing and non-financing activities.

By the end of 2018, the overall achievement rate for the 17 completed MCPSs was 109 percent. The MCPSs for Kazakhstan, Malaysia, Somalia and Kuwait, which did not have *initial* financing envelopes, have also achieved satisfactory implementation in both financing and non-financing activities. The overall achievement rate of all 22 MCPSs in terms of approvals at the IsDB Group level is 72 percent of the indicative financing envelope, of which, 63 percent is by the IsDB, 87 percent by the ITFC and 33 percent by the ICD. Furthermore, the ICIEC’s import/export credit and political risk insurance business amounted to \$3.9 billion against a total target of \$4 billion (i.e. an 118 percent achievement rate).

Several capacity development and training programs were undertaken by the IRTI in member countries, in addition to investment operations undertaken by the Treasury Department, during the MCPS period.

Out of the five new MCPSs under preparation, the one for Saudi Arabia is ready for launching while the remaining four are currently being formulated. These are MCPSs for Gabon, Maldives, Morocco (Second MCPS), and Turkey (Second MCPS).

It is worth mentioning that with the new development model adopted by IsDB, under the P5P, the IsDB Group is changing its approach to MCPS in two ways. One by making it more proactive whereby the IsDB Group reviews the bottlenecks facing the country and proposes solutions

As of December 2018,  
the IsDB Group had prepared

**22** MCPSs

out of which

**17**  
were completed

while

**5**  
are at various stages of completion

**TABLE 3.2** Status of IsDB Group's MCPSs (as of end of 2018)

		Indicative Financing Envelope (\$million)	Net Approvals (\$million)	Achievement Rate/a
<b>1) Completed MCPSs/b</b>				
1	Turkey (2010-13)	1,900	2,866	151%
2	Uganda (2011-13)	295	548	186%
3	Indonesia (2011-14)	3,300	1,450	44%
4	Mauritania (2011-15)	700	700	100%
5	Mali (2011-14)	500	332	66%
6	Pakistan (2012-15)	2,500	3,607	144%
7	Senegal (2012-15)	760	961	126%
8	Tunisia (2013-16)	870	781	90%
9	Niger (2013-15)	799	279	35%
10	(Interim) Suriname (2014-15)	66	153	232%
11	Morocco (2013-17)	2,000	2,088	104%
12	Chad (2014-16)	450	417	93%
13	Benin (2014-17)	570	585	103%
14	Malaysia (2012-15)	*	40	-
15	Kazakhstan (2012-14)	*	1,193	-
16	Kuwait (2012-15)	*	21	-
17	(Interim) Somalia (2014-15)	*	5.3	-
<b>Total MCPS Completed</b>		<b>14,710</b>	<b>16,028</b>	<b>109%</b>
<b>2) MCPSs under Implementation</b>				
18	Bangladesh (2013-18)	11,215	7,877	70%
19	Indonesia (2016-2020) (Second MCPS)	5,165	1,634	32%
20	Tunisia (2018-2020) (Second MCPS)	1,200	802	67%
21	Uzbekistan (2018-2021)	1,300	NA/c	NA/c
22	Egypt (2019-2021)	2,750	NA/c	NA/c
<b>Total MCPS under Implementation</b>		<b>21,630</b>	<b>10,313</b>	<b>48%</b>
<b>3) IsDBG Achievement Rates in the MCPS</b>				
<b>IsDB</b>		<b>17,026</b>	<b>10,714</b>	<b>63%</b>
<b>ITFC</b>		<b>17,235</b>	<b>14,947</b>	<b>87%</b>
<b>ICD</b>		<b>2,079</b>	<b>680</b>	<b>33%</b>
<b>IsDBG (IsDB, ITFC, and ICD)</b>		<b>36,340</b>	<b>26,341</b>	<b>72%</b>
ICIEC's import/export credit and political risk insurance business amounted to \$4.8 billion against a total target of \$4.1 billion (i.e. 117 percent achievement rate) while several capacity development and training programs were undertaken by IRTI in Member countries, in addition to investment operations undertaken by the Treasury Department, during the MCPS period.				
<b>4) MCPSs ready for Launching</b> MCPSs under Preparation; of which 1 MCPS for Saudi Arabia is ready for launching				
<b>5) MCPSs under preparation using the Value Chain Approach</b>				
4 MCPSs are initiated in 2018 under the Value Chain Approach for Turkey (Second MCPS), Morocco (Second MCPS), Maldives, and Gabon.				

\* Denotes no indicative financing envelope in the MCPS Programs.

a/ Achievement Rate is defined as net approvals as% of indicative financing.

b/ Country order is based on launching year.

c/ Launched recently, hence, achievements will be reflected in the coming report.



through comprehensive diagnostic studies. Second, the IsDB Group uses a **value-chain based approach** to build on the country's inherent competitive advantages to accelerate growth, improve productivity, and foster decent work. Under a value-chain approach, the Group will help countries mobilize financing for specific industries, create an enabling environment, and crowd-in private investment, while optimizing the use of public resources. During the implementation of value-chain based MCPs, the Bank will focus on added value, bring development partners to work together, and define the role of each partner in the chain, with the aim of achieving sustainable development and improving the lives of people.

This new approach will be implemented during the preparation and implementation of the four new MCPs of Gabon, Maldives, Morocco and, Turkey.

### 3.7 OPERATIONS EVALUATION

In 2018, post-evaluations were conducted on 15 projects financed from Ordinary Capital Resources (OCR) in 14 countries, covering several sectors: Transport (five projects), Energy (three projects), Education (two projects), Agriculture (two projects), Health (one project), Water and Sanitation (one project), and Industry and Mining (one project).

At the request of the management, post-evaluation was conducted on a Special Ebola Emergency Response Program funded by the Fael Khair in West Africa and started the evaluation of Trust Fund interventions in Palestine. In addition, in collaboration with the World Bank 21 Project Completion Reports (PCRs) were reviewed and validated.

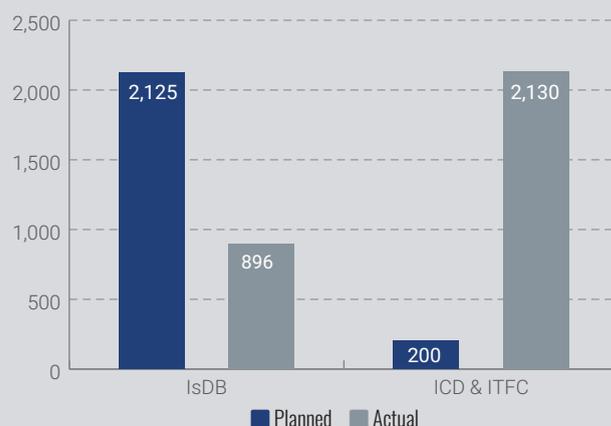
During 2018, four MCPs Implementation Reviews were undertaken for Chad, Morocco, Mauritania, and Pakistan while one was initiated for Suriname. A Synthesis Report of the Evaluation of Education Sector was undertaken. In addition, evaluations of two Microfinance Support Program of the ISFD were completed. The report of the MCPs Implementation Review for Pakistan is summarized in Box 3.1 and reports of two among the projects evaluated in 2018 are highlighted in Boxes 3.2 and 3.3 for illustration.

### BOX 3.1 PAKISTAN: MCPs IMPLEMENTATION REVIEW

The MCPs Pakistan covering 2012 to 2015 was based on three Key Pillars: Improving Infrastructure Development, Supporting Sustainable Agriculture and Rural Development, and Enhancing Human Development, and on two Cross-Cutting Areas focusing on Private Sector Development through Improving Investment and Trade and Supporting Islamic Finance, Resource Mobilization, Capacity Building and Reverse Linkages.

During the MCPs period, the IsDB Group approved a total financing of \$3.8 billion for projects and operations representing 152 percent of the original MCPs allocation of \$2.5 billion. Two IsDB Group members, the ICD and the ITFC approved \$2.012 billion, which represents 805 percent more than the planned amount of \$250 million. The ITFC has the highest amount of approvals representing \$2 billion of trade transactions while the ICD had two approved operations for \$12.7 million. The ICIEC has insured transactions worth \$206.9 million for export related businesses while the IRTI organized 12 training activities and 2 Distance Learning Courses. On the other hand, the IsDB approved 22 sovereign operations for an amount of \$896 million representing 42 percent of the \$2.125 billion planned.

FIG 3.1 Planned vs Approved Amount under MCPs



### **BOX 3.2 CÔTE D'IVOIRE: THE SUPPORT TO THE POST-CONFLICT RECONSTRUCTION PROGRAM FOR THE CENTRE-NORTH-WEST ZONES**

The project, which was part of the reconstruction program, had 4 components: (i) Increasing access to potable water in the City of Man through the construction of a new treatment station with a capacity of 600m<sup>3</sup> per hour and at least a 20km of water distribution network; (ii) Improving access to road networks in the cities of Odienne and Korhogo by the rehabilitation of 12.65 km of road pavement (three roads of total length 3.85km in the city of Odienne and four roads of total length 8.80km in the city of Korhogo); (iii) Re-establishing access to secondary vocational education in the cities of Bouake and Odienne by rehabilitating and equipping secondary vocational education schools; and (iv) Support to National Civic Service Program by the preparation of a feasibility study on the integration of the ex-rebels into civil occupations, and identifying suitable economic and social sectors.

The project outcomes were significant in terms of access to potable water, urban mobility and education but less in terms of reinsertion of ex-rebels. The number of beneficiaries connected to water supply network increased from 4,612 in 2012 before the project to 9,646 after the project. Important economic activities (commerce) were established along the roads built by the project. About 7,000 businesses are registered in Korhogo and are all thriving alongside the roads, including banks, butcher shops, bakeries, workshops, insurance companies, and pharmacies. Regarding Bouake school operations, the total enrolment increased from 335 pupils in 2013/2014 to 763 pupils during the current academic year. Besides, the study undertaken to support the National Civic Service Program helped in identifying 60,000 rebel fighters that were targeted by the Disarmament, Demobilization and Re-insertion (DDR) program and were to benefit from integration in the police, the army as well as from suitable economic activities.

**“The ADER showcases how IsDB is fostering socio-economic development around the globe.”**

### **3.8 DEVELOPMENT EFFECTIVENESS**

The P5P set a new operational model that aims to boost the IsDB's development effectiveness through adoption of integrated strategic programming approach and efficient delivery mechanisms by decentralization. Under this model, developmental theme-based global practices have been established at Headquarters that will work directly with the Regional Hubs to generate country, sector and thematic knowledge and instill global best practices during the design and implementation stages of projects.

Taking into consideration the socio-economic context of member countries and the globe in general, the IsDB produces its Annual Development Effectiveness Review (ADER), which is organized around the 10YS Framework (Strategic Objectives; Strategic Pillars; Guiding Principles) and the 2030 Agenda of Sustainable Development Goals (SDGs). It provides metrics to monitor development progress in member countries.

The ADER showcases how the IsDB is fostering socio-economic development around the globe. It also sheds light on progress towards achieving the IsDB 10YS and P5P and aligning them with global agendas like the SDGs and Paris Climate Agreement. This evidence-based assessment of the effectiveness of IsDB interventions to member countries and Muslim communities in non-member countries shows that the IsDB Group is broadly on track to deliver the desired results at the member countries level. Efforts are undergoing to update the Results Management Framework of the Bank to cater for the new challenges imposed by the recent transformation in the Bank's delivery model and the need to align with global agendas.



1 NO  
POVERTY



5 GENDER  
EQUALITY



### BOX 3.3 ISFD/ISDB MICROFINANCE SUPPORT PROGRAM

In pursuit of its overarching goal of poverty reduction, the Bank designed and implemented the Micro Finance Support Program (MFSP) in several member countries. The main objective of the MFSP is to contribute to poverty reduction and economic empowerment through availing opportunities for poor communities, particularly women, to access the necessary financial resources, skills and expertise to secure gainful employment opportunities while promoting Islamic finance services. The MFSP has been implemented in nine member countries many of which are low to middle-income countries with high levels of poverty. The program is therefore timely and relevant to the needs of the recipient countries and aligned with their national strategies for poverty reduction. The IsDB/ISFD have approved sixteen (16) projects consisting of 43 operations for the MFSP for \$237.58 million. The ISFD direct contribution was \$75.4 million (31 percent) while the IsDB contributed \$67.24 million (28 percent). Beneficiary governments and other co-financiers such as BADEA and OFID contributed the remaining \$94.95 million (41 percent). As part of this evaluation, OED evaluated a sample of four MFSP projects in Benin, Kazakhstan, Kyrgyz Republic and Tajikistan.

The program was implemented through grass roots level microfinance schemes and capacity building to build exposure to Islamic Finance. The microfinance scheme was designed to be attractive for the economically active who had no access to the financial services. The program has reached directly in the four countries evaluated more than 147,000 beneficiaries providing cumulative lending of \$78 million and creating around additional 35,000 jobs. The average loan varies from around \$213 in Benin to \$21,000 in Kazakhstan. Yet, the program's impact could be enhanced by focusing more on women as the rate of women beneficiaries is below the target of 50 percent (except in Benin). The capacity-building component had a more limited impact on the executing agencies as the program was mainly (except in Kazakhstan) implemented through conventional mode of financing instead of Islamic mode of finance as planned.



# 13 CLIMATE ACTION



**“New functions were created to build expertise in key areas like Climate Change, Women and Youth Empowerment and Science, Technology & Innovation.”**



### **3.9 GROUP INFORMATION MANAGEMENT AND TECHNOLOGY SOLUTIONS**

The Information Management and Disruptive Technology Department (IMDT) has enabled an organizational transformation, whilst adapting itself to optimally support IsDB's new strategy. Initially business priorities had the IMDT focus on Digitization, Decentralization and implementation of the new Delegation of Authority (DoA). The passion for operational efficiency and increased productivity determined the departmental approach in delivering smart, innovative solutions, with a view to enhancing user communication and collaboration underpinned by the implementation of MS Office 365.

IMDT achieved the development of the Presidential dashboard, supplemented with customized dashboards for senior management stakeholders, enabling visibility and transparency of information throughout the organization. The drive for transformation saw the release of MylsDB, a mobile application platform, to address users' needs for access to critical information and administrative services. The introduction of a Service Desk with 24x7 support and a portal for the management of Business Requirements enhanced the responsiveness and delivery of IT services. Renewed focus on strategy and governance drove the development of an IT strategy to be aligned with the P5P, dedication to adhere to industry standards such as ISO 20000 and approval of the Information Security Policies by Senior Management.

Under the directive of the President, IsDB digitalization is being implemented in order to foster a proactive, agile and more conducive work environment for efficient delivery in the various functions. This will transform the working environment to encourage more collaboration and team work. The digitalization program is being implemented in seven phases starting with the Office of the President, where all internal and external mails coming in will be digitized after which it will cascade to other functional units of the Bank, at both the Headquarters and the Regional Hubs. The Bank has developed a new President Briefing Portal that hosts Corporate Briefs, Member Country Briefs and Snapshots, Sector and Thematic Briefs, Partnerships Briefs and data on Operations Portfolio. These briefs are regularly updated and are based on consistent information and data.

### **3.10 HUMAN RESOURCES MANAGEMENT**

During 2018, the IsDB completed the restructuring exercise to align the organization with the Bank's new strategic direction. New functions were created to build expertise in key areas like Climate Change, Women and Youth Empowerment and Science, Technology & Innovation.

In 2018, the Bank has continued its efforts to fill vacant positions in the IsDB Headquarters as well as in Regional Hubs. The objective of the year was to fill at least 70 positions. The Bank issued 87 job offers since 1st January 2018. Out of these, 27 have joined already in 2018, including 15 internal candidates. The geographical distribution policy of the Bank in terms of recruitment has been followed. Recruited staff came from various member countries and non-member countries.

By the end of 2018, the total staff of IsDB Group reached 1,202 comprising 10 Management, 39 directors, 78 managers, 766 professionals, 113 para-professionals and 196 support staff.

In line with our commitment to become more responsive to our member countries, the number of positions that are structured in member countries more than doubled from 90 to 216. Meanwhile, overheads in management and support functions were reduced. Over 100 new staff was recruited during 2018 and the selection process for another 100 recruits in its final stages

To continue building the workforce that IsDB needs, the HR function was completely restructured, modelled on best practices, policies were simplified, and processes were digitized. A new approach for performance management was rolled out and compensation structures were revised to ensure our competitiveness in the talent market.





## ANNEXES 1—5B

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## THE ISLAMIC DEVELOPMENT BANK GROUP SHARI'AH BOARD SHARI'AH AUDIT REPORT FOR 1439H/1440H

Praise be to Allah and may Allah's prayer and peace be upon our Prophet, Muhammad, and on his household and companions

**Chairman of the Board of Governors,**

**Members of the Board of Governors,**

*Assalamu alaikum warahmatullahi wabarakatuhu*

Following your request to provide you with a Shari'ah report on the IsDB Group's 1439/1440H activities, we have audited the existing principles as well as the contracts pertaining to the transactions undertaken by the Islamic Development Bank's - Ordinary Capital Resources, Special Account Resources Waqf Fund, Islamic Corporation for the Insurance of Investment and Export Credit, Islamic Corporation for the Development of the Private Sector, International Islamic Trade Finance Corporation, Islamic Solidarity Fund for Development, Awqaf Properties Investment Fund, World Waqf Foundation, and all Trust Funds, for the year ending on 31 December 2018G (24 Rabi-II 1440H). We have also conducted the audit required to give an opinion on whether the IsDB Group has complied with the rules and principles of the Shari'ah as well as the Fatwas, decisions, rulings and specific guidelines issued by us<sup>1</sup>.

The responsibility of ensuring that the IsDB Group operate in accordance with the rules and principles of the Shari'ah lies with the management of the IsDB Group. Our responsibility is to merely give our opinion based on our audit of the IsDB Group's operations and to prepare a report thereon.

We have carried out our audit, which involved examining the IsDB Group's documentation and standard procedures for all types of operations.

We planned and carried our audit so as to obtain every fact and explanation that we deemed necessary to provide us with enough proof to reasonably confirm that the IsDB Group has not contravened the rules and principles of the Shari'ah.

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<sup>1</sup> Members of the Islamic Development Bank Group Shari'ah Board are: His Eminence Dr. Hussein Hamed Hassan Chairman, His Eminence Dr. Abdulsattar Abu Ghuddah Deputy Chairman, His Excellency Sheikh Abdullah S. M. Al Meneea, His Eminence Shaik Muhammad Taqi Usmani, His Eminence Dr. Mohamed Raougui, His Eminence Dr. Muhammad Syafii Antonio, His Eminence Ayatu Allah Shaik Mohammad Ali Taskhiri.



## IN OUR OPINION

1. The IsDB Group has followed the procedures required to comply with the contracts that the Committee prepared and audited.
2. The dividends paid and the losses incurred on the investment accounts are in conformity with the basis that we adopted in line with the rules and principles of the Shari'ah.
3. All gains made from transactions or methods forbidden under the rules and principles of the Shari'ah have been avoided by spending them on charity.
4. The IsDB Group does not pay *Zakat* because the sources of its assets are either from public or *Waqf* funds or from institutions that have not delegated the IsDB Group any authority to pay *Zakat* on their behalf. The payment of *Zakat* is the sole responsibility of the owners.

We pray that Allah the Almighty enable the IsDB Group to follow the right path in the interest of the *Ummah*.

*Wassalamu alaikum warahmatullahi wabarakatuhu*

### THE IDB GROUP SHARI'AH BOARD

For **Dr. Hussien Hamid Hassan**  
Chairman, IsDBG Shari'ah Board

**Aboubacar Salihou KANTE**  
IsDB Group Internal Shari'ah Auditor

# ANNEX 2

ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018

## INDEPENDENT AUDITOR'S REPORT

### Your Excellencies the Chairman and Members of the Board of Governors

Islamic Development Bank  
Jeddah  
Kingdom of Saudi Arabia

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying financial statements of Islamic Development Bank – Ordinary Capital Resources (the "Bank"), which comprise the statement of financial position as at 31 December 2018, and the related income statement, statement of changes in members' equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and the results of the operations, its cash flows and changes in members' equity for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

In our opinion, the Bank has also complied with the Islamic Shari'ah Rules and Principles as determined by the Shari'ah Board of the Bank during the period under audit.

### BASIS FOR OPINION

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions (AAOIFI Code), International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements as prevailing in the local jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of project assets and Murabaha financing</b></p> <p>As at 31 December 2018, the Bank's gross project assets and murabaha financing amounted to ID 13,918 million (2017: ID 12,790 million) and ID 336 million (2017: ID 334 million), respectively, against which an impairment of ID 277 million (2017: ID 236 million) and ID 32 million (2017: ID 28 million), respectively, has been recognised to the year end date.</p> <p>Please refer to notes 7, 8 to 14 for details of project assets and murabaha financing and corresponding impairment charge, and note 3 for details of the accounting policy adopted by the Bank for the identification and recognition of related credit losses.</p> <p>Judgment is applied to determine appropriate parameters, assumptions and estimates used to calculate impairment allowances. The Bank uses historical experience, evaluating the characteristics including forward looking prospects of the sovereign and non-sovereign exposures, appropriateness of collaterals and the expected future cash flows.</p> <p>Impairment allowance is a highly subjective area due to significant level of judgment applied by the management in the determination of impairment allowances. Due to materiality of project assets and murabaha financing balances and the level of judgment, assumptions and estimates involved in the calculation of impairment allowances for project assets and murabaha financing, this has been considered as a key audit matter.</p>	<p>Our audit procedures in response to the significant risk associated with the impairment on Bank's project assets and murabaha financing included assessing the appropriateness of the corresponding impairment allowances.</p> <p>Based on our understanding of the process and key controls, we focused on the identification of loss events and the governance controls over the impairment process, including the continuous re-assessment by management.</p> <p>We have performed walkthroughs and testing of relevant key controls to determine whether they were designed, implemented and operated effectively throughout the year.</p> <p>Where impairment allowances were individually calculated (sovereign and non-sovereign exposures), we assessed the criteria for determining whether an impairment event had occurred and therefore whether there was a requirement to calculate an impairment allowance. We tested a sample of project assets and murabaha financing to determine whether management had identified and appropriately accounted for all impairment events and to assess whether impairment had been identified on a timely manner and formed our own judgment as to whether that was appropriate.</p> <p>For impaired project assets and murabaha financing, we obtained an understanding of the basis of measuring impairment allowances and considered whether the management's key judgments, assumptions and estimates were appropriate given the borrowers' circumstances, including the assessment of future prospects and the assessment of whether historical experience is appropriate when assessing the likelihood of incurred losses. We also re-checked the impairment allowance calculation on a sample basis. In addition, we tested key inputs to the impairment allowance calculation including the expected future cash flows, and performed tests to determine whether calculations were up to date and appropriate for the purpose.</p> <p>Where impairment allowance was calculated on a collective basis, we tested, on a sample basis, the completeness and accuracy of the inputs to the impairment calculation model used by management,</p>

# ANNEX 2

## ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
	<p>including underlying information, the financial assessment of the borrower and other various inputs, by agreeing details to the Bank’s source systems as well as recomputing the impairment allowance calculation.</p> <p>Moreover, for a sample of sovereign exposures we checked the appropriateness of assumptions used in the impairment calculation model to determine the probability of default, against the respective countries’ long-term market outlook, as assessed by independent rating agencies.</p> <p>Furthermore, we assessed the adequacy of financial statements disclosures with respect to impairment on project assets and murabaha financing.</p>
<p><b>Impairment of treasury and investment assets (excluding murabaha financing and investments carried at fair value through income statement (FVIS))</b></p> <p>As at 31 December 2018, the gross value of treasury and investment assets (excluding murabaha financing and investments carried at fair value through income statement (FVIS)) (collectly referred to as “investments”), amounted to ID 7,880 million (2017: ID 6,496 million), against which an impairment of ID 80 million (2017: ID 82 million) has been recognised to the year end date.</p> <p>Please refer to notes 4, 5, 6, 14, 15 and 16 for details of these investments and corresponding impairment charge, and note 3 for details of the accounting policy adopted by the Bank for the identification and recognition of related impairment.</p> <p>As at the statement of financial position date, the Bank’s exposure to impairment in non-FVIS investments is represented by debt and equity instruments classified at amortised cost, cost and fair-value through equity categories. These instruments are respectively susceptible to credit and market risks.</p> <p>The estimation of impairment losses on Bank’s debt instruments requires the Bank to exercise judgment in defining and monitoring objective evidence of impairment, represented by:</p> <ul style="list-style-type: none"> <li>the establishment of impairment triggers (including credit rating downgrades, financial or repayment difficulties);</li> </ul>	<p>Our audit procedures in response to the significant risk associated with the impairment on Bank’s investments included:</p> <ul style="list-style-type: none"> <li>an assessment of consistency in application of Bank’s methodology for impairment assessment and computation.</li> <li>testing relevant internal controls over determination of appropriate impairment triggers, occurrence of impairment events and estimating the amount of impairment losses.</li> <li>an assessment of relevance and comprehensiveness of assumptions corresponding to specific instruments.</li> </ul> <p>Furthermore, for a selected sample of investments, we have checked the impairment loss estimated by the Bank using its loss computation methodologies, including sensitivity of the impairment loss to any significant assumptions used.</p> <p>We also assessed the adequacy and appropriateness of financial statements disclosures with respect to impairment of investments.</p>



Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"><li>• identification of the occurrence of trigger events; and</li><li>• estimation of incurred losses at the reporting date using internal methodologies and relevant assumptions (including expected timing of cashflows and other default factors).</li></ul> <p>With respect to equity instruments, the financial accounting standards require the recognition of an impairment loss if there is objective evidence that an impairment loss has been incurred. This includes determination of a significant or prolonged decline in the fair value. The amount of impairment is measured as the difference between the carrying amount of the instrument and its expected recoverable amount. Accordingly, the Bank's management exercises judgment in determining the impairment triggering event.</p> <p>Due to the significance of amount involved and the exercise of significant judgment by management in the process for determination of impairment losses on treasury and investment assets (excluding murabaha financing and investments carried at FVIS); we have determined it to be a key audit matter.</p>	

# ANNEX 2

## ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

### OTHER INFORMATION INCLUDED IN THE BANK'S 2018 ANNUAL REPORT

Other information consists of the information included in the Bank's 2018 Annual Report, other than the financial statements and our auditor's report thereon. Board of Executive Directors is responsible for the other information. The Bank's 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### RESPONSIBILITIES OF BOARD OF EXECUTIVE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

These financial statements and the Bank's undertaking to operate in accordance with Islamic Shari'ah Rules and Principles are the responsibility of the Bank's Board of Executive Directors and those charged with governance.

Board of Executive Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Accounting Standards issued by AAOIFI and for such internal control as Board of Executive Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Executive Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Executive Directors either intends to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Executive Directors.



- Conclude on the appropriateness of Board of Executive Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



For Ernst & Young

**Ahmed I. Reda**  
Certified Public Accountant  
Licence No. 356

06 Rajab 1440H  
13 March 2019

Jeddah

18/32/MNA



# ANNEX 2

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	31 December 2018	31 December 2017
Cash and cash equivalents	4	815,525	597,950
Commodity placements	5	4,173,355	2,954,265
Sukuk investments	6	1,653,815	1,697,908
Murabaha financing	7	304,092	305,400
<b>Treasury assets</b>		<b>6,946,787</b>	<b>5,555,523</b>
Istisna'a assets	9	6,667,470	5,725,322
Restricted mudaraba	10	873,252	852,107
Instalment sale	11	1,602,775	1,549,131
Ijarah assets	12	2,684,473	2,586,611
Loans (Qard)	13	1,813,720	1,840,836
<b>Project assets</b>		<b>13,641,690</b>	<b>12,554,007</b>
Equity investments	15	466,038	578,392
Investment in associates	16	755,816	772,466
Other investments		49,596	46,174
<b>Investment assets</b>		<b>1,271,450</b>	<b>1,397,032</b>
Property, equipment and intangibles		56,648	59,116
Other assets	17	130,871	110,281
<b>Total Assets</b>		<b>22,047,446</b>	<b>19,675,959</b>
<b>Liabilities</b>			
Sukuk issued	18	11,683,136	9,687,329
Commodity purchase liabilities	19	789,133	770,387
Wakala deposits	20	388,661	380,566
Other liabilities	21	446,371	322,832
<b>Total Liabilities</b>		<b>13,307,301</b>	<b>11,161,114</b>
<b>Members' Equity</b>			
Paid-up capital	23	5,595,416	5,378,558
Reserves	24	3,060,826	2,939,310
Net income for the year		83,903	196,977
<b>Total Members' Equity</b>		<b>8,740,145</b>	<b>8,514,845</b>
<b>Total Liabilities and Members' Equity</b>		<b>22,047,446</b>	<b>19,675,959</b>
Restricted Investment Accounts	29	79,107	80,334

Notes 1 to 35 form an integral part of these financial statements.

# ANNEX 2

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	For the year ended 31 Dec 2018	For the year ended 31 Dec 2017
<b>Income from:</b>			
Commodity placements		85,889	43,018
Sukuk investments	6	50,074	58,157
Murabaha financing		11,469	8,960
<b>Treasury assets</b>		<b>147,432</b>	<b>110,135</b>
Istisna'a assets		237,175	234,349
Restricted mudaraba		34,598	22,876
Instalment sale		59,187	53,847
Ijarah assets		276,267	242,059
Depreciation of assets under Ijarah	12	(207,913)	(176,604)
Loans (Qard)		13,653	11,353
<b>Project assets</b>		<b>412,967</b>	<b>387,880</b>
Equity investments		65,172	80,066
Loss from investment in associates	16	(103,501)	(37,976)
Income /(Loss) from other investments		812	(1,067)
<b>Investment assets</b>		<b>(37,517)</b>	<b>41,023</b>
Other income		6,487	8,073
Foreign exchange (losses)/gains		(3,939)	799
Gains from swaps valuation	21	12,269	27,574
<b>Other income</b>		<b>14,817</b>	<b>36,446</b>
<b>Total income</b>		<b>537,699</b>	<b>575,484</b>
Financing costs	18,19,20	(244,067)	(169,615)
Impairment charge	14	(49,354)	(54,020)
<b>Net income before operating expenses</b>		<b>244,278</b>	<b>351,849</b>
Administrative expenses	25	(152,101)	(146,734)
Depreciation / Amortization on property, equipment and intangibles		(8,274)	(8,138)
<b>Total operating expenses</b>		<b>(160,375)</b>	<b>(154,872)</b>
<b>Net income for the year</b>		<b>83,903</b>	<b>196,977</b>

Notes 1 to 35 form an integral part of these financial statements.

# ANNEX 2

## STATEMENT OF CHANGES IN MEMBERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	Paid-up capital	Reserves				Total reserves	Net income	Total members' equity
			General reserve	Fair value reserve	Pension and medical obligations	Other reserves			
<b>Balance at 1 January 2017</b>		<b>5,143,432</b>	<b>2,456,805</b>	<b>492,406</b>	<b>(81,798)</b>	<b>11,655</b>	<b>2,879,068</b>	<b>307,130</b>	<b>8,329,630</b>
Increase in paid-up capital	23	235,126	-	-	-	-	-	-	235,126
Net changes in fair value of investments		-	-	(157,715)	-	-	(157,715)	-	(157,715)
Actuarial gains relating to retirement pension and medical plans	22	-	-	-	23,489	-	23,489	-	23,489
Contribution to the principal amount of Islamic Solidarity Fund for Development (ISFD)	26	-	(36,244)	-	-	-	(36,244)	-	(36,244)
Hedge accounting reserve	21	-	-	-	-	(2,829)	(2,829)	-	(2,829)
Share in investments in associates reserve movement	16	-	-	-	-	(46,065)	(46,065)	-	(46,065)
Net income for the year ended 31 December 2017		-	-	-	-	-	-	196,977	196,977
Transfer to general reserve	24	-	307,130	-	-	-	307,130	(307,130)	-
Allocation for grants	24	-	(27,524)	-	-	-	(27,524)	-	(27,524)
<b>Balance at 31 December 2017</b>		<b>5,378,558</b>	<b>2,700,167</b>	<b>334,691</b>	<b>(58,309)</b>	<b>(37,239)</b>	<b>2,939,310</b>	<b>196,977</b>	<b>8,514,845</b>
Increase in paid-up capital	23	216,858	-	-	-	-	-	-	216,858
Net changes in fair value of investments		-	-	(79,310)	-	-	(79,310)	-	(79,310)
Actuarial gains relating to retirement pension and medical plans	22	-	-	-	10,755	-	10,755	-	10,755
Hedge accounting reserve	21	-	-	-	-	2,256	2,256	-	2,256
Share in investments in associates reserve movement	16	-	-	-	-	9,636	9,636	-	9,636
Net income for the year ended 31 December 2018		-	-	-	-	-	-	83,903	83,903
Transfer to general reserve	24	-	196,977	-	-	-	196,977	(196,977)	-
Allocation for grants	24	-	(18,798)	-	-	-	(18,798)	-	(18,798)
<b>Balance at 31 December 2018</b>		<b>5,595,416</b>	<b>2,878,346</b>	<b>255,381</b>	<b>(47,554)</b>	<b>(25,347)</b>	<b>3,060,826</b>	<b>83,903</b>	<b>8,740,145</b>

Notes 1 to 35 form an integral part of these financial statements.

# ANNEX 2

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	For the year ended 31 Dec 2018	For the year ended 31 Dec 2017
Cash flows from operations			
Net income for the year		83,903	196,977
Adjustments for non-cash items:			
Depreciation / amortization		8,274	8,138
Loss from investment in associates	16	103,501	37,976
Provision for impairment of financial assets	14	49,354	54,020
Unrealized fair value losses on sukuk	16	3,604	1,478
Gain on disposal of sukuk		(380)	(650)
Amortization of other income		(4,959)	(567)
Foreign exchange losses/ (gains)		3,939	(799)
Gains on disposal of investment in equity capital		(47,068)	(47,460)
Changes in accrued income		42,111	(131,032)
Changes in accrued expenses		40,500	25,168
<b>Operating income before changes in operating assets and liabilities</b>		<b>282,779</b>	<b>143,249</b>
<b>Changes in operating assets and liabilities:</b>			
Istisna'a assets		(924,904)	(728,096)
Restricted mudaraba		(10,464)	(99,218)
Instalment sale		(71,623)	(56,400)
Ijarah assets		(80,659)	(183,585)
Loans (Qard)		1,110	21,960
Other assets		(23,739)	35,410
Other liabilities		131,968	35,394
<b>Net cash used in operating activities</b>		<b>(695,532)</b>	<b>(831,286)</b>
<b>Cash flows from investing activities</b>			
Commodity placements		(1,134,519)	(1,164,034)
Acquisition of sukuk investments	6	(84,723)	(214,985)
Proceeds from disposal/redemption of sukuk investments	6	163,983	237,373
Murabaha financing		3,946	(94,827)
Acquisition of equity investments	15	-	(4,700)
Proceeds from disposal of equity and other investments		76,369	59,741
Acquisition of other investments		(4,679)	(10,292)
Investment in associates, net	16	(79,538)	(49,903)
Dividends from associates	16	1,146	2,056
Proceeds from disposal of investment in associates	16	2,007	-
Additions to property, equipment and intangibles		(5,806)	(4,579)
<b>Net cash used in investing activities</b>		<b>(1,061,814)</b>	<b>(1,244,150)</b>
<b>Cash flows from financing activities</b>			
Increase in paid-up capital		216,858	235,126
Allocation for grants	24	(18,798)	(27,524)
Contribution to the principal amount of ISFD	26	-	(36,244)
Proceeds from issuance of sukuk		2,741,129	2,148,038
Payments upon redemption of sukuk		(966,084)	(1,095,266)
Commodity purchase liabilities		1,047	72,167
Wakala deposits received		-	382,438
<b>Net cash from financing activities</b>		<b>1,974,152</b>	<b>1,678,735</b>
Net change in cash and cash equivalents		216,806	(396,701)
Exchange difference on cash and cash equivalents		769	(3,291)
Cash and cash equivalents at the beginning of the year		597,950	997,942
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>815,525</b>	<b>597,950</b>

Notes 1 to 35 form an integral part of these financial statements.

# ANNEX 3

ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018

## INDEPENDENT AUDITOR'S REPORT

### Your Excellencies the Chairman and Members of the Board of Governors

Islamic Development Bank  
Jeddah  
Kingdom of Saudi Arabia

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying statement of financial position of Islamic Development Bank – Special Account Resources Waqf Fund (the "Fund") as of 31 December 2018 and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements and the Fund's undertaking to operate in accordance with Shari'ah are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 December 2018, and of the results of its operations and its cash flows for the year then ended in accordance with the Shari'ah Rules and Principles as determined by the Shari'ah Board of the Islamic Development Bank and the accounting standards of AAOIFI.



For Ernst & Young

**Ahmed I. Reda**  
Certified Public Accountant  
Licence No. 356

26 Jumada II 1440H  
3 March 2019

Jeddah  
18/30/MNA



# ANNEX 3

## ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(All amounts expressed in thousands of Islamic Dinars unless otherwise stated)

	Notes	31 December 2018	31 December 2017
<b>Assets</b>			
<b>Treasury assets</b>			
Cash and cash equivalents	4	126,052	47,162
Commodity placements	5	126,408	367,099
Syndicated Murabaha	6	3,228	13,778
Investments in Sukuk	7	79,762	91,983
<b>Investments assets</b>			
Equity capital	8	20,357	21,968
Associates	9	113,412	114,743
Funds	10	67,104	69,896
Installment sale projects	11	3,131	-
Syndicated Ijarah	12	13,385	13,266
Loans	13	138,051	148,729
<b>Other assets</b>			
Other assets		8,432	12,866
Fixed assets		19,860	21,011
<b>Total assets</b>		<b>719,182</b>	<b>922,501</b>
<b>Liabilities</b>			
Commodity purchase liabilities	14	-	146,124
Accruals and other liabilities	15	44,125	41,923
<b>Total liabilities</b>		<b>44,125</b>	<b>188,047</b>
<b>Net assets</b>		<b>675,057</b>	<b>734,454</b>
<b>Represented by:</b>			
Waqf Fund principal amount		772,128	772,239
Special assistance		(252,972)	(193,834)
Special account for Least Developed Member Countries (LDMC)		155,901	156,049
<b>Total Funds</b>		<b>675,057</b>	<b>734,454</b>

The accompanying notes from 1 to 31 form an integral part of these financial statements.

# ANNEX 3

## ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts expressed in thousands of Islamic Dinars unless otherwise stated)

	Notes	1 January 2018 to 31 December 2018				1 January to 31 December 2017
		Waqf Fund principal amount	Special assistance	Special account for LDMC	Total	
<b>Statement of activities</b>						
<b>Income/(loss) from:</b>						
<b>Treasury assets</b>						
Commodity placements					10,853	17,535
Syndicated Murabaha					57	268
Investments in Sukuk	7				4,473	4,810
<b>Investment assets</b>						
Equity capital					-	78
Associates	9				776	3,062
Funds					777	1,814
Syndicated Ijarah					434	443
Other					1,704	2,698
					<b>19,074</b>	<b>30,708</b>
Financing costs					(5,685)	(13,609)
Foreign exchange gains					633	4,003
<b>Income before impairment charge</b>					<b>14,022</b>	<b>21,102</b>
Impairment charge	17				(7,878)	(1,102)
<b>Attributable net income</b>					<b>6,144</b>	<b>20,000</b>
Allocation of attributable net income		922	3,993	1,229		
Donations to Special Assistance		-	634	-	634	1,560
Islamic Technical Financial Assistance Grant from IsDB-OCR		-	480	-	480	605
Non-Shari'ah income transferred from IsDB-OCR		55	238	73	366	201
Contributions from IsDB-OCR for technical assistance grants and scholarship program	18	-	14,620	-	14,620	21,408
<b>Income before grants and program expenses</b>		<b>977</b>	<b>19,965</b>	<b>1,302</b>	<b>22,244</b>	<b>43,774</b>
Grants for causes	19	-	(23,749)	-	(23,749)	(17,019)
Program expenses	19	-	(18,452)	-	(18,452)	(18,642)
<b>Net surplus/(deficit) for the year</b>		<b>977</b>	<b>(22,236)</b>	<b>1,302</b>	<b>(19,957)</b>	<b>8,113</b>
<b>Statement of changes in net assets</b>						
Net assets/(liabilities) at 1 January		772,239	(193,835)	156,049	734,453	743,445
Net surplus/(deficit) for the year		977	(22,236)	1,302	(19,957)	8,113
Pension surplus	16	-	3,950	-	3,950	2,121
Fair value and other reserves		(1,088)	(4,713)	(1,450)	(7,251)	(19,225)
STI Endowment Fund Contribution	20	-	(36,138)	-	(36,138)	-
<b>Net assets/(liabilities) at 31 December 2018</b>		<b>772,128</b>	<b>(252,972)</b>	<b>155,901</b>	<b>675,057</b>	<b>734,454</b>

The accompanying notes from 1 to 31 form an integral part of these financial statements.

# ANNEX 3

## ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts expressed in thousands of Islamic Dinars unless otherwise stated)

	Note	1 January 2018 to 31 December 2018	1 January 2017 to 31 December 2017
<b>Cash flows from operations</b>			
Net (deficit)/surplus for the year		(19,957)	8,113
<b>Adjustments to reconcile net deficit to net cash used in operating activities</b>			
Depreciation		1,171	1,193
Provision for impairment		7,878	1,295
Share of loss in associates, net	9	(1,012)	(3,062)
Gain on deemed disposal of associates		236	-
Investment fair value loss		54	2,771
Foreign exchange gain		2,343	(478)
<b>Change in operating assets and liabilities</b>			
Syndicated Murabaha		10,535	(5,416)
Installment Sale Projects		(3,131)	-
Syndicated Ijarah		1,238	(351)
Loans		8,009	7,524
Other assets		4,508	2,405
Changes in accrued income		154	3,546
Accruals and other liabilities		5,579	(27,233)
<b>Net cash from operations</b>		<b>17,605</b>	<b>(9,693)</b>
<b>Cash flows from treasury and investing activities</b>			
Net movement in commodity placements		90,525	(354,139)
Redemption of investments in Sukuk	7	12,821	27,614
Additions to investments in equity capital	8	-	(2,441)
Additions to investments in funds	10	(10,856)	(7,250)
Disposal of investments in funds	10	3,742	-
Dividends from associates	9	1,211	1,566
Additions to fixed assets		(20)	(4)
<b>Net cash from/(utilized in) investing activities</b>		<b>97,423</b>	<b>(334,654)</b>
<b>Cash flows from financing activities</b>			
Contribution to the STI Endowment Fund	20	(36,138)	-
<b>Cash utilized in financing activities</b>		<b>(36,138)</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January 2018		47,162	391,509
<b>Cash and cash equivalents at 31 December 2018</b>	4	<b>126,052</b>	<b>47,162</b>

The accompanying notes from 1 to 31 form an integral part of these financial statements.

# ANNEX 4

## IsDB BOARD OF EXECUTIVE DIRECTORS AND THEIR CONSTITUENCIES

Director	Constituency
Hon. Dr.Hamad Bin Suleiman Al Bazai (Saudi Arabia)	Saudi Arabia
Hon. Abdalnasr Abouzkeh (Libya)	Libya
Hon. Abdolrahman Nadimi Boushehri (Iran)	Iran
Hon. Ali Hamdan Ahmed (United Arab Emirates)	United Arab Emirates
Hon. Mohammed Gambo Shuaibu (Nigeria)	Nigeria
Hon. Bader Ahmed Al Qayed (Qatar)	Qatar
Hon. Dr. Shehabeldin Marzban (Egypt)	Egypt
Hon. Wisam Jasem Al-Othman (Kuwait)	Kuwait
Hon. Bülent Aksu (Turkey)	Turkey
Hon. Ahmad Jefri Abd Rahman (Brunei Darussalam)	Indonesia, Malaysia, Brunei Darussalam, Suriname, Guyana, Pakistan, Bangladesh, Afghanistan, Maldives
Hon. Faouzia Zaaboul (Morocco)	Algeria, Morocco, Mauritania, Tunisia
Hon. Sami Mohamed Hameed (Bahrain)	Yemen, Sudan, Oman, Bahrain
Hon. Abdoulie Jallow (The Gambia)	Senegal, Burkina Faso, Niger, Mali, Gambia, Togo
Hon. Zeina Toukan (Jordan)	Jordan, Iraq, Palestine, Syria, Lebanon
Hon. Dr. Diao Balde (Guinea)	Cameroon, Guinea, Sierra Leone, Benin, Côte D'Ivoire, Guinea-Bissau
Hon. Bakhodir Alikhanov (Uzbekistan)	Kazakhstan, Azerbaijan, Kyrgyz Republic, Tajikistan, Uzbekistan, Albania, Turkmenistan
Hon. Fredrick Twesiime (Uganda)	Gabon, Mozambique, Uganda, Comoros, Chad, Somalia, Djibouti

# ANNEX 5A

## STATEMENT OF ISDB SHARE CAPITAL SUBSCRIPTION AS OF 31 DECEMBER 2018

S/N	Country	No. of Shares (Units)	Consolidated Position of Subscribed Capital						
			Amount in Million ID				Breakdown of Called-up Capital (ID)		
			Called-up	Callable	Total	% of Total	Paid-up	Overdue	Not Yet Due
1	Saudi Arabia	1,189,680	2,135.9	9,761.0	11,896.8	23.50%	1,369.0	0.0	766.9
2	Libya	477,166	856.7	3,915.0	4,771.7	9.43%	444.3	96.3	316.1
3	Iran	417,463	749.5	3,425.2	4,174.6	8.25%	488.3	0.0	261.2
4	Nigeria	387,452	695.6	3,178.9	3,874.5	7.66%	239.4	0.2	456.0
5	United Arab Emirates	379,949	682.1	3,117.4	3,799.5	7.51%	433.6	0.0	248.6
6	Qatar	363,236	653.0	2,979.3	3,632.4	7.18%	406.8	0.0	246.2
7	Egypt	357,965	641.9	2,937.7	3,579.7	7.07%	390.4	0.0	251.5
8	Kuwait	350,000	880.9	2,619.1	3,500.0	6.92%	578.5	0.0	302.4
9	Turkey	326,384	585.3	2,678.6	3,263.8	6.45%	355.9	0.0	229.3
10	Algeria	128,559	230.5	1,055.1	1,285.6	2.54%	142.3	0.0	88.3
11	Pakistan	128,559	230.5	1,055.1	1,285.6	2.54%	140.1	0.1	90.3
12	Indonesia	113,795	204.2	933.8	1,138.0	2.25%	136.1	0.2	67.9
13	Malaysia	82,308	147.6	675.5	823.1	1.63%	89.8	0.0	57.8
14	Bangladesh	50,996	91.4	418.5	510.0	1.01%	56.7	0.0	34.8
15	Morocco	25,669	46.0	210.7	256.7	0.51%	28.0	0.0	18.0
16	Yemen	25,862	46.2	212.4	258.6	0.51%	24.8	3.3	18.2
17	Sudan	23,295	41.8	191.1	233.0	0.46%	13.9	12.9	15.0
18	Jordan	21,976	39.5	180.3	219.8	0.43%	25.3	0.0	14.2
19	Oman	14,255	25.6	117.0	142.6	0.28%	15.5	0.0	10.0
20	Senegal	14,781	26.5	121.3	147.8	0.29%	9.4	7.6	9.5
21	Iraq	13,505	24.2	110.8	135.1	0.27%	14.7	0.0	9.5
22	Brunei	12,836	23.0	105.3	128.4	0.25%	14.3	0.0	8.8
23	Cameroon	12,836	23.0	105.3	128.4	0.25%	12.0	2.0	9.0
24	Burkina Faso	9,017	23.0	67.2	90.2	0.18%	14.0	0.0	9.0
25	Niger	9,017	23.0	67.2	90.2	0.18%	7.3	6.7	9.0
26	Uganda	6,895	12.4	56.5	69.0	0.14%	11.1	1.4	0.0
27	Bahrain	7,245	13.0	59.5	72.5	0.14%	7.9	0.0	5.1
28	Kazakhstan	5,400	9.8	44.2	54.0	0.11%	6.0	0.0	3.8
29	Azerbaijan	5,092	9.1	41.8	50.9	0.10%	5.7	0.0	3.5
30	Mali	5,092	9.1	41.8	50.9	0.10%	5.5	0.0	3.6
31	Gabon	5,458	27.4	27.2	54.6	0.11%	12.7	3.9	10.7
32	Guinea	4,585	23.0	22.8	45.9	0.09%	9.1	4.9	9.0
33	Lebanon	3,577	9.1	26.6	35.8	0.07%	5.6	0.0	3.6
34	Mauritania	3,577	9.1	26.6	35.8	0.07%	5.6	0.0	3.6
35	Tunisia	3,640	18.3	18.1	36.4	0.07%	10.9	0.2	7.2
36	Kyrgyz Republic	2,584	4.6	21.2	25.8	0.05%	2.8	0.0	1.8
37	Mozambique	2,584	4.6	21.2	25.8	0.05%	2.8	0.1	1.8
38	Maldives	2,584	4.6	21.2	25.8	0.05%	2.8	0.0	1.8
39	Gambia	2,584	4.6	21.2	25.8	0.05%	2.6	0.3	1.8
40	Tajikistan	1,816	4.6	13.5	18.2	0.04%	2.8	0.0	1.8
41	Benin	5,823	10.5	47.8	58.2	0.12%	5.8	0.9	3.7
42	Togo	1,816	4.6	13.5	18.2	0.04%	2.6	0.2	1.8
43	Sierra Leone	1,816	4.6	13.5	18.2	0.04%	2.1	0.7	1.8
44	Palestine	1,955	9.9	9.7	19.6	0.04%	5.7	4.1	0.0
45	Syria	1,849	9.3	9.2	18.5	0.04%	5.0	0.6	3.6
46	Uzbekistan	1,344	3.7	9.7	13.4	0.03%	2.8	0.0	0.9
47	Côte D'Ivoire	1,302	3.6	9.5	13.0	0.03%	2.5	0.2	0.9
48	Comoros	1,302	3.6	9.5	13.0	0.03%	0.6	2.1	0.9
49	Chad	977	4.9	4.9	9.8	0.02%	4.7	0.3	0.0
50	Afghanistan	993	5.0	4.9	9.9	0.02%	5.0	0.0	0.0
51	Suriname	923	4.6	4.6	9.2	0.02%	2.8	0.1	1.8
52	Albania	923	4.6	4.6	9.2	0.02%	2.5	0.3	1.8
53	Somalia	496	2.5	2.5	5.0	0.01%	2.5	0.0	0.0
54	Turkmenistan	496	2.5	2.5	5.0	0.01%	2.5	0.0	0.0
55	Guinea-Bissau	496	2.5	2.5	5.0	0.01%	2.4	0.1	0.0
56	Djibouti	496	2.5	2.5	5.0	0.01%	1.6	0.9	0.0
57	Guyana	250	2.5	0.0	2.5	0.00%	0.4	0.0	2.1
	Net Shortfall	*	*	*	*	0.00%	(0.0)		0.0
	<b>Sub-Total</b>	<b>5,022,531</b>	<b>9,371.9</b>	<b>40,853.4</b>	<b>50,225.3</b>	<b>99.23%</b>	<b>5,595.4</b>	<b>150.5</b>	<b>3,626.0</b>
	Uncommitted	38,875	0.0	388.8	388.8	0.77%	*	*	*
	<b>Grand Total</b>	<b>5,061,406</b>	<b>9,371.9</b>	<b>41,242.2</b>	<b>50,614.1</b>	<b>100.00%</b>	<b>5,595.4</b>	<b>150.5</b>	<b>3,626.0</b>

# ANNEX 5B

## STATEMENT OF ISDB VOTING POWER AS AT 31 DECEMBER 2018

S/N	Country	Voting Power	
		No. of Votes	% Voting
1	Saudi Arabia	1,113,493	23.83%
2	Libya	436,426	9.34%
3	Iran	391,845	8.38%
4	United Arab Emirates	355,593	7.61%
5	Nigeria	342,329	7.33%
6	Qatar	339,117	7.26%
7	Egypt	333,313	7.13%
8	Kuwait	320,262	6.85%
9	Turkey	303,950	6.50%
10	Algeria	120,231	2.57%
11	Pakistan	120,015	2.57%
12	Indonesia	107,488	2.30%
13	Malaysia	77,025	1.65%
14	Bangladesh	48,018	1.03%
15	Morocco	24,365	0.52%
16	Yemen	24,219	0.52%
17	Sudan	20,999	0.45%
18	Jordan	21,060	0.45%
19	Oman	13,754	0.29%
20	Senegal	13,564	0.29%
21	Iraq	13,056	0.28%
22	Brunei	12,461	0.27%
23	Cameroon	12,237	0.26%
24	Burkina Faso	8,617	0.18%
25	Niger	7,942	0.17%
26	Uganda	7,259	0.16%
27	Bahrain	7,236	0.15%
28	Kazakhstan	5,520	0.12%
29	Azerbaijan	5,245	0.11%
30	Mali	5,234	0.11%
31	Gabon	4,492	0.10%
32	Guinea	3,690	0.08%
33	Lebanon	3,719	0.08%
34	Mauritania	3,719	0.08%
35	Tunisia	3,404	0.07%
36	Kyrgyz Republic	2,903	0.06%
37	Mozambique	2,898	0.06%
38	Maldives	2,903	0.06%
39	Gambia	2,876	0.06%
40	Tajikistan	2,134	0.05%
41	Benin	5,863	0.13%
42	Togo	2,117	0.05%
43	Sierra Leone	2,066	0.04%
44	Palestine	2,042	0.04%
45	Syria	1,921	0.04%
46	Uzbekistan	1,755	0.04%
47	Cote D'Ivoire	1,695	0.04%
48	Comoros	1,501	0.03%
49	Chad	1,452	0.03%
50	Afghanistan	1,493	0.03%
51	Suriname	1,237	0.03%
52	Albania	1,210	0.03%
53	Somalia	996	0.02%
54	Turkmenistan	996	0.02%
55	Guinea-Bissau	983	0.02%
56	Djibouti	909	0.02%
57	Guyana	538	0.01%
	Net Shortfall	*	*
	<b>Sub-Total</b>	<b>4,673,384</b>	<b>100.00%</b>
	Uncommitted	*	*
	<b>Grand Total</b>	<b>4,673,384</b>	<b>100.00%</b>

# ANNEXES 6A—9B

## ANNEXES 6A—9B



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# ANNEX 6A

## APPROVALS BY ENTITY AND MODE OF FINANCING (1395H-2018G)<sup>1</sup> (ISLAMIC DINAR - ID MILLION)

	1435H	1436H	Transition Period	2016	2017	2018	Grand Total <sup>2</sup>
<b>A. IsDB-OCR</b>							
Loan	844.3	994.2	20.4	935.6	708.5	45.4	13,253.8
Equity	60.3	70.1	1.5	15.6	0.6	0.0	951.8
Leasing	0.0	0.0	0.0	0.0	13.6	0.0	244.4
Instalment Sale	275.1	173.9	33.8	617.6	1,131.8	598.8	5,951.1
Combined Lines of Financing	0.0	0.0	0.0	0.0	0.0	0.0	308.6
Profit Sharing (Musharaka)	0.0	0.0	0.0	0.0	0.0	0.0	45.3
Istisna'a	1,219.3	1,387.5	380.6	2,029.6	415.8	119.8	14,328.4
Mudaraba	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Assistance	0.0	0.7	0.0	0.2	0.0	0.0	0.8
<b>Sub-Total</b>	<b>2,398.9</b>	<b>2,626.4</b>	<b>436.5</b>	<b>3,598.6</b>	<b>2,270.2</b>	<b>764.1</b>	<b>35,084.3</b>
<b>B. ICD</b>							
Equity	51.8	105.7	3.6	133.9	8.5	6.6	944.2
Leasing	24.2	20.2	5.9	41.4	76.2	32.4	486.3
Instalment Sale	0.0	0.0	0.0	0.0	0.0	0.0	84.2
Istisna'a	0.0	0.0	0.0	18.4	20.6	0.0	44.1
Trade (Murabaha)	201.6	289.9	8.8	352.5	530.8	308.5	2,073.2
<b>Sub-Total</b>	<b>277.5</b>	<b>415.9</b>	<b>18.3</b>	<b>546.2</b>	<b>636.1</b>	<b>347.4</b>	<b>3,632.0</b>
<b>C. ITFC</b>							
<b>Murabaha</b>	<b>3,211.2</b>	<b>4,172.6</b>	<b>414.4</b>	<b>2,686.2</b>	<b>3,459.4</b>	<b>3,685.9</b>	<b>29,483.1</b>
<b>D. Others</b>							
ICD Funds	59.0	34.5	0.0	47.6	34.6	29.0	674.5
APIF	18.4	26.5	2.0	29.4	27.5	32.2	272.1
Special Assistance Operations	4.5	5.1	1.2	3.1	3.1	3.3	578.9
ISFD	83.0	42.3	29.1	50.7	40.9	89.1	527.8
Trust Funds	178.8	90.8	30.4	86.8	78.0	28.0	2,057.1
Waqf	14.9	7.1	1.5	8.6	5.0	14.6	494.5
Pre-ITFC trade (EFS, IBP, ITFO)	0.0	0.0	0.0	0.0	0.0	0.0	23,142.4
<b>Sub-Total</b>	<b>358.6</b>	<b>206.2</b>	<b>64.2</b>	<b>226.4</b>	<b>189.1</b>	<b>196.2</b>	<b>27,747.2</b>
<b>Grand Total</b>	<b>6,246.1</b>	<b>7,421.0</b>	<b>933.4</b>	<b>7,057.3</b>	<b>6,554.8</b>	<b>4,993.6</b>	<b>95,946.7</b>
<b>Memo:</b>							
<b>E. ICIEC Operation for the last five years and total since inception (ID million)</b>							
	1435H	1436H	Transition Period	2016	2017	2018	Grand Total
New Commitments	2,305.2	2,973.9	355.4	3,591.1	2,509.8	3,440.2	28,392.6
Business Insured	3,257.5	3,858.5	396.8	5,964.1	5,285.5	6,492.9	36,684.2
<b>IsDB-OCR Resources and Finance (at year's end)</b>							
	1435H	1436H		2016+	2017	2018	
Total Assets	15,075.3	16,097.4		18,146.8	19,676.0	22,047.4	
Gross Income (net of Ijarah depreciation) <sup>3</sup>	380.2	401.8		688.2	575.5	537.7	
Net Income	165.0	157.7		307.2	197.0	83.9	
General Reserves	2,224.2	2,421.1		2,456.8	2,700.2	2,878.3	
Fair Value Reserves	477.9	429.5		487.7	334.7	255.3	
Subscribed Capital	49,865.7	49,918.4		50,097.0	50,187.9	50,225.3	
Approved Administrative budget*	107.5	107.5		114.0	138.8	163.8	
Actual Administrative budget*	103.2	108.2		115.8	133.6	145.2	

\* includes Trust Funds (Le Al-Quds and Al-Aqsa Funds)

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RABI-III 1440H).

<sup>2</sup> Cumulative approvals since inception in 1395H

<sup>3</sup> Gross income is adjusted for depreciation so that the reported figure could be easily reconciled with the audited financial statements.

Source: IsDB Economic Research and Statistics Division, ERIL

The conversion rates for the various years are as follows:

1435H 1ID = \$1.48509

1436H 1ID = \$1.41162

Transition period 1ID = \$1.38637

2016G 1ID = \$1.34433

2017G 1ID = \$1.42413

2018G 1ID = \$1.39079

1395H-2018G 1ID = \$1.44208 (approximation only)

# ANNEX 6B

## APPROVALS BY ENTITY AND MODE OF FINANCING (1395H-2018G)<sup>1</sup> (\$ MILLION)

	1436H	Transition Period	2016	2017	2018	Grand Total <sup>2</sup>
<b>A. IsDB-OCR</b>						
Loan	2.5	28.4	1,299.7	987.7	65.8	19,284.9
Equity	97.3	2.2	21.5	0.9	0.0	1,388.3
Leasing	0.0	0.0	0.0	19.7	0.0	288.9
Instalment Sale	242.7	47.0	857.6	1,580.6	844.8	8,749.2
Combined Lines of Financing	0.0	0.0	0.0	0.0	0.0	437.0
Profit Sharing (Musharaka)	0.0	0.0	0.0	0.0	0.0	68.3
Istisna'a	1,938.2	527.1	2,816.4	567.7	164.4	21,499.4
Mudaraba	0.0	0.0	0.0	0.0	0.0	0.0
Technical Assistance	1.0	0.0	0.2	0.0	0.0	1.2
<b>Sub-Total</b>	<b>3,675.9</b>	<b>604.6</b>	<b>4,995.5</b>	<b>3,156.7</b>	<b>1,075.0</b>	<b>51,717.3</b>
<b>B. ICD</b>						
Equity	150.9	5.0	180.0	12.1	9.2	1,400.4
Leasing	28.0	8.2	55.6	108.5	45.0	709.0
Instalment Sale	0.0	0.0	0.0	0.0	0.0	125.2
Istisna'a	0.0	0.0	24.7	29.4	0.0	61.7
Trade (Murabaha)	402.2	12.2	473.9	755.9	429.0	2,951.2
<b>Sub-Total</b>	<b>581.1</b>	<b>25.4</b>	<b>734.3</b>	<b>905.9</b>	<b>483.2</b>	<b>5,247.6</b>
<b>C. ITFC</b>						
<b>Murabaha</b>	<b>5,891.8</b>	<b>574.4</b>	<b>3,744.8</b>	<b>4,792.7</b>	<b>5,190.9</b>	<b>43,374.8</b>
<b>D. Others</b>						
ICD Funds	48.3	0.0	64.0	49.2	40.3	992.2
APIF	37.2	2.8	39.6	39.2	44.8	397.5
Special Assistance Operations	8.2	1.7	4.2	4.4	4.6	758.7
ISFD	59.1	40.7	70.1	57.9	123.6	773.0
Trust Funds	131.1	42.4	120.2	108.4	39.5	2,967.1
Waqf	10.5	2.1	11.9	6.9	20.5	721.8
Pre-ITFC trade (EFS, IBP, ITFO)	0.0	0.0	0.0	0.0	0.0	31,413.4
<b>Sub-Total</b>	<b>294.5</b>	<b>89.6</b>	<b>310.0</b>	<b>266.1</b>	<b>273.3</b>	<b>38,023.6</b>
<b>Grand Total</b>	<b>10,443.3</b>	<b>1,294.0</b>	<b>9,784.6</b>	<b>9,121.3</b>	<b>7,022.3</b>	<b>138,363.3</b>
<b>Memo:</b>						
<b>E. ICIEC Operation for the last five years and total since inception (\$ million)</b>						
	1436H	Transition Period	2016	2017	2018	Grand Total
New Commitments	4,153.2	492.5	4,827.7	3,574.3	4,784.6	41,476.6
Business Insured	5,379.8	549.9	8,017.8	7,527.2	9,030.3	52,787.3

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RABI-II 1440).

<sup>2</sup> Cumulative approvals since inception in 1395H

Source: IsDB Economic Research and Statistics Division, ERIL

# ANNEX 7A

## IsDB GROUP NET APPROVALS BY COUNTRY AND ENTITY<sup>1</sup> (ID MILLION)

Country	2018 Approvals by Entity					Share in Net Approvals since Inception (%)
	IsDB-OCR	ICD	ITFC	Others <sup>2</sup>	Total	
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.1
Albania	0.0	0.0	0.0	0.0	0.0	0.4
Algeria	0.0	0.0	0.0	0.0	0.0	2.3
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.8
Bahrain	0.0	0.0	0.0	4.3	4.3	1.3
Bangladesh	0.0	32.4	496.3	7.9	536.6	14.4
Benin	83.0	0.0	0.0	0.0	83.0	0.6
Brunei	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	0.0	15.3	347.8	0.1	363.2	1.9
Cameroon	0.0	0.0	84.3	0.0	84.4	1.2
Chad	30.7	0.0	3.9	7.1	41.6	0.6
Comoros	0.0	0.0	33.3	3.9	37.2	0.2
Côte d'Ivoire	85.3	86.3	31.4	0.0	203.0	1.4
Djibouti	0.0	0.0	75.0	3.6	78.6	0.7
Egypt	0.0	6.6	680.2	0.2	687.0	8.9
Gabon	0.0	0.0	0.0	0.0	0.0	0.3
Gambia	10.9	0.0	32.4	1.7	44.9	0.6
Guinea	49.4	0.0	0.0	2.0	51.4	0.8
Guinea-Bissau	0.0	0.0	0.0	2.8	2.8	0.0
Guyana	14.3	0.0	0.0	0.4	14.7	0.0
Indonesia	0.0	0.0	68.9	0.6	69.5	3.6
Iran	0.0	0.0	0.0	0.0	0.0	4.4
Iraq	0.0	0.0	0.0	0.0	0.0	0.4
Jordan	0.0	0.0	72.3	0.0	72.3	2.1
Kazakhstan	0.0	0.0	0.0	0.2	0.2	1.1
Kuwait	0.0	0.0	0.0	0.0	0.0	0.6
Kyrgyz Republic	8.3	0.0	0.0	14.5	22.9	0.3
Lebanon	0.0	0.0	0.0	0.0	0.0	1.1
Libya	0.0	0.0	0.0	0.0	0.0	0.6
Malaysia	0.0	0.0	0.0	0.0	0.0	0.7
Maldives	0.0	0.0	176.3	0.0	176.3	0.5
Mali	0.0	5.2	85.0	24.2	114.4	1.2
Mauritania	0.0	0.0	32.3	0.4	32.6	1.0
Morocco	0.0	0.0	53.8	0.5	54.3	4.8
Mozambique	0.0	0.0	0.0	0.0	0.0	0.3
Niger	11.1	0.0	0.0	2.6	13.7	0.6
Nigeria	0.0	82.7	15.7	0.2	98.6	0.9
Oman	0.0	0.0	0.0	0.0	0.0	1.6
Pakistan	0.0	0.0	457.8	0.2	458.0	8.7
Palestine	0.0	0.0	0.0	20.1	20.1	0.2
Qatar	0.0	0.0	0.0	0.0	0.0	0.3
Saudi Arabia	0.0	0.0	0.0	16.5	16.5	3.7
Senegal	70.8	43.1	84.8	8.8	207.5	2.4
Sierra Leone	14.5	0.0	0.0	1.7	16.2	0.3
Somalia	0.0	0.0	0.0	2.6	2.6	0.1
Sudan	0.0	0.0	0.0	0.4	0.4	1.2
Suriname	0.0	0.0	0.0	0.4	0.4	0.1
Syria	0.0	0.0	0.0	1.7	1.7	0.5
Tajikistan	28.3	7.2	13.9	10.9	60.3	0.4
Togo	0.0	0.0	15.1	0.1	15.2	0.4
Tunisia	223.7	0.0	438.2	0.6	662.5	3.2
Turkey	51.6	0.0	358.7	6.6	416.9	8.5
Turkmenistan	0.0	0.0	0.0	0.0	0.0	0.8
U.A.E.	0.0	0.0	5.7	4.4	10.1	0.8
Uganda	13.9	0.0	0.0	21.7	35.6	0.5
Uzbekistan	68.2	29.8	22.9	0.5	121.4	1.3
Yemen	0.0	0.0	0.0	0.0	0.0	0.8
Non-Member Countries	0.0	0.0	0.0	18.5	18.5	0.6
Regional Projects	0.0	38.8	0.0	3.1	41.9	3.0
Special Programs	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Approvals</b>	<b>764.1</b>	<b>347.4</b>	<b>3,685.9</b>	<b>196.2</b>	<b>4,993.6</b>	<b>100</b>

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RABI-II 1440).

<sup>2</sup> Comprised of APIF, EFS, IBP, ICD Funds, ISFD, ITFO, Special Assistance, Trust Funds and WAQF.

Source: IsDB Economic Research and Statistics Division, ERIL

# ANNEX 7B

## ISDB GROUP NET APPROVALS BY COUNTRY AND ENTITY<sup>1</sup> (\$ MILLION)

Country	2018 Approvals by Entity					Share in Net Approvals since Inception (%)
	IsDB-OCR	ICD	ITFC	Others <sup>2</sup>	Total	
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.1
Albania	0.0	0.0	0.0	0.0	0.0	0.4
Algeria	0.0	0.0	0.0	0.0	0.0	2.2
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.8
Bahrain	0.0	0.0	0.0	6.0	6.0	1.4
Bangladesh	0.0	45.0	715.0	11.0	771.0	14.8
Benin	117.5	0.0	0.0	0.0	117.5	0.6
Brunei	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	0.0	21.3	463.0	0.1	484.4	1.8
Cameroon	0.0	0.0	117.6	0.1	117.7	1.2
Chad	43.4	0.0	5.5	10.0	58.9	0.6
Comoros	0.0	0.0	47.0	5.5	52.5	0.2
Côte d'Ivoire	120.8	120.0	43.3	0.0	284.1	1.3
Djibouti	0.0	0.0	105.5	5.0	110.5	0.7
Egypt	0.0	9.2	950.0	0.3	959.5	8.9
Gabon	0.0	0.0	0.0	0.0	0.0	0.4
Gambia	15.0	0.0	45.0	2.3	62.3	0.6
Guinea	69.2	0.0	0.0	2.7	71.9	0.7
Guinea-Bissau	0.0	0.0	0.0	3.9	3.9	0.0
Guyana	20.0	0.0	0.0	0.6	20.6	0.0
Indonesia	0.0	0.0	97.0	0.8	97.8	3.7
Iran	0.0	0.0	0.0	0.0	0.0	4.5
Iraq	0.0	0.0	0.0	0.1	0.1	0.3
Jordan	0.0	0.0	100.0	0.0	100.0	2.0
Kazakhstan	0.0	0.0	0.0	0.3	0.3	1.2
Kuwait	0.0	0.0	0.0	0.1	0.1	0.6
Kyrgyz Republic	12.5	0.0	0.0	20.0	32.5	0.3
Lebanon	0.0	0.0	0.0	0.0	0.0	1.1
Libya	0.0	0.0	0.0	0.0	0.0	0.6
Malaysia	0.0	0.0	0.0	0.0	0.0	0.7
Maldives	0.0	0.0	250.0	0.0	250.0	0.5
Mali	0.0	7.2	120.0	33.4	160.6	1.2
Mauritania	0.0	0.0	45.0	0.6	45.6	1.0
Morocco	0.0	0.0	78.0	0.7	78.7	4.9
Mozambique	0.0	0.0	0.0	0.1	0.1	0.3
Niger	15.3	0.0	0.0	3.7	19.0	0.6
Nigeria	0.0	115.0	22.0	0.3	137.3	0.9
Oman	0.0	0.0	0.0	0.0	0.0	1.5
Pakistan	0.0	0.0	657.5	0.3	657.8	8.5
Palestine	0.0	0.0	0.0	28.6	28.6	0.2
Qatar	0.0	0.0	0.0	0.0	0.0	0.3
Saudi Arabia	0.0	0.0	0.0	23.0	23.0	3.8
Senegal	99.0	60.0	120.0	12.3	291.4	2.3
Sierra Leone	20.0	0.0	0.0	2.3	22.3	0.3
Somalia	0.0	0.0	0.0	3.6	3.6	0.1
Sudan	0.0	0.0	0.0	0.6	0.6	1.2
Suriname	0.0	0.0	0.0	0.6	0.6	0.1
Syria	0.0	0.0	0.0	2.5	2.5	0.4
Tajikistan	40.5	10.0	20.0	15.0	85.5	0.4
Togo	0.0	0.0	22.0	0.1	22.1	0.4
Tunisia	318.1	0.0	614.0	0.8	932.9	3.2
Turkey	71.4	0.0	513.5	9.2	594.1	8.3
Turkmenistan	0.0	0.0	0.0	0.0	0.0	0.8
U.A.E.	0.0	0.0	8.0	6.1	14.1	0.7
Uganda	19.2	0.0	0.0	30.0	49.2	0.5
Uzbekistan	93.0	41.5	32.0	0.7	167.2	1.3
Yemen	0.0	0.0	0.0	0.0	0.0	0.8
Non-Member Countries	0.0	0.0	0.0	25.8	25.8	0.6
Regional Projects	0.0	54.0	0.0	4.3	58.3	3.1
Special Programs	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Approvals</b>	<b>1,075.0</b>	<b>483.2</b>	<b>5,190.9</b>	<b>273.3</b>	<b>7,022.3</b>	<b>100</b>

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RABI-II 1440).

<sup>2</sup> Comprised of APIF, EFS, IBP, ICD Funds, ISFD, ITFO, Special Assistance, Trust Funds and WAQF.

Source: IsDB Economic Research and Statistics Division, ERIL

# ANNEX 8

## CUMULATIVE ISDB GROUP OPERATIONS BY MAJOR MODE OF FINANCING (1395H-2018G)<sup>1</sup>

Country	Project Financing			Technical Assistance Operations			Trade Financing			Special Assistance Operations			Grand Total <sup>2</sup>		
	No.	ID m.	\$ m.	No.	ID m.	\$ m.	No.	ID m.	\$ m.	No.	ID m.	\$ m.	No.	ID m.	\$ m.
Afghanistan	6	86.4	125.1	12	1.5	2.3	0	0.0	0.0	21	11.4	15.8	39	99.4	143.1
Albania	29	389.1	593.5	6	1.3	1.9	2	4.9	7.2	3	1.0	1.4	40	396.3	603.9
Algeria	30	312.4	501.1	11	1.4	1.8	347	1,932.5	2,493.0	7	4.5	5.6	395	2,250.8	3,001.6
Azerbaijan	33	656.3	999.4	15	2.5	3.7	16	85.7	129.4	4	1.5	2.0	68	746.0	1,134.5
Bahrain	46	970.0	1,517.0	13	1.8	2.7	24	249.7	365.4	0	0.0	0.0	83	1,221.5	1,885.1
Bangladesh	100	1,384.3	2,019.4	25	33.4	46.7	273	12,415.4	18,306.8	12	28.8	35.7	410	13,861.9	20,408.6
Benin	57	493.0	710.8	21	3.0	4.5	8	77.0	108.2	1	1.3	1.4	87	574.3	824.9
Brunei	3	8.0	9.9	1	0.0	0.0	0	0.0	0.0	0	0.0	0.0	4	8.0	9.9
Burkina Faso	99	724.9	1,046.1	32	4.5	6.5	27	1,050.2	1,477.5	9	8.3	8.8	167	1,787.8	2,538.9
Cameroon	69	763.9	1,102.7	15	1.4	2.2	11	393.1	553.6	3	1.3	1.7	98	1,159.7	1,660.2
Chad	62	507.0	759.9	33	3.7	5.2	4	30.2	42.3	10	9.9	10.8	109	550.8	818.2
Comoros	7	11.7	14.5	19	9.3	13.4	14	131.6	181.1	3	0.9	1.1	43	153.4	210.1
Côte d'Ivoire	48	994.1	1,440.1	9	1.0	1.4	8	307.6	411.1	5	1.0	1.2	70	1,303.6	1,853.8
Djibouti	40	180.5	263.4	21	2.7	3.9	24	456.0	641.0	10	1.7	2.3	95	640.9	910.5
Egypt	77	1,691.4	2,537.3	28	4.4	6.6	222	6,815.7	9,804.1	6	1.3	1.7	333	8,512.8	12,349.7
Gabon	20	316.7	464.1	3	0.3	0.4	1	18.8	25.2	0	0.0	0.0	24	335.7	489.7
Gambia	54	222.2	329.3	28	3.0	4.5	46	353.9	517.1	4	1.7	1.8	132	580.8	852.7
Guinea	100	679.9	947.6	34	12.8	18.4	6	38.4	48.8	6	6.1	7.8	146	737.2	1,022.6
Guinea-Bissau	4	4.2	5.5	12	1.8	2.6	3	13.1	17.0	3	1.1	1.3	22	20.2	26.3
Guyana	1	14.3	20.0	5	0.5	0.7	0	0.0	0.0	5	0.8	1.2	11	15.5	21.8
Indonesia	109	2,139.3	3,180.3	22	3.0	4.4	150	1,318.1	1,900.9	4	2.9	4.4	285	3,463.3	5,090.1
Iran	81	2,180.7	3,286.7	19	1.8	2.6	322	2,050.2	2,927.4	7	10.0	13.3	429	4,242.7	6,230.0
Iraq	3	24.0	26.2	8	0.6	0.9	59	319.3	369.1	15	4.4	6.0	85	348.3	402.2
Jordan	62	727.5	1,020.3	25	3.1	4.4	339	1,309.0	1,780.8	1	0.2	0.3	427	2,039.9	2,805.8
Kazakhstan	43	517.3	755.0	16	1.7	2.5	21	567.4	849.0	5	1.3	1.9	85	1,087.8	1,608.3
Kuwait	10	36.8	53.6	24	2.0	2.8	23	554.3	814.0	4	6.5	7.5	61	599.5	877.9
Kyrgyz Republic	36	222.3	324.5	22	3.9	5.8	3	15.3	22.0	7	1.7	2.4	68	243.2	354.7
Lebanon	61	871.3	1,293.0	6	0.7	1.1	8	147.6	205.1	21	7.0	9.8	96	1,025.6	1,509.0
Libya	18	276.1	382.5	12	3.1	4.4	15	320.1	419.9	5	3.6	5.8	50	602.9	812.7
Malaysia	56	418.5	608.0	12	1.0	1.5	84	257.9	356.4	5	8.8	11.5	157	686.3	977.4
Maldives	29	105.9	155.4	9	1.1	1.6	15	369.8	536.0	3	0.6	0.8	56	477.4	693.9
Mali	102	785.9	1,118.8	26	5.6	7.9	18	363.5	518.8	12	14.9	16.5	158	1,170.0	1,662.0
Mauritania	91	557.6	830.4	41	6.2	8.7	22	404.3	587.2	7	9.7	11.1	161	977.9	1,437.5
Morocco	68	1,748.5	2,621.1	37	5.1	7.2	125	2,872.6	4,110.9	4	1.2	1.5	234	4,627.3	6,740.6
Mozambique	21	247.7	355.5	15	2.1	3.3	4	44.7	65.0	5	1.8	2.2	45	296.3	426.0
Niger	79	446.7	639.5	45	7.9	11.4	24	143.3	189.8	18	10.2	12.2	166	608.2	852.9
Nigeria	20	339.9	513.4	10	1.5	2.3	27	470.4	695.7	29	5.6	7.5	86	817.4	1,218.8
Oman	44	1,498.0	2,095.6	8	1.2	1.9	2	3.7	5.0	2	0.4	0.5	56	1,503.3	2,103.0
Pakistan	79	1,618.7	2,474.8	22	21.2	29.7	279	6,724.5	9,309.8	11	8.5	11.7	391	8,372.9	11,826.0
Palestine	20	55.2	78.1	52	80.3	114.6	2	3.3	5.0	43	41.4	53.5	117	180.2	251.3
Qatar	16	215.8	330.4	1	0.1	0.1	6	33.8	54.1	0	0.0	0.0	23	249.7	384.7
Saudi Arabia	86	1,170.0	1,746.6	40	4.4	6.2	303	2,384.1	3,542.7	4	0.3	0.4	433	3,558.7	5,295.9
Senegal	118	1,669.6	2,411.9	35	5.3	7.6	50	573.8	800.4	7	12.9	14.2	210	2,261.5	3,234.2
Sierra Leone	44	259.8	378.1	24	8.1	11.6	3	14.9	21.0	4	2.8	3.6	75	285.5	414.3
Somalia	7	13.3	18.7	20	27.5	41.3	4	35.9	46.2	52	12.2	17.1	83	88.8	123.4
Sudan	104	766.2	1,151.5	35	26.8	38.0	38	328.3	462.6	21	19.5	23.7	198	1,140.9	1,675.8
Suriname	15	88.1	127.8	12	1.1	1.5	4	53.8	77.0	2	0.1	0.2	33	143.1	206.5
Syria	31	334.2	457.1	15	10.5	15.4	25	113.6	136.3	10	1.0	1.5	81	459.3	610.2
Tajikistan	42	273.6	393.4	21	3.8	5.5	13	93.6	137.0	9	1.1	1.5	85	372.0	537.5
Togo	31	244.1	345.6	6	1.3	1.8	9	144.9	206.5	2	1.4	1.7	48	391.6	555.5
Tunisia	69	1,384.7	2,064.0	17	4.7	7.0	165	1,652.9	2,293.5	4	3.3	4.2	255	3,045.6	4,368.7
Turkey	120	2,850.8	4,174.1	23	1.5	2.2	375	5,279.8	7,343.9	6	17.3	20.7	524	8,149.3	11,540.9
Turkmenistan	12	752.8	1,098.4	4	0.8	1.0	0	0.0	0.0	1	0.2	0.3	17	753.8	1,099.7
U.A.E.	28	341.0	487.5	13	3.3	5.0	33	378.9	531.9	0	0.0	0.0	74	723.2	1,024.5
Uganda	42	462.9	680.9	22	2.7	3.9	7	42.1	56.2	9	3.4	4.5	80	511.0	745.4
Uzbekistan	61	940.8	1,417.8	9	1.1	1.8	30	265.4	385.1	8	1.4	1.9	108	1,208.7	1,806.5
Yemen	73	386.4	562.7	30	26.4	36.9	44	379.0	451.2	10	8.4	10.6	157	800.3	1,061.4
Non-Member Countries	30	164.0	238.2	11	9.4	14.0	18	152.7	233.9	1,057	225.2	307.8	1,116	551.3	793.9
Regional Projects	32	996.8	1,394.5	1,031	1,519.1	2,269.8	9	363.4	510.9	70	45.3	62.9	1,142	2,924.6	4,238.0
Special Programs	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
<b>Net Approvals</b>	<b>2,878</b>	<b>38,542.9</b>	<b>56,698.7</b>	<b>2,143</b>	<b>1,901.0</b>	<b>2,818.9</b>	<b>3,714</b>	<b>54,923.9</b>	<b>78,087.0</b>	<b>1,596</b>	<b>578.9</b>	<b>758.7</b>	<b>10,331</b>	<b>95,946.7</b>	<b>138,363.3</b>
<b>Gross Approvals</b>	<b>3,502</b>	<b>46,216.8</b>	<b>67,776.3</b>	<b>2,369</b>	<b>2,304.0</b>	<b>3,411.3</b>	<b>3,987</b>	<b>57,203.8</b>	<b>81,405.7</b>	<b>1,649</b>	<b>587.8</b>	<b>771.1</b>	<b>11,507</b>	<b>106,312.4</b>	<b>153,364.3</b>

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RAB-II 1440).

<sup>2</sup> Figures are net of cancellation (unless otherwise specified) and include APIF, EFS, IBP, ICD Funds, ISFD, ITFO, Special Assistance, Trust Funds and WAQF.  
Source: ISDB Economic Research and Statistics Division, ERIL

# ANNEX 9A

## SECTORAL DISTRIBUTION OF CUMULATIVE ISDB-OCR NET APPROVALS BY COUNTRY 2018G<sup>1</sup> (\$ MILLION)

Country	Agriculture	Education	Energy	Health	Industry & Mining	Information & Communications	Transportation	Water, Sanitation & Urban Services	Others <sup>2</sup>	Total
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Albania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Algeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bahrain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bangladesh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Benin	0.0	0.0	0.0	0.0	0.0	0.0	117.5	0.0	0.0	117.5
Brunei	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cameroon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.4	0.0	43.4
Comoros	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Côte d'Ivoire	0.0	120.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.8
Djibouti	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Egypt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gabon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gambia	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0
Guinea	15.2	0.0	0.0	0.0	0.0	0.0	0.0	54.0	0.0	69.2
Guinea-Bissau	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guyana	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Iran	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Iraq	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jordan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kyrgyz Republic	0.0	0.0	12.5	0.0	0.0	0.0	0.0	0.0	0.0	12.5
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Libya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Malaysia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maldives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mali	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mauritania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mozambique	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Niger	15.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.3
Nigeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oman	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pakistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Palestine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Qatar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saudi Arabia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senegal	79.8	0.0	0.0	0.0	0.0	0.0	19.2	0.0	0.0	99.0
Sierra Leone	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Somalia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sudan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Suriname	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Syria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tajikistan	0.0	0.0	17.5	23.0	0.0	0.0	0.0	0.0	0.0	40.5
Togo	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tunisia	0.0	0.0	283.5	34.5	0.0	0.0	0.0	0.0	0.0	318.1
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	71.4	0.0	0.0	71.4
Turkmenistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
U.A.E.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Uganda	0.0	19.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2
Uzbekistan	0.0	0.0	0.0	93.0	0.0	0.0	0.0	0.0	0.0	93.0
Yemen	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ISDB-57</b>	<b>145.3</b>	<b>140.0</b>	<b>333.5</b>	<b>150.5</b>	<b>0.0</b>	<b>0.0</b>	<b>208.2</b>	<b>97.4</b>	<b>0.0</b>	<b>1,075.0</b>

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RABI-II 1440).

<sup>2</sup> Others include Finance, Public Administration, Real Estate and Trade related activities  
Source: ISDB Economic Research and Statistics Division, ERIL

# ANNEX 9B

## SECTORAL DISTRIBUTION OF CUMULATIVE IsDB-OCR NET APPROVALS BY COUNTRY (1395H-2018G)<sup>1</sup> (\$ MILLION)

Country	Agriculture	Education	Energy	Health	Industry & Mining	Information & Communications	Transportation	Water, Sanitation & Urban Services	Others <sup>2</sup>	Total
Afghanistan	10.5	0.0	0.0	0.0	0.0	0.0	114.6	0.0	0.0	125.1
Albania	38.6	0.0	0.0	16.5	0.0	0.0	480.1	27.5	23.3	585.9
Algeria	50.3	0.0	153.9	0.0	64.2	0.0	33.2	171.5	1.1	474.1
Azerbaijan	112.5	0.0	494.7	19.2	0.0	0.0	45.9	264.9	0.0	937.2
Bahrain	0.0	0.0	545.5	0.0	24.4	0.0	144.7	460.7	293.9	1,469.2
Bangladesh	150.8	88.5	1,024.4	37.8	26.1	107.5	104.8	227.5	11.1	1,778.5
Benin	48.4	63.4	153.4	35.2	0.0	26.2	305.0	22.1	5.1	658.7
Brunei	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.2	6.2
Burkina Faso	269.5	68.5	147.2	26.2	33.0	0.0	390.6	68.3	1.7	1,005.0
Cameroon	312.8	46.4	52.2	134.1	0.0	0.0	478.6	54.5	7.5	1,086.1
Chad	121.9	52.0	60.2	23.9	3.8	0.0	377.8	51.3	6.6	697.6
Comoros	0.8	0.0	0.0	0.0	1.8	0.0	8.2	0.0	0.0	10.9
Côte d'Ivoire	92.4	252.4	0.0	46.6	0.0	0.0	591.8	434.7	0.0	1,418.1
Djibouti	7.3	10.9	18.7	80.4	0.0	16.8	69.7	0.0	0.0	204.0
Egypt	47.7	25.0	1,988.1	44.1	99.6	0.0	23.1	50.9	79.7	2,358.1
Gabon	0.0	19.2	0.0	3.1	0.0	58.6	325.5	57.8	0.0	464.1
Gambia	72.7	28.2	47.6	12.0	28.0	30.1	51.3	10.3	1.5	281.7
Guinea	144.4	36.5	210.4	99.1	3.5	0.0	252.9	106.8	11.1	864.7
Guinea-Bissau	0.4	0.0	0.0	0.0	0.4	0.0	1.8	0.0	0.0	2.6
Guyana	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Indonesia	851.3	1,038.3	374.6	143.5	40.7	11.3	447.1	100.0	85.1	3,091.8
Iran	570.9	55.9	605.7	166.8	369.1	0.0	111.2	1,220.1	22.5	3,122.2
Iraq	0.0	0.0	0.0	20.7	5.5	0.0	0.0	0.0	0.0	26.2
Jordan	5.8	66.1	254.1	214.3	183.5	23.8	205.3	6.8	10.9	970.5
Kazakhstan	293.9	0.5	0.1	11.6	19.0	9.0	199.4	10.7	166.8	711.0
Kuwait	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	3.3
Kyrgyz Republic	16.3	0.0	95.2	5.0	8.0	0.0	107.8	15.0	0.0	247.3
Lebanon	0.0	264.0	30.0	172.9	0.0	12.8	269.1	487.4	0.0	1,236.2
Libya	22.2	0.0	101.9	0.0	121.3	22.0	66.2	0.0	0.0	333.5
Malaysia	11.1	198.4	0.0	82.5	12.7	0.0	176.0	0.0	66.6	547.4
Maldives	0.0	0.0	0.0	17.0	0.0	0.0	58.8	16.9	13.4	106.1
Mali	304.4	28.7	322.5	12.8	38.5	0.0	186.4	114.0	0.5	1,007.9
Mauritania	62.3	36.9	201.9	22.6	99.0	0.0	169.0	127.9	3.2	722.9
Morocco	242.1	4.9	926.4	0.0	40.3	16.0	939.8	430.2	5.6	2,605.3
Mozambique	36.8	25.0	235.1	11.5	0.0	0.0	28.7	0.0	0.0	337.0
Niger	138.9	77.4	146.6	60.3	8.5	9.6	82.2	19.5	8.9	551.9
Nigeria	105.7	72.9	0.0	72.8	0.0	0.0	0.0	145.9	58.1	455.4
Oman	358.3	134.9	252.5	10.5	143.7	0.0	600.6	590.1	5.0	2,095.6
Pakistan	29.5	88.5	997.2	425.9	191.3	0.0	483.3	4.7	97.5	2,317.8
Palestine	0.0	26.4	1.3	15.2	1.3	0.0	5.1	4.9	7.6	61.9
Qatar	0.0	0.0	0.0	49.1	31.3	0.0	0.0	215.8	11.8	308.0
Saudi Arabia	0.0	0.0	245.0	8.3	731.0	0.0	105.0	42.1	79.4	1,210.7
Senegal	314.7	67.2	386.3	78.0	27.0	0.0	884.4	512.4	20.5	2,290.7
Sierra Leone	103.0	11.3	10.6	10.5	9.0	24.9	129.2	13.2	0.0	311.7
Somalia	2.0	0.0	0.4	0.0	0.4	0.0	7.5	3.0	5.3	18.7
Sudan	403.6	67.9	153.5	43.2	83.1	0.0	59.4	112.1	31.7	954.5
Suriname	0.0	41.1	0.0	6.2	0.0	0.0	26.0	35.1	0.0	108.4
Syria	26.7	0.0	285.6	24.8	15.0	0.0	0.0	51.9	8.7	412.7
Tajikistan	50.3	41.6	123.4	40.7	0.0	0.0	91.0	11.8	0.7	359.4
Togo	28.7	39.2	53.0	16.9	0.0	0.0	135.9	42.0	0.0	315.7
Tunisia	183.7	83.2	1,241.2	64.5	180.7	0.0	5.5	222.8	29.5	2,011.2
Turkey	19.7	220.5	995.0	570.8	183.0	0.0	1,136.6	67.1	882.0	4,074.7
Turkmenistan	0.0	5.3	350.0	24.9	0.0	288.1	430.0	0.0	0.0	1,098.4
U.A.E.	0.0	0.0	110.0	20.9	155.3	0.0	60.0	18.3	10.0	374.5
Uganda	127.4	65.3	235.1	27.8	12.2	0.0	128.1	5.6	10.0	611.5
Uzbekistan	332.6	36.4	199.1	286.6	44.5	0.0	348.0	93.3	54.1	1,394.6
Yemen	120.7	54.9	60.3	15.8	0.9	0.0	46.8	53.2	19.3	371.9
<b>IsDB-57</b>	<b>6,243.7</b>	<b>3,543.9</b>	<b>13,909.8</b>	<b>3,333.3</b>	<b>3,040.4</b>	<b>656.8</b>	<b>11,528.9</b>	<b>6,802.8</b>	<b>2,166.8</b>	<b>51,226.5</b>

<sup>1</sup> Cut-off date for data reported in this table was 31 December 2018 (24 RABI-II 1440).

<sup>2</sup> Others include Finance, Public Administration, Real Estate and Trade related activities  
Source: IsDB Economic Research and Statistics Division, ERIL





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# ISDB PILLARS OF ACTIVITY

-  BUILDING PARTNERSHIPS
-  ADDING VALUE
-  FOCUS ON SCIENCE,  
TECHNOLOGY AND INNOVATION
-  PROMOTING GLOBAL  
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