

# THE PRIVATE SECTOR ARM OF THE ISLAMIC DEVELOPMENT BANK GROUP

**Islamic Corporation for the Development of the Private Sector**  
*Member of Islamic Development Bank (IDB) Group*

*18 May 2013*

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# **Islamic Development Bank Group**

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# Islamic Development Bank Group : An overview

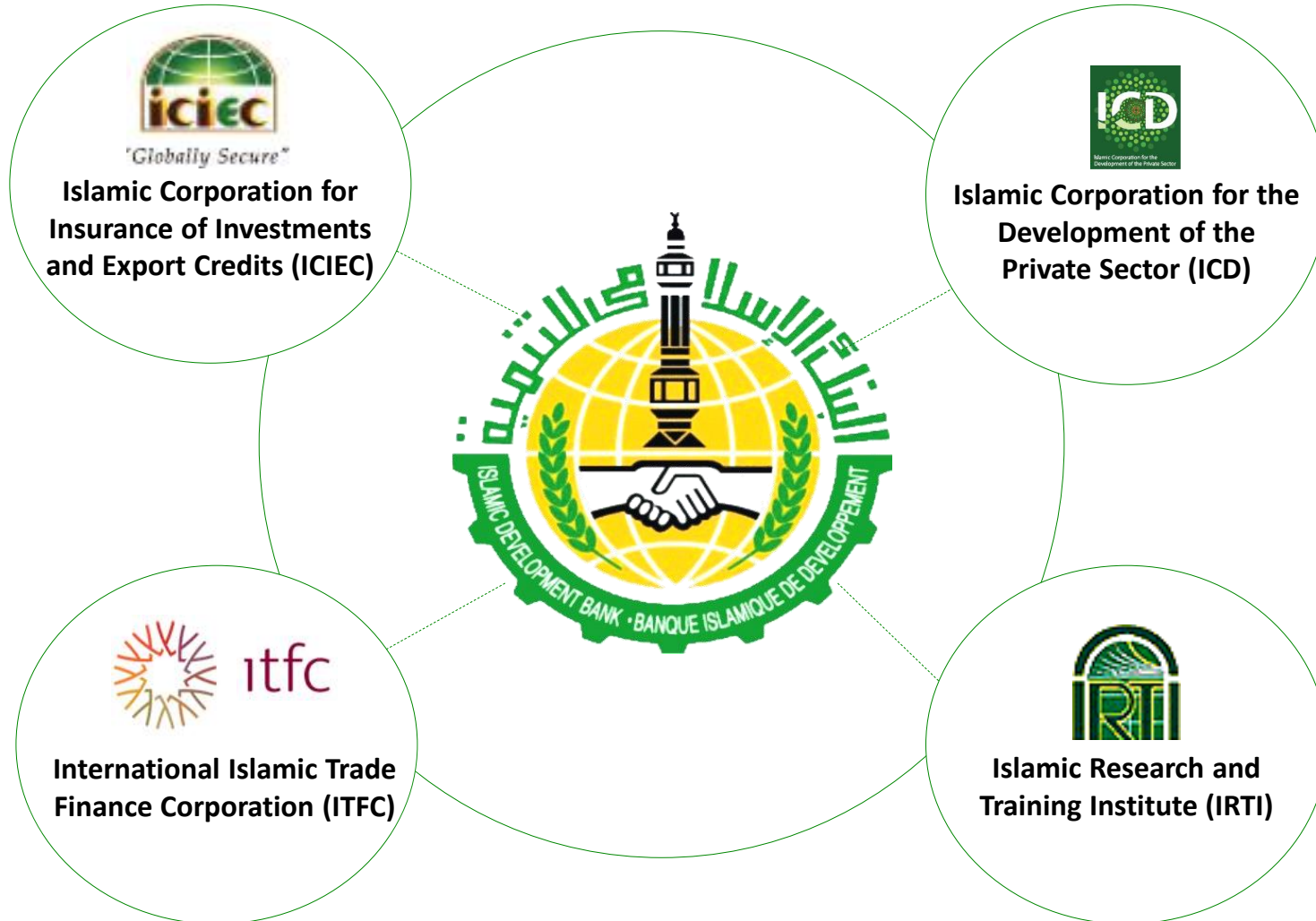
- IDB, headquartered in Jeddah, Saudi Arabia, is a USD 50bn+ bank with 56 member countries mainly located in Asia, Middle East & Africa
- IDB Group Strategic Objectives:
  - Promotion of Islamic financial industry and institutions
  - Poverty alleviation
  - Promotion of trade cooperation among member countries
- IDB Group Priorities:
  - Human Development
  - Agriculture Development and Food Security
  - Infrastructure Development
  - Intra-trade Between Member Countries
  - Private Sector Development
  - Research and Development in Islamic Economics, Banking and Finance

## IDB Group Mission:

The Mission of IDB is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.



# Islamic Development Bank Group : Structure



2.

## Overview

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# Overview: Mission and Vision

- The Islamic Corporation for the Development of the Private Sector (ICD), is the private sector arm of the Islamic Development Bank (IDB), a multilateral development finance institution
- IDB, headquartered in Jeddah, Saudi Arabia, is a USD 50bn+ bank with 56 member countries mainly located in Asia, Middle East and Africa
- ICD was established in 1999 with an authorized capital of USD 2bn and a membership of 52 countries. It is 50% owned by IDB, 20% by public financial institutions and 30% by the member countries
- **The Vision of ICD** is to be a major player in the development of promotion of the private as a vehicle for economic and social growth and prosperity in Islamic countries
- **The Mission of ICD** is to complement the role played by IDB through
  - Providing Islamic financial services and products
  - Promoting competition and entrepreneurship in member countries
  - Advising governments and businesses
  - Encouraging cross border investments



# Overview: ICD Member Countries

MENA	West Africa	CIS & Europe	Central & East Africa	East & South Asia	South America
<ol style="list-style-type: none"> <li>1. Algeria</li> <li>2. Bahrain</li> <li>3. Egypt</li> <li>4. Iran</li> <li>5. Iraq</li> <li>6. Jordan</li> <li>7. Kuwait</li> <li>8. Lebanon</li> <li>9. Libya</li> <li>10. Mauritania</li> <li>11. Morocco</li> <li>12. Palestine</li> <li>13. Qatar</li> <li>14. Saudi Arabia</li> <li>15. Syria</li> <li>16. Tunisia</li> <li>17. U.A.E</li> <li>18. Yemen</li> </ol>	<ol style="list-style-type: none"> <li>1. Benin</li> <li>2. Burkina Faso</li> <li>3. Gambia</li> <li>4. Guinea</li> <li>5. Guinea Bissau</li> <li>6. Ivory Coast</li> <li>7. Mali</li> <li>8. Niger</li> <li>9. Nigeria</li> <li>10. Senegal</li> <li>11. Sierra Leone</li> </ol>	<ol style="list-style-type: none"> <li>1. Albania</li> <li>2. Azerbaijan</li> <li>3. Kazakhstan</li> <li>4. Kyrgyzstan</li> <li>5. Tajikistan</li> <li>6. Turkmenistan</li> <li>7. Uzbekistan</li> <li>8. Turkey</li> </ol>	<ol style="list-style-type: none"> <li>1. Cameroon</li> <li>2. Chad</li> <li>3. Djibouti</li> <li>4. Gabon</li> <li>5. Sudan</li> <li>6. Mozambique</li> <li>7. Uganda</li> <li>8. The Comoros</li> </ol>	<ol style="list-style-type: none"> <li>1. Bangladesh</li> <li>2. Brunei</li> <li>3. Indonesia</li> <li>4. Malaysia</li> <li>5. Maldives</li> <li>6. Pakistan</li> </ol>	<ol style="list-style-type: none"> <li>1. Suriname</li> </ol>





# Overview: ICD Goals & Strategic Objectives

**ICD strategic objective is to promote private sector by: helping create jobs; providing Islamic financing capabilities in all member countries; and providing access to financing.**

## 1440H Vision

- 1 million jobs created
- 1 million low income families with access to finance
- 50 Islamic finance channels created / developed
- Enabling environment in 10 member countries
- 70% of resources from the market

## ICD Goals

- 1 – 2 channels (financial institution investments) per country by 1440
- 3,000 enterprises per channels (SME through to corporations in key sector)
- 10,000 retail users per channel (micro enterprises and lower income families)
- 1 direct investment per country by 1440 (in sectors outside financial services)

3.

## ICD Business Lines






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# ICD: Developing Islamic Banks

ICD extends its own reach by setting up, investing, financing and providing expert advice to other Islamic Banks in its Member Countries.

## Focus of Islamic Banks

- The objective is to develop Islamic Financing Channels by promoting and developing financial institutions. These institutions acts as financial channels for ICD and provide a multiplier effect on the investment dollars
  
- The focus is to develop the market by establishing and investing in the following type of institutions through control and non-control positions:
  - Islamic Banks
  - Ijara Companies
  - Takaful Companies
  - Mortgage Companies

 <p><b>Burj Bank</b> Shariat Main Bankat <i>Formerly Dawood Islamic Bank</i></p> <p>USD 28.21 M <b>Equity</b> <i>Financial Sector</i> <i>Pakistan</i></p> <p>2005, 2006, 2007, 2011</p>	 <p><b>Tamweel Africa Holding</b></p> <p>USD 35.3 M <b>Equity</b> <i>Financial Sector</i> <i>Senegal</i></p> <p>2010</p>	 <p><b>بنك سبأ الإسلامي</b> SABA ISLAMIC BANK</p> <p>USD 13.1 M <b>Equity</b> <i>Financial Sector</i> <i>Yemen</i></p> <p>2006, 2008, 2010</p>
<p><b>Islamic Bank of Niger</b></p> <p>USD 2.2 M <b>Equity</b> <i>Financial Sector</i> <i>Niger</i></p> <p>2008, 09</p>	<p><b>Islamic Bank of Mauritania</b></p> <p>USD 26.3 M <b>Equity</b> <i>Financial Sector</i> <i>Mauritania</i></p> <p>2008, 09</p>	<p><b>Islamic Bank of Guinea</b></p> <p>USD 2.6 M <b>Equity</b> <i>Financial Sector</i> <i>Guinea</i></p> <p>2008, 2009</p>
<p><b>Islamic Bank of Senegal</b></p> <p>USD 3.0 M <b>Equity</b> <i>Financial Sector</i> <i>Senegal</i></p> <p>2008</p>	 <p><b>BYBLOS BANK AFRICA</b></p> <p>USD 3.4 M <b>Equity</b> <i>Financial Sector</i> <i>Sudan</i></p> <p>2003, 2005, 2008</p>	 <p><b>Maldives Islamic Bank</b></p> <p>USD 11.7 M <b>Equity</b> <i>Financial Sector</i> <i>Maldives</i></p> <p>2010</p>

# ICD: Developing Islamic Financial Institutions

ICD extends its own reach by setting up, investing, financing and providing expert advice to other Islamic Financial Institutions in its Member Countries.

## Focus on Islamic Financial Institutions

- ICD also invests in other Islamic Financial Institutions in order to promote the development of Islamic Finance as a viable alternative to conventional finance
- As with banks, investing in these financial institutions will have a multiplier effect and increase the total assets in Islamic products in member countries
- Currently, there is a lack of such Institutions in the Islamic countries and Sharia compliant FIs are needed to finance private sector
- The objective is to go beyond basic banking and develop non-banking FIs (e.g. Ijara, takaful) and continue to provide the market with access to innovative Islamic products



انفال كابتال  
ANFAAL CAPITAL

USD 4.9 M  
Equity Raising  
Sole Placement Agent  
in KSA  
2010

Taiba Leasing

USD 5.0 M  
Equity  
Financial Sector  
Uzbekistan  
2009

Azerbaijan Leasing Co.

USD 6.2 M  
Equity  
Financial Sector  
Azerbaijan  
2009



فرص للاستثمار  
Foras Investment

USD 0.75 M  
Equity  
Financial Sector  
Saudi Arabia  
2008

Arab Leasing & Investment Company

USD 6.0 M  
Equity  
Financial Sector  
Sudan  
2008

Sukuk Exchange Center

USD 10.0 M  
Equity  
Financial Sector  
Bahrain  
2006



INJAZAT CAPITAL

USD 1.1 M  
Equity  
Financial Sector  
UAE  
2005









Asean Retakaful

USD 3.0 M  
Equity  
Financial Sector  
Malaysia  
2005

# ICD: Provision of Lines of Finance

- ICD also provide Lines of Financing to institutions in order to meet common business and social objectives especially the small and medium enterprise (SME) sector

## Lines of Finance

<p><b>Global Line of Financing Bangladesh</b></p> <p>USD 50.0 M <i>Financial Sector</i></p> <p>Bangladesh</p> <p>2011</p>	<p><b>Global Line of Financing Azerbaijan</b></p> <p>USD 40.0 M <i>Financial Sector</i></p> <p>Azerbaijan</p> <p>2010</p>	<p><b>Global Line of Financing Tajikistan</b></p> <p>USD 10.0 M <i>Financial Sector</i></p> <p>Tajikistan</p> <p>2010</p>	<p><b>Global Line of Financing Uzbekistan</b></p> <p>USD 50.0 M <i>Financial Sector</i></p> <p>Uzbekistan</p> <p>2009</p>	<p><b>Global Line of Financing East-Asia</b></p> <p>USD 42.0 M <i>Financial Sector</i></p> <p>East Asia</p> <p>2008</p>
<p><b>PT Mandala Multi Finance</b></p> <p>USD 8.0 M <i>Financial Sector</i></p> <p>Indonesia</p> <p>2008</p>	 <p>بنك سابا الإسلامي SABA ISLAMIC BANK</p> <p>USD 3.5 M <i>Financial Sector</i></p> <p>Yemen</p> <p>2007</p>	 <p>БАНК ИПАК YO'ЛИ</p> <p>USD 2.0 M <i>Financial Sector</i></p> <p>Uzbekistan</p> <p>2006</p>	 <p>UzbekLeasing International AG</p> <p>USD 1.0 M <i>Financial Sector</i></p> <p>Uzbekistan</p> <p>2006</p>	<p><b>Global Line of Financing Kyrgyz</b></p> <p>USD 4.0 M <i>Financial Sector</i></p> <p>Kyrgyz</p> <p>2006</p>
 <p>التقعة الموريتانية للإيجار MAURITANIE LEASING</p> <p>USD 2.0 M <i>Financial Sector</i></p> <p>Mauritania</p> <p>2005</p>	 <p>بنك التجارة و الصناعة BANQUE POUR LE COMMERCE ET L'INDUSTRIE</p> <p>USD 3.0 M <i>Financial Sector</i></p> <p>Mauritania</p> <p>2003</p>	 <p>THE INTERNATIONAL BANK OF AZERBAIJAN</p> <p>USD 4.5 M <i>Financial Sector</i></p> <p>Azerbaijan</p> <p>2003</p>	 <p>Rabitabank</p> <p>USD 800,000 <i>Financial Sector</i></p> <p>Azerbaijan</p> <p>2003</p>	 <p>unibank</p> <p>USD 1.7 M <i>Financial Sector</i></p> <p>Azerbaijan</p> <p>2003</p>

# ICD: Direct Equity Investment

Apart from investments in financial institutions, ICD supports the development of member countries by investing in companies seeking capital expansion.

## Scope of Services

- Selective Greenfield and Operating Companies investments that have a strong equity story with a potential of major development benefits
- Equity investment can be through capital increases or buyouts
- Types of equity investments:
  - Plain Equity
  - Quasi-equity
  - Hybrids (convertible)
- ICD added value through active participation in the companies' boards to support business effectiveness and corporate governance

## Sectors

### Other Sectors



USD 69.0 M  
Equity Raising & Underwriting  
Real Estate  
Saudi Arabia  
2008

**Al-Laali Real Estate Development**

USD 25.0 M  
Equity  
Real Estate  
Mauritania  
2008



USD 60 M  
Equity Raising & Underwriting  
Yemen  
2005

### Healthcare & Pharmaceutical




USD 25.5 M  
Healthcare  
Saudi Arabia  
2010



USD 5.3 M  
Equity  
Healthcare  
Saudi Arabia  
2005, 2008

**Gabas Global Biotechnology Company**

USD 10.0 M  
Equity  
Pharmaceutical  
Saudi Arabia  
2007



USD 10.7 M  
Equity  
Pharmaceutical  
Jordan  
2005

### Industrial & Manufacturing



USD 10.0 M  
Equity  
Cement  
Sudan  
2005, 2010

**AGCM Industries**

USD 6.0 M  
Equity  
Industrial  
Algeria  
2007

**Glass Containers Company (GCC)**

USD 4.8 M  
Equity  
Industrial Sector  
Egypt  
2002



USD 4.02 M  
Equity  
Industrial Manufacturing  
Regional (Jordan)  
2001

### Telecom & Technology



USD 10.0 M  
Equity  
Telecommunication  
Indonesia  
2008



USD 4.8 M  
Equity  
Technology  
Egypt  
2004, 2005



USD 2.5 M  
Equity  
Telecommunication Sector  
Yemen  
2002



USD 12.5 M  
Equity  
Technology  
Regional (UAE)  
2000

# ICD: Provision of Term Financing

ICD extends Term Finance to clients for capital investments aiming at expansion of existing enterprise, establishment of a new enterprise and project implementation.

## Scope of Services

- ICD provides term financing for Greenfield and Brownfield projects in healthcare, infrastructure, ICT and industrial sectors
- ICD can act as an underwriter, lead arranger or participant in such term financing projects
- The average size of such financing is between US\$ 10 -20 million with a tenure of 4-7 years
- Minimum size of US\$ 5m
- At least 51% of the Sponsor/Company's shareholders are from ICD's Member Countries
- Term finance can be provided through:
  - Non-recourse borrowing (project finance)
  - With-recourse borrowing

## Sectors

### Other Sectors

Horizon Fisheries Project  
USD 20.0 M  
Food & Fisheries  
Maldives  
2009

TAB Rig Company  
USD 43.0 M  
Oil & Gas  
Libya  
2008

Royal Atlantic Residence  
USD 13.0 M  
Real Estate  
Gambia  
2007

### Healthcare & Pharmaceutical

AL SEEF HOSPITAL  
USD 6.0 M  
Healthcare  
Kuwait  
2007

arabio  
USD 13.0 M  
Healthcare  
Saudi Arabia  
2006

Middle East Healthcare Company  
USD 10.0 M  
Healthcare  
Saudi Arabia  
2000

### Industrial & Manufacturing

Yemeni Saudi Cement Company (Batais)  
USD 27.5 M  
Industrial & Manufacturing  
Yemen  
2008

PTI  
USD 25.0 M  
Industrial & Manufacturing  
Pakistan  
2005

Queenex Paper Products Company  
USD 26.9 M  
Industrial & Manufacturing  
UAE  
2004

### Telecom

SPACETELSYRIA  
USD 10.0 M  
Telecommunication  
Syria  
2002

SABAFON  
USD 10.0 M  
Telecommunication  
Yemen  
2002

sudatel سواتل  
USD 12.0 M  
Telecommunication  
Sudan  
2001, 2004

# ICD: Provision of Short-Term Financing

ICD provides short-term financing for companies where cash flow from operations is not sufficient to keep up with their growth-related financing needs.

## Scope of Services

- Providing liquidity to corporations with development benefit to its country
- The tenure for short-term loan can be up to 2 years
- This facility can be provided through:
  - Trade finance
  - Working capital
  - Bridge finance

## Sectors

### Healthcare



USD 5.0 M  
Healthcare  
Saudi Arabia  
2007

### Real Estate



USD 5.0 M  
Real Estate  
Saudi Arabia  
2009

### Al-Shiddi Real Estate Company

USD 5.0 M  
Real Estate  
Saudi Arabia  
2009

### Oil & Gas



USD 5.0 M  
Oil & Gas  
Bangladesh  
2009

### PT Dimas Utama (Geothermal Project)

USD 5.8 M  
Oil & Gas  
Indonesia  
2008, 2009

### Canadian Engineering Western Co.

USD 5.0 M  
Oil & Gas  
UAE  
2004

### Industrial & Manufacturing



USD 14.0 M  
Industrial & Manufacturing  
Syria  
2004, 2007, 2008, 2009

### Yemen Steel Manufacturing Company Ltd.

USD 6.0 M  
Industrial & Manufacturing  
Yemen  
2007, 2009



USD 5.0 M  
Industrial & Manufacturing  
Jordan  
2005, 2007



USD 5.0 M  
Industrial & Manufacturing  
Jordan  
2005



# ICD: Advisory Services

ICD has put together a team of highly experienced investment bankers to support Advisory transactions. Making available of its full resources to ensure a successful outcome of any transaction it undertakes.

## Scope of Services

- ICD provides a wide variety of advisory services to governments, public entities and private entities of member countries in order to help create the right environment to facilitate private sector investment and also to assist companies in achieving their potential
- Range of Services for Government
  - Privatization
  - Public Private Partnership (PPP) Project Finance Advisory
  - Government Sukuk Capital Raising
  - Development of Islamic Capital Markets
  - Development of Business Environment for SME
- Range of Services for Private Sector
  - Strategic Advisory / Restructuring Advisory
  - Access to Growth Capital
  - Project Finance Advisory
  - Development of Islamic Financial Institutions




USD 460 M

**Equity Raising**

*Financial Advisor*

2010



USD 100 M

Murabaha Financing Facility

**Joint Lead Arranger**

*Financial Advisor*

2011



USD 590 M

**Structuring & Placement Agent**

*Financial Advisor*

2011



Government of Senegal

USD 200 M

**Sukuk Issuance**

*Financial Advisor*

2010

# ICD: Asset Management

ICD establishes and develops specific Financial Instruments to support the growth of targeted sectors in its member countries.

## Scope of Services

- ICD supplements its own balance sheet by sponsoring / creating private equity funds as well as other special purpose vehicles in order to provide the IDB Group and other investors with access to projects that provide commercial returns as well as meet the developmental needs of member countries
- ICD acts as a fund manager and/or general partner with other fund managers to sponsor and create special purpose vehicles along with third party investors including but not limited to IDB and ICD; other Multilateral Agencies; Sovereign Wealth Funds; Government Funding Vehicles and High Net Worth Individuals
- Types of Funds
  - Medium and Short Term Working Capital Funds
  - Energy Funds
  - Infrastructure Funds (Project Finance and Equity)
  - Food and Agriculture Funds
  - Real Estate Funds (Middle Income and Affordable Housing)
  - SME Funds

## Existing Initiatives

<p><b>UIF</b> (Unit Investment Fund)</p> <p>USD 250 M</p> <p><i>Investments in Member Countries</i></p> <p><i>Regional</i></p> <p>1995</p>	<p><b>Renewable Energy Fund</b></p> <p>USD 250 M</p> <p><i>Energy Sector</i></p> <p><i>Renewable Energy Investments In Member Countries</i></p> <p>2012</p>	<p><b>SME Fund</b></p> <p>USD 250 M</p> <p><i>All Sector</i></p> <p><i>SME Investments In Member Countries</i></p> <p>2012</p>
<p><b>ICD Food &amp; Agriculture Fund</b></p> <p>USD 600 M</p> <p><i>Real Estate Sector</i></p> <p><i>Agri-related Investments In Member Countries</i></p>		

4.

## Case Studies

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# Case Study: Enhancing Development via Arranging / Financing

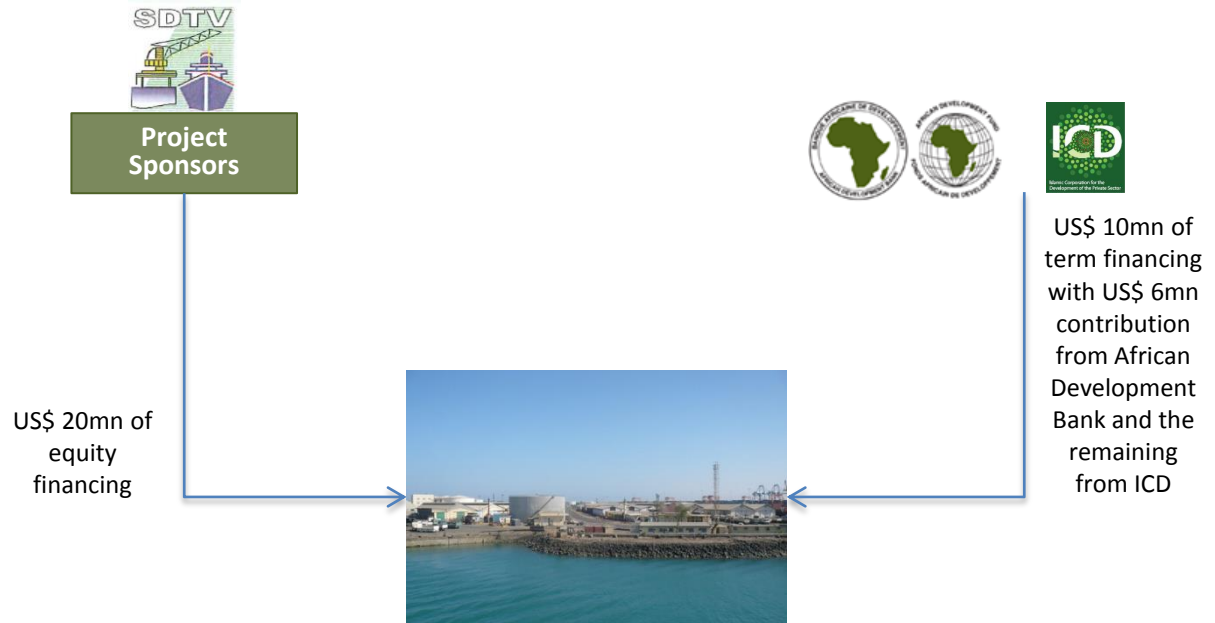
- ICD acted as a lead arranger and financier for the construction of a steel mill plant in Mukalla, Yemen
- The total project cost was a US\$ 172mn out of which the ICD led consortium contributed US\$ 48mn in term financing
- ICD was able to bring in two development funds to participate in the syndication, with all three parties contributing US\$ 16mn each:
  - OPEC Fund for International Development
  - Arab Fund for Economic and Social Development



The result of construction of the steel mill in Mukalla, Yemen resulted in much needed capacity for steel to be used in Yemen and the creation of 700 new jobs

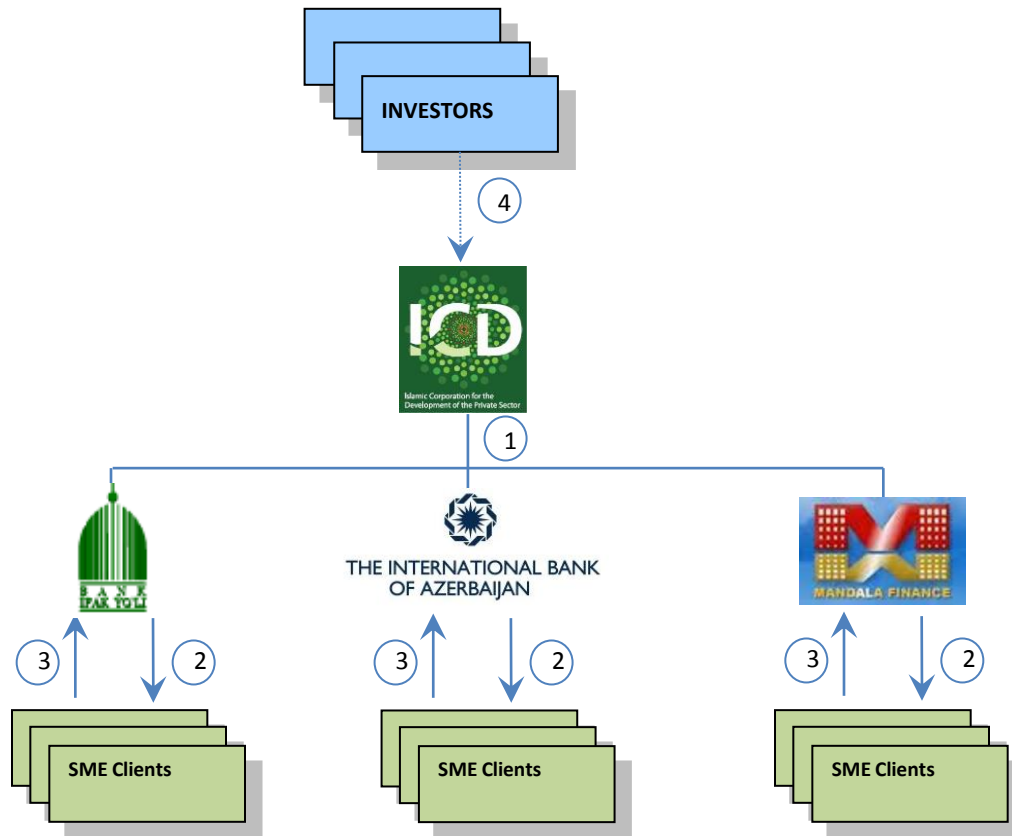
# Case Study: Promoting Infrastructure Development via Financing

- ICD partnered with African Development Bank to fund the construction of a US\$ 30mn bulk terminal port in Djibouti with ICD and ADB providing the necessary term financing for the project
- The terminal was built to handle approximately 1.0 million tons of fertilizer and grain a year and covers a 42,000 square meter in Port Autonome International, and is managed by SDTV out of Djibouti
- The facility is designed store and process (unloading / bagging / loading) of cereals and fertilizers for export to Ethiopia and sub-regional markets



The result of the project was to lower the landed cost of food and agriculture input products in Djibouti and Ethiopia by reducing turn-around time and expediting delivery of goods

# Promoting SME Development via Shariah-compliant Line of Finance



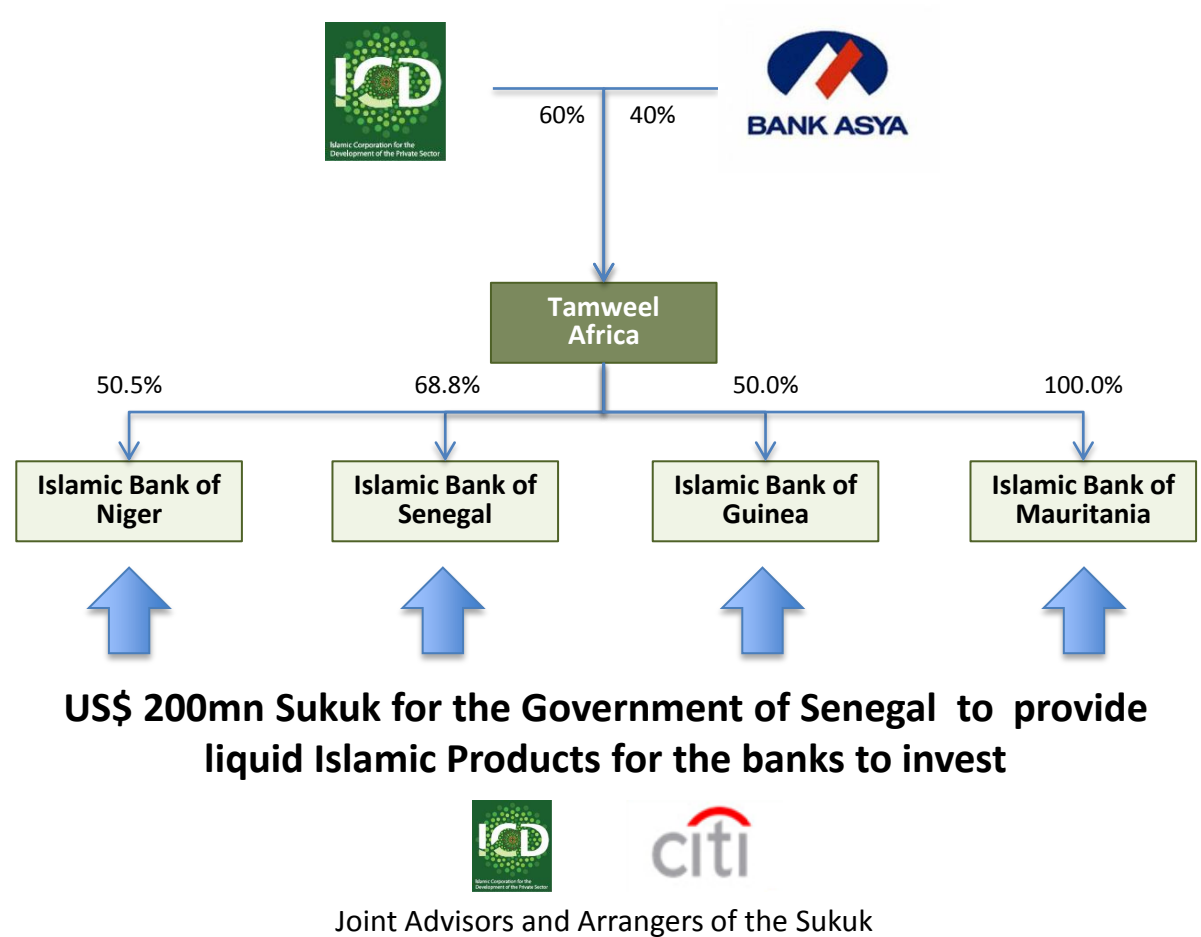
- 1 ICD's disburses line of financing against guarantees from the financial institutions
- 2 Financial institutions disburse medium term financing to SMEs for expansion, working capital, etc.
- 3 SMEs pays their medium term financing and the financial institutions will repay ICD for the line of financing
- 4 Other investors may participate in the line of financing by appointing ICD as the Investment Agent.

The result of this program was that ICD helped:

- Expand SME lending in the CIS and South East Asia regions.
- Provided financing to 54 SMEs in five member countries (Azerbaijan, Kyrgyz Republic, Tajikistan, Uzbekistan and Mauritania) and over 5,000 motorcycles were financed by PT Mandala Multifinance for the use of small family businesses in Indonesia.

# Case Study: Developing Islamic Finance via Investing / Arranging

- In order to develop the Islamic Financing market in Western Africa, ICD embarked on investing in and/ or establishing Islamic banks in the region
- ICD partnered with Bank Asya in Turkey to create a holding company, Tamweel Africa that would not only invest and manage stakes in Islamic Banks but also provide the necessary synergies and scale to grow an Islamic Banking platform
- ICD invested US\$ 33mn for a 60% stake in Tamweel Africa, which further invested in three banks in Niger, Senegal, Mauritania and Guinea
- ICD is also advising the Government of Senegal on a US\$ 200mn Sukuk issue, thus providing the banks with liquid Islamic products for investing



## OUR CONTACTS

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