

Enabling Enterprise,  
Building Prosperity

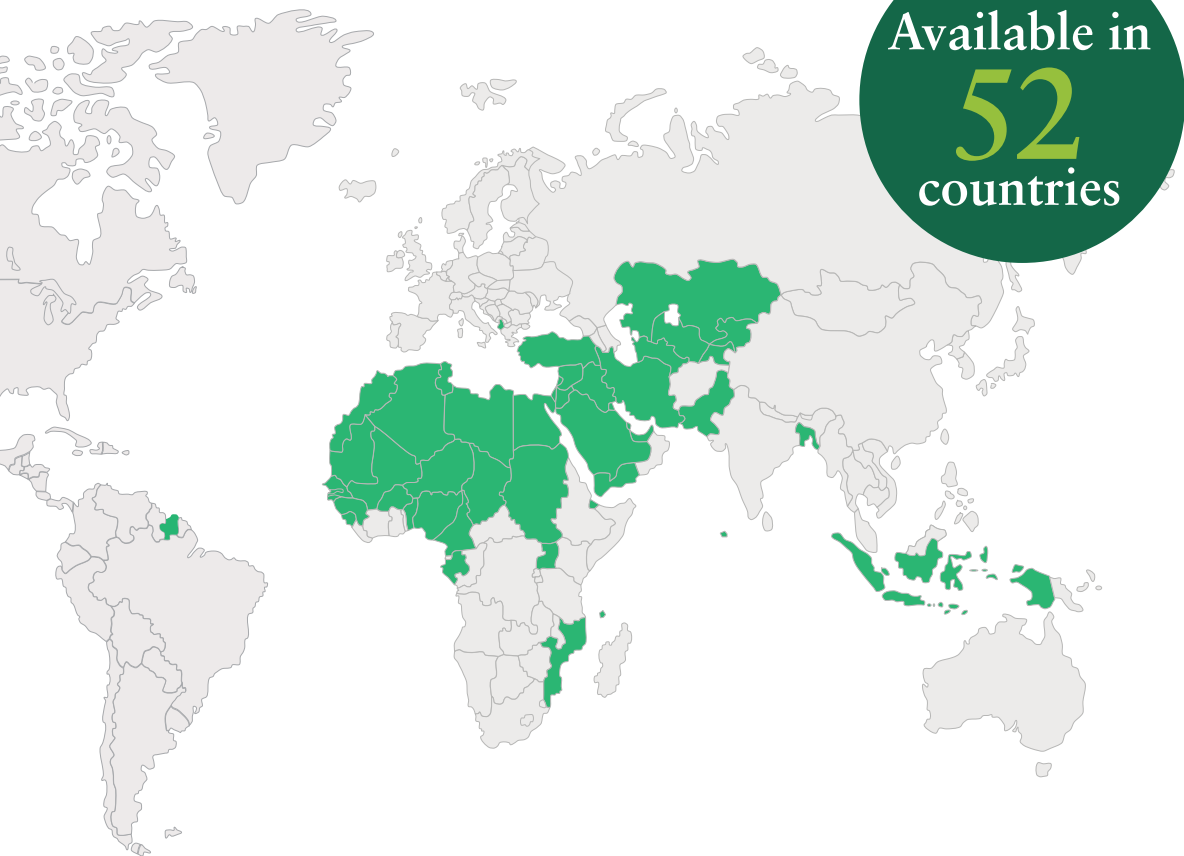
Member of the Islamic  
Development Bank Group

# Overview

The Islamic Corporation for the Development of the Private Sector (“ICD”) is a multilateral development financial institution and is part of the Islamic Development Bank (“IDB”) Group. ICD was established in November 1999 to support the economic development of its member countries through the provision of finance for private sector projects, promoting competition and entrepreneurship, providing advisory services to the governments and encouraging cross border investments.

ICD has an authorized capital of \$2 billion of which \$1.0 billion is available for subscription. Currently, the shareholders of ICD are the IDB (50%), 52 Islamic countries (30%) and five public financial institutions (20%).

ICD encourages the establishment, expansion and modernization of private enterprise through financing private sector enterprises or projects. The projects are selected on the basis of their contribution to economic development considering factors such as employment creation and contribution to exports. ICD also provides advisory services to governments and private sector groups on policies designed to encourage the establishment, expansion and modernization of private enterprises, development of capital markets, best management practices and to enhance the role of the market economy. ICD operates to complement the activities of the IDB in member countries and also that of national financial institutions.







Supports  
the economic  
development  
of its member  
countries

# ICD Mission

To complement the role played by the Islamic Development Bank through:

1. Providing Islamic financial services and products.
2. Promoting competition and entrepreneurship in its member countries.
3. Advising governments and businesses.
4. Encouraging cross-country investments.

# ICD Vision

To be a major player in the development and promotion of the private sector as a vehicle for economic and social growth and prosperity in its member countries.

## ICD Objectives

The overall objectives of ICD are:

- 1.To identify opportunities in the private sector that could function as engines of growth and to provide them with a wide range of financial products and services.
- 2.To encourage the development of Islamic financing and capital markets.



## ICD Activities

ICD started its operations in July 2000 and has financed projects in agriculture, construction, education, finance, fishing, health care & pharmaceutical, oil & gas, real estate, technology, telecoms, trading, transportation, power generation and has made investments in over 30 member countries.

ICD has also extended lines of financing to banks and financial institutions and established Islamic financial institutes in its member countries. Moreover, ICD extended advisory services to private & public sectors and manages investment funds.



# 1

## Long and Short-term Financing

ICD's mandate, to serve the private sector of member countries, is carried out through the provision of a variety of products offered to its clients. ICD finances private sector entities and Greenfield or expansion projects directly through equity participation, the purchase of assignable bonds and term financing. ICD also extends short-term finance to cover working capital and/or raw materials requirements of private sector entities through Murabaha or Purchase and Lease-Back for a tenor of up to 24 months. ICD can also play a role in mobilizing resources for financing a project through co-financing or syndication.

Practically, the Business Development and Partnership Department within ICD is responsible for the origination of bankable transactions for ICD. It

has also the ownership of closing the transactions and managing the global client relationships. To this end, the department leverages on its strong and diversified banking experienced team, its deep knowledge of the main markets and its closeness to the ICD's clients through its field offices. The Department is also responsible for raising debt and equity funds for its clients by leveraging on its global coverage. In this regard, the Department has primary responsibility for managing strategic partners and owning the fund raising process by coordinating internally, with the product teams, and externally with potential financiers.



## 2

# Developing Islamic Financial Institutions and Extending Lines of Finance

ICD strives to nurture and empower identified channel partners, by setting up or aiding existing development banks in driving development and growth in the Islamic world. This vertically leverages two key instruments in order to extend financial aid: Institutional Equities and Lines of Finance.

ICD extends lines of financing to selected banks and financial institutions in its Member Countries as a means to improve the access of Small and Medium size Enterprises (SMEs) to medium term financing and concurrently strengthening the balance sheet positions of the beneficiary banks.

In terms of the procedures to avail a line of finance, ICD has a strict credit assessment process to ascertain whether the applicant bank fits the ICD investment criteria. The process starts with an initial desk assessment which focuses primarily on the financial standing of the bank whilst we also consider Corporate Governance, Ownership (needs to be majority owned by citizens of ICD member countries), Management, Risk Profile, Business Environment, Macro Economy, etc.







# 3

## Advisory Services and Asset Management

ICD provides a wide variety of advisory services to governments, public entities and private entities of member countries with an aim to create the ideal environment to facilitate private sector investment and also to assist companies in achieving their potential. The range of services include issues such as assessing the business environment of member countries, along with the required reform actions, plus advisory services at project level in issues such as project financing, restructuring/rehabilitation of companies, privatizations, Public Private Partnership (PPP), project finance advisory, raising funds through the issue of Sukuk, development of Islamic capital markets and encouraging the development of the business environment for Small and Medium Sized Enterprises (SMEs).

ICD sponsors, manages (as Mudarib) and participates in mutual funds and other special purpose investment vehicles designed to invest in or finance projects in accordance with its mandate. It also structures, arranges and manages syndications, underwrites and manages shares and securities issues, makes private placements and also carries out asset securitization for its clients.



## The ICD investment guidelines

The terms and conditions of financing are determined according to the market conditions and the country and project specific risks.

### 1 Company Eligibility

- The majority voting stock must be held by corporations, leading business community and industry private sector from our member countries;
- Promising private sector projects introduced by experienced entrepreneurs or promoters.
- Policy-makers, public sector enterprises under privatization, privatization agencies;
- Financial institutions; development financing institutions; sovereign wealth funds.

### 2 Project Focus

Priority is given to projects that contribute to the local economy or intra-regional trade, represent cross-border investments and have a strong export potential, which involve substantial jobs creation and transfers of new technologies. Furthermore, consideration is given to the developmental impact of the project on the country or the region, in addition to its financial and technical merits.

### 3 Amount of Finance

The volume of ICD financing for a project is in the range of \$ 5 to 15 million with a minimum financing amount of \$ 2 million. The maximum amount of ICD financing (from its own resources) for a specific project is 50% of the total project investment cost, if the project is an expansion of an existing company or project and 40% of the project investment cost if it is a new or greenfield project. All financing is in US Dollars.

### 4 Tenor

Repayment periods are in the range of 5 to 8 years, although in exceptional cases, tenor can be up to 12 years. These tenors are inclusive of grace periods ranging from 1 to 2 years. Short term corporate finance is also provided for tenors of 1 to 2 years.

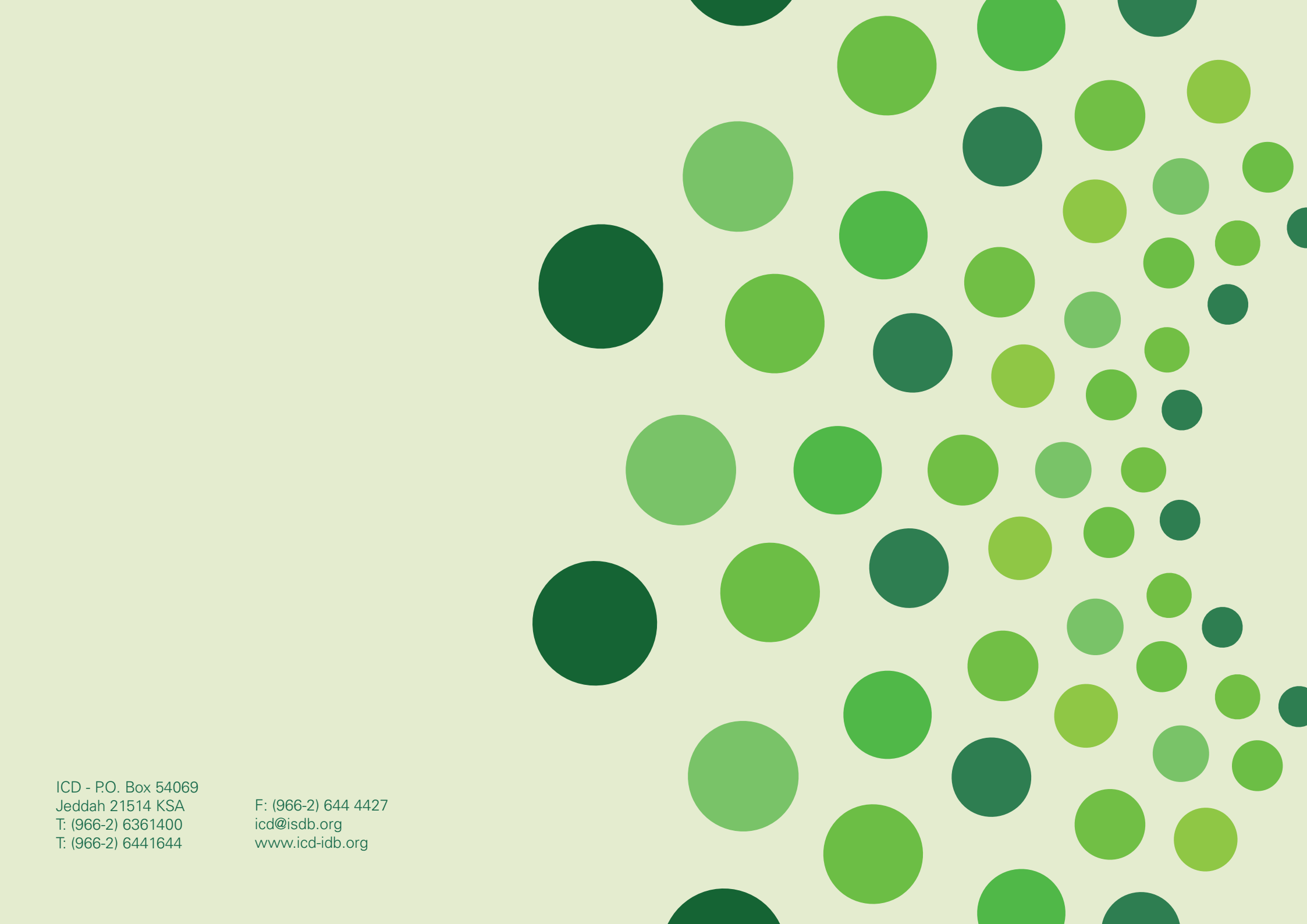
### 5 Collateral

Collateral for ICD finance includes pledges of a variety of assets, bank, corporate or personal guarantees, and assignment of identified receivables to an escrow account. The value of the collateral pledged should usually exceed the value of ICD financing by at least 50 per cent.

## The Application Process

To apply for a product and/or services of ICD, the eligible institution should follow the application process described below:

Long and Short-term Financing	The Line of Finance	Advisory Services and Asset Management
<ol style="list-style-type: none"> <li>1. The client sends a formal request, supported by a brief of the project, which should include basic information on the Company/ Project.</li> <li>2. The client provides a feasibility study of the project.</li> <li>3. The team will contact the client if additional information is required.</li> <li>4. The department will revert back to the client, in a timely manner, if all the information requested is available.</li> <li>5. In case of a positive initial assessment, the department will communicate to the client details of the relevant Product team who will be responsible for the execution.</li> </ol>	<ol style="list-style-type: none"> <li>1. Formal letter of application from CEO/ Board of the Bank/Financial Institution to express interest to avail a Line of financing from ICD.</li> <li>2. Shareholding structure and profile of the main shareholders.</li> <li>3. Profile of the management team.</li> <li>4. Latest Corporate presentation including the overview of the Bank/Financial Institution's activities and ranking on the market.</li> <li>5. Audited IFRS Financial Statements for the last 3 years plus the latest Management/Interim Accounts.</li> <li>6. Bank's Strategy Document.</li> <li>7. Business plan of the bank including financial projections.</li> <li>8. Latest Rating Agency report, if available.</li> <li>9. Experience with Islamic Development Bank Group and other multilateral financial institutions</li> <li>10. Experience in SMEs financing.</li> </ol>	<ol style="list-style-type: none"> <li>1. The client sends a formal request to the advisory team through the Business Development and Partnership Department Representative supported by a brief of the project. This should include basic information on the Company/Project and the transaction.</li> <li>2. The advisory team will conduct an assessment on the Company/Project and contact the client if additional information is required.</li> <li>3. In case of a positive initial assessment, the advisory team will send a formal proposal to the client in a timely manner highlighting the proposed work plan and fee structure.</li> <li>4. If the proposal is acceptable to the client, the advisory team will enter into an 'Advisory Agreement' with the client and begin the transaction execution.</li> </ol>



ICD - P.O. Box 54069  
Jeddah 21514 KSA  
T: (966-2) 6361400  
T: (966-2) 6441644

F: (966-2) 644 4427  
[icd@isdb.org](mailto:icd@isdb.org)  
[www.icd-idb.org](http://www.icd-idb.org)