



Islamic Development Bank Group Day

Partnering for Inclusive Development

Paramaribo, Suriname
13 October 2014



www.idbgbf.org/Suriname-2014

**PRAYER TIMES FOR BRUNEI MUARA DISTRICT AND TEMBURONG
ZULKAEDAH1435 / SEPTEMBER 2014**

DAY	SEPTEMBER	ZULKAEDAH	SUBUH	SYURUK	ZOHOR	ASAR	MAGHRIB	ISYAK
MONDAY	15	20	4.55	6.11	12.18	3.20	6.21	7.30
TUESDAY	16	21	4.54	6.11	12.17	3.20	6.20	7.29
WEDNESDAY	17	22	4.54	6.10	12.17	3.21	6.20	7.29
THURSDAY	18	23	4.54	6.10	12.17	3.21	6.19	7.28
FRIDAY	19	24	4.54	6.10	12.16	3.21	6.19	7.28

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INTRODUCTION

The Islamic Development Bank Group (IDB Group) is a South- South multilateral development finance institution established in pursuance of the Declaration of Intent issued by the Conference of Finance Ministers of Muslim Countries held in Jeddah in Dhul Q'adah 1393H, corresponding to December 1973. The Inaugural Meeting of the Board of Governors took place in Rajab 1395H, corresponding to July 1975, and the Bank was formally opened on 15 Shawwal 1395H corresponding to 20 October 1975. The purpose of the Bank is to foster the economic development and social progress of member countries and Muslim communities individually and collectively in accordance with the principles of Shari'ah (Islamic Law).



Activities of the Group

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

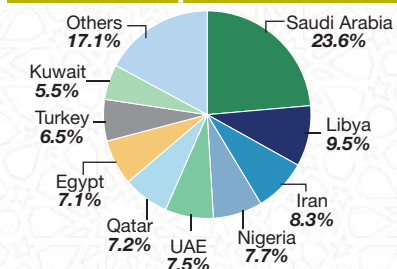
- Project financing in the public and private sectors;
- Development assistance for poverty alleviation;
- Technical assistance for capacity-building;
- Economic and trade cooperation among member countries;
- Trade financing; SME financing;
- Resource mobilization;
- Direct equity investment in Islamic financial institutions;
- Insurance and reinsurance coverage for investment and export credit;
- Research and training programs in Islamic economics and banking;
- Awqaf investment and financing;
- Special assistance and scholarships for member countries and Muslim communities in non-member countries;
- Emergency relief; and
- Advisory services for public and private entities in member countries.

Key Financial Indicators

As of Financial Year-End Nov. 2013 (US\$ billion)

Total Assets	20.6
Authorized Capital	150.0
Paid-up Capital	7.4
Ratings	Aaa/AAA/AAA

Ownership



IDB Priority Areas

- Human Development
- Agricultural and Rural Development and Food Security
- Infrastructure Development
- Private Sector Development
- Intra-Trade Among Member Countries
- Research and Development in Islamic Banking and Finance

IDB Group Entities



The Islamic Research And Training Institute (IRTI)



The Islamic Corporation For The Insurance Of Investment And Export Credit (ICIEC)



Islamic Corporation for the Development of the Private Sector (ICD)



International Islamic Trade Finance Corporation (ITFC)



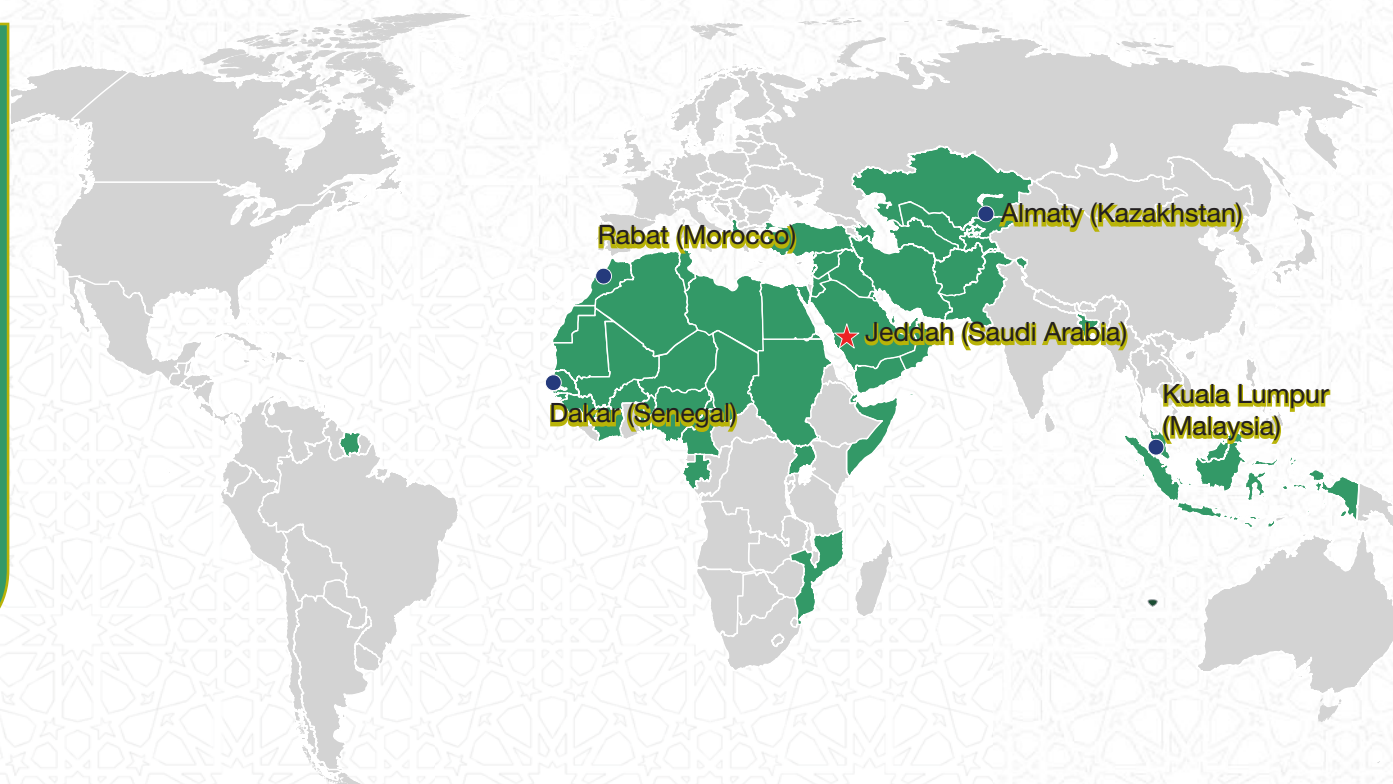
Islamic Solidarity Fund for Development

IDB: 56 MEMBER COUNTRIES GLOBALLY

Offices of IDB Group

The IDB Group is located in Jeddah, Kingdom of Saudi Arabia. It has four regional offices in Morocco, Malaysia, Kazakhstan and Senegal.

The Bank has 15 field representatives in selected member countries. In addition, both ICIEC and ICD have representative offices in Dubai, the United Arab Emirates. The Bank is in the process of opening Country Gateway offices in member countries to increase its field presence.



Membership

The membership of IDB stands at 56 countries from four continents: Africa, Asia, Europe, and South America. To become a member of IDB, a country must fulfill certain conditions. First, the country must become a member of the Organization of Islamic Cooperation (OIC); second, it should pay the first installment of its minimum subscription to the Capital Stock of IDB; and third, accept such terms and conditions that may be decided by IDB Board of Governors.

★ Principal Office ● Regional Offices

CONSISTENTLY 'AAA' RATED

IDB's 'AAA' is predominantly derived from its standalone credit profile in contrast to other multilateral development banks' ("MDB") reliance on 'AAA' rated callable capital



eligible for inclusion in the liquidity buffer of banks under the FCA supervision (BIPRU 12.7.2)



BANK OF ENGLAND

Eligible as Level B collateral for the Bank's operations



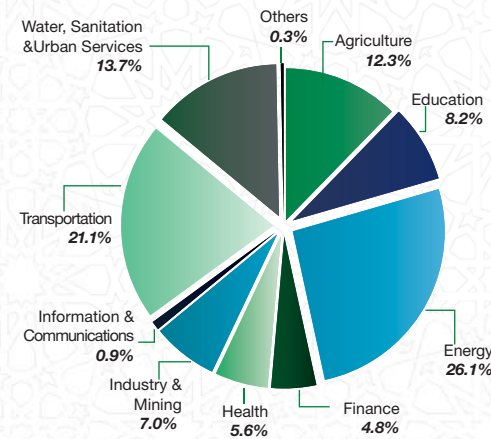
Zero Risk Weighted

"Low leverage...", "Very strong capitalization..."
 "Established track record in terms of asset quality..."
 "Preferred Creditor status..."
 "Strong commitment from shareholders..."
 "Strong liquidity..."

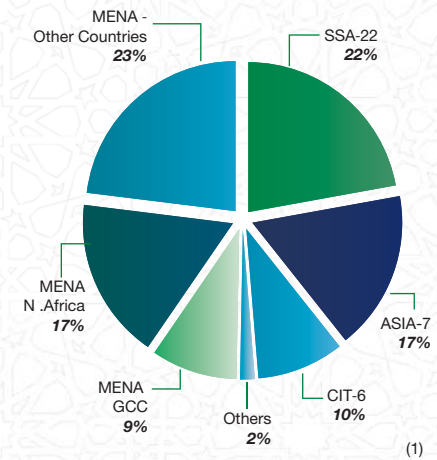
IDB'S PORTFOLIO DEMOGRAPHICS

- IDB conducts business across Asia, Africa and the Middle East through its 56 member countries
- Given this, IDB has one of the broadest operational scopes among major MDBs
- Exposure limits by country help achieve asset diversification and minimise excessive concentration of risk within member countries
- Similarly, IDB's asset portfolio is well diversified by sectors with no sector accounting for more than 25% of financing

SECTORAL Distribution



GEOGRAPHIC Distribution



Source: IDB's Economic Research and Policy Department;
 (1) Countries in transition 7 ("CIT-6"): Azerbaijan, Kazakhstan, Kyrgyz Rep., Tajikistan, Turkmenistan, Uzbekistan

The Islamic Research and Training Institute (IRTI)

IN BRIEF

IRTI - The Islamic Research and Training Institute is an entity of the Islamic Development Bank Group responsible for leading the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry that supports socio-economic development in Member countries.



Capacity Building

IRTI pursues tasks of capacity building and human capital development in order to prepare skilled human resources in IDB member countries that can adopt and implement the economic and financial principles from an Islamic perspective.

Research

IRTI conducts and co-ordinates basic and applied research to develop models and methods for the application of Shari'ah in economics, finance and banking with main areas in inclusive Islamic financial services and sustainable and comprehensive human development, promoting awareness of the role of Islamic finance in building financial stability and in alleviating poverty.

Policy Dialogue

IRTI conducts and facilitates policy dialogue with member countries to use efficient monetary policies and in building successful partnerships and alliances with key stakeholders for the Islamic financial services industry in partnership with local, regional and international institutions engaged in IFSI.

Training

IRTI organizes conferences, seminars and training workshops on main topics of Islamic Banking & Finance, Private Sector Development, Human Resources Development and Macroeconomic Management.

Advisory and Consulting

IRTI offers consulting services to assist the IDB Group and others interested to help them resolve practical Shari'ah related issues and develop Shari'ah compliant financial products.

Prizes

IDB Prize in Islamic economics banking and finance to recognize, reward and encourage creative efforts of outstanding merit in these fields.

Journal

IRTI publishes a refereed journal on Islamic Economic Studies that maintains high academic standards outlining the research activities in Islamic economics, banking and finance.

IRTI Publications

IRTI has produced a whole range of literature on Islamic economics, banking and finance and developed a number of databases in these fields.

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

IN BRIEF



ICIEC was established in 1994 as an autonomous international multilateral export credit insurance agency affiliated to the Islamic Development Bank (IDB). The purpose of the Corporation is to expand commercial transactions and encourage investment flows among its Member Countries. ICIEC fulfils these objectives by providing Shariah compliant export credit insurance and re-insurance services to cover the nonpayment of export receivables resulting from commercial (buyer) or non-commercial (country) risks. It also provides investment insurance against country risks, mainly the risks of exchange transfer restrictions, expropriation, war and civil disturbance and breach of contract by the host government.

Membership in ICIEC is open to the Islamic Development Bank and countries that are members of the Organization of the Islamic Conference (OIC). At the end of 1430H, there were 39 shareholders of ICIEC, comprising IDB and 40 countries, including 17 Arab countries, 14 African countries, 9 Asian and other countries.



The authorized share capital of ICIEC is ID 150 million (USD 237 million), made up of 150,000 shares of ID 1,000 each. IDB has subscribed to 100,000 shares of the authorized capital through the Waqf Fund, while the remaining 50,000 shares are left for subscription by the Member Countries of the Organization of the Islamic Conference (OIC)

ICIEC MANDATE

Export Credit Insurance
To encourage exports from Member Countries to the rest of the World



Investment Insurance
To encourage the flow of capital and investments from the world to Member Countries



UNDERWRITING APPROACH

Strong In-house Underwriting
Develop a local operational risk management expertise in Trade Finance, Project Finance and Political Risk Insurance

Efficiency Capacity Utilization
More Appetite to ST insurance
Target markets that achieve more diversification to business portfolio

ICIEC's Multilateral Edge
Leverage ICIEC's strong relations with MCs (governments & central banks) to mitigate transactions risks



Unique Field Expertise
Staying close the domicile of risk
Maximize local knowledge
Redefine common risk misperceptions in the insurance market

Strategic Industrial Alliances and Partnerships
With Reinsures, Brokers, Financers, ECAs to exchange knowledge & Cede risk

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

IN BRIEF



The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IDB). Its authorized capital stands at \$2.0 billion, of which \$1.0 billion is available for subscription. Its shareholders consist of the IDB, 52 member countries and five public financial institutions. Headquartered in Jeddah, ICD was established by the IDB Board of Governors during its 24th annual meeting held in Jeddah in Rajab 1420H (November 1999).

The mandate of ICD is to support the economic development of its member countries by providing financial assistance for private sector projects in accordance with the principles of Shariah law and it aims at creating employment opportunities and enhancing their export potential. Since inception, the industrial sector had the second largest approvals. Furthermore, ICD has the mandate of mobilizing additional resources for projects and encouraging the development of Islamic finance. It also attracts co-financiers for its projects and provides advice to governments and private sector groups on policies aimed at encouraging the establishment, expansion and modernization of private enterprises, development of capital markets, best management practices and enhancing the role of the market economy. ICD operates to complement the activities of IDB in member countries, and also with respect to their national financial institutions.

Mission

To complement the role played by the IDB through the development and promotion of the private sector as a vehicle for boosting economic growth and prosperity.

Vision

To become a premier Islamic multilateral financial institution for the development of the private sector.

Three Global Business Products

ICD is uniquely positioned in a sense that it offers three sets of Shariah-compliant business products and services to its private sector clients in member countries. These global business products are mutually reinforcing and interrelated:



Financing & Investment Products

- ↳ Musharakah (joint venture)
- ↳ Mudarabah (profit sharing)
- ↳ Murabahah (cost plus mark-up)
- ↳ Wakalah (agency)
- ↳ Bai Salam
- ↳ Istisna
- ↳ Ijarah
- ↳ Bai' muajjal (credit sale)

Advisory Services

- ↳ Sukuk Advisory
- ↳ Infrastructure Advisory
- ↳ Islamic Finance Advisory
- ↳ Special Economic Zones (SEZs) Advisory

Asset Management

- ↳ Private Equity Funds
- ↳ SMEs Fund

The International Islamic Trade Finance Corporation (ITFC)

IN BRIEF

The International Islamic Trade Finance Corporation

(ITFC) was established in 2005 and commenced business operations in 2008 with an Authorized Capital of \$3 billion, as an autonomous and dedicated trade finance entity of the Islamic Development Bank (IDB) Group.

Mission:

We exist to be a catalyst for the development of trade among OIC member countries and with the rest of the world.

Vision:

ITFC is to be a recognized provider of trade solutions for OIC member countries' needs.

Financing Mechanisms

- > Direct Financing: Financing is extended directly from ITFC's own resources through a Murabaha Agreement between ITFC and the Beneficiary
- > Line of Financing: ITFC provides lines of financing to local Financial Institutions which act as Intermediary (Lines Agents) between ITFC and the end beneficiaries for the Trade Finance Operations upon signing a Line Master Agreement.
- > Two-Step Murabaha: ITFC provides Two-Step Murabaha Financing to local Financial Institutions or commercial banks to be extended to SMEs.
- > Co-Financing & Syndication: In this mode of financing, ITFC, acting as a Mudarib (lead arranger or co-arranger), invites one or more Financial Institutions to participate in the financing.

Pioneering Islamic Structured Trade Finance (STF) Platform

ITFC is specialized in providing Structured Trade Finance (STF) Facilities for its member countries. STF is an alternative means of ensuring cash flows so as to overcome the difficulty of obtaining conventional repayment guarantee in the form of Government, Central or Commercial Bank, or Corporate guarantee.

STF is thus an innovative commodity-based financing technique, specifically



designed and specially suited for commodity producers, exporters, importers, trading companies and financial institutions doing business in the developing markets. STF can be applied across part or the entire commodity trade value chain: from producers to processors to distributors, in the domestic and international markets.

Trade Cooperation and Promotion Program (TCPP)

ITFC's TCPP arm provides 6 business lines

1} Trade Promotion

- To enhance Intra-trade by supporting trade promotion activities of Trade Support Institutions (TSIs) such as Buyers-Sellers meeting, Business Forums, collective participation of TSIs in the international exhibitions; enabling them to promote and exhibit their export products

2} Trade Facilitation

- To support trade facilitation efforts of MCs and regional organizations with a view of strengthening economic integration through removal of trade barriers, harmonization, trade infrastructure etc.

3} Capacity Building

- To enhance member countries' trade support capacities for sustainable national trade development.

4} Development of Strategic Commodities

- To develop member countries' trade capacities and competitiveness in the sectors and products where they have comparative advantages.

5} Trade Mainstreaming

- To improve synergy and to include trade in the agenda of our main partners for better design and delivery of trade related technical assistance

6} Trade Finance Support

- Involves direct collaboration with ITFC trade finance specialists to develop needed counseling and training programs for ITFC's national partners/financial intermediaries

ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD)

IN BRIEF

The decision to establish the **Islamic Solidarity Fund for Development (ISFD)** was reached by the Third Extraordinary Session of the OIC Summit held in Makkah Al-Mukarramah on 05-06 Dhul Qadah, 1426H (07-08 December, 2005). The Summit decided to establish a special fund within the IDB with a view to: (a) reduce poverty, (b) build the productive capacities of member countries, (c) reduce illiteracy, and (d) eradicate diseases and epidemics, particularly Malaria, Tuberculosis (TB) and HIV/AIDS.



While the Fund benefits the poor segments and vulnerable groups in society in all member countries, priority is given to the least developed member countries (LDMCs), especially those in the Sub-Saharan Africa. Hence, as a principle, 80% of the ISFD funding goes to LDMCs while the remaining 20% goes to poverty pockets in

non-LDMCs, with concessional terms & conditions ranging from 0.75% to 2.0% for service charges, 7 to 10 years for grace periods, and 20 to 30 years for repayment periods.

Resource Mobilization

The ISFD capital commitment currently stands at US\$ 2.661 billion, with US\$1.661 billion being committed by 42 member countries and US\$ 1.00 billion by IDB. In terms of paid-up capital, the cumulative total currently stands at US\$ 1.639 billion, with a total of 31 member countries having paid/paying their contributions (24 countries have fully paid and 5 partially paid). In 1432H, a total amount of US\$ 101.667 million was paid-in to the ISFD accounts, of which USD 1.667 million was from payments by member countries and US\$100.00 million from IDB's annual contribution.

On 12 Jumada-I 1433H (04 April 2012), the ISFD Board of Governors expressed "its concern over the wide gap between the initially targeted amount of US\$ 10.0 billion and the announced contributions of US\$ 1.63



billion only" and called upon the member countries "to effect the ISFD/BOG Resolution No. ISFD/BG/3-432 in order to enable ISFD reach its target capital of US\$ 10.0 billion". This resolution urged the member countries "to take all measures to support the efforts of the ISFD in resource mobilization such as allocating suitable Waqf in favour of the ISFD which the ISFD can develop to generate revenues that can enhance its resources. The allocated Waqf shall be considered an addition to the financial contribution of the donating member country to the capital of the ISFD. At least 50% of the income generated from the investments of the Waqf will be used by the ISFD to finance its projects in the concerned member country, and the remaining amount will be used to finance other activities of the Fund." The resolution also directed the ISFD Board of Directors and the ISFD Management "to follow up on the implementation of the above resolution and to report the progress made to the next Annual Meeting of the ISFD Board of Governors."

Partnership and Networking

In order to augment resources and enhance the impact of its poverty reduction interventions, a key pillar of the ISFD strategy is to forge partnerships, especially in the areas of health, education, food security, microfinance, and capacity building for the poor. The following section briefly highlights the key developments in the area of partnerships:

Earth Institute (EI), Columbia University and MDG Centre (MDGC) in Nairobi: A Memorandum of Understanding (MOU) was signed between the Earth Institute and IDB-ISFD on 07 June 2011. The purpose of the MOU is to facilitate collaboration and cooperation between the IDB, the EI & MDGC in their common aim of poverty reduction, sustainable development and achievement of MDGs. In terms of operationalizing the MOU, several activities are being carried out by the ISFD: partnering in the Sustainable Villages Programme (SVPs), collaborating on new initiatives in 1433H and beyond, namely the Drylands Initiative and looking at possibilities of scaling-up the existing Millennium Villages Projects (MVPs).

World Congress of Muslim Philanthropists (WCMP): On 28 April 2012, the ISFD signed a Memorandum of Understanding (MOU) with the WCMP at the Global Donors Forum which was held in Kuala Lumpur, Malaysia. The purpose of this MOU is to facilitate collaboration and cooperation between the ISFD and WCMP in the areas of poverty reduction, food security, sustainable development, and promotion of strategic philanthropy in the Muslim World.

The ISFD and WCMP also announce the establishment of a Trust Fund within the ISFD, valued US\$ 20.0 million and covering four IDB member countries over a period of three years. The major portion of the Trust Fund's seed capital will be mobilized by the WCMP with the ISFD only contributing a small share.

Way Forward

- Intensifying High-level Resource Mobilization Efforts
- Engaging with the private sector under their Corporate Social Responsibility (CSR) initiatives and approaching high net-worth individuals, institutions and philanthropists within and outside our member countries to solicit contributions to the Fund
- Rolling-out a High-visibility Media Campaign
- Developing and consolidating Strategic Partnerships with Regional and International Players
- Building the internal capacity of the Fund.



Professor Rodney Wilson is a recent 2014 IDB Prize laureate in Islamic Banking and Finance. He is Emeritus Professor of Economics at Durham University in the United Kingdom. He also works as a Visiting Professor at Qatar Faculty of Islamic Studies and an Adjunct Professor at International Centre of Education in Islamic Finance (INCEIF), Kuala Lumpur. Professor Wilson was the Director of the Durham University on Islamic Finance Programme between the years of 2000 and 2011, and the Director of Postgraduate Studies at School of Government and International Affairs between the years of 2004 and 2009. He is the writer of so many books and articles on banking, trade, and investment in the Middle East and North Africa and biweekly column in Islamic Finance News. His current advisories cover as a member of the GTZ team, Ministry of Planning, Riyadh; advisor on Shari'ah governance, Islamic Financial Services Board, Kuala Lumpur; consultant to the Central Bank of Qatar on monetary policy and prudential ratios; Project for African Development Bank on status and potential for Islamic finance in North Africa; and work on capital markets in North Africa for African Development Bank. He currently teaches at INCEIF University at the Department of Islamic Economics and Islamic Finance.