Islamic Development Bank

Annual Report 1430H - 2009G

CORPORATE PROFILE OF
THE ISLAMIC DEVELOPMENT BANK

Establishment

The Islamic Development Bank (IDB) is an international financial institution established in pursuance of the Declaration of Intent issued by the Conference of Finance Ministers of Muslim Countries held in Jeddah in *Dhul Qadah* 1393H (December 1973). The Inaugural Meeting of the Board of Governors took place in *Rajab* 1395H (July 1975) and IDB formally commenced operations on 15 *Shawwal* 1395H (20 October 1975).

Vision

By the year 1440H, the Islamic Development Bank shall 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

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.

Membership

The present membership of IDB stands at 56 countries spanning many regions. The basic condition for its membership is that the prospective country should be a member of the Organization of the Islamic Conference, pays the first instalment of its minimum subscription to the Capital Stock of IDB, and accepts any terms and conditions that may be decided upon by the Board of Governors.

Capital

Pursuant to the decision of the Board of Governors in their 31st Annual Meeting held in Kuwait in *Jumad Awwal* 1427H (May 2006), the Authorized Capital of IDB was doubled from ID15 billion to ID30 billion and the Issued Capital was also increased from ID8.1 billion to ID15 billion. The Issued Capital was further increased to ID16 billion by the Board of Governors in their 33rd Annual Meeting held in Jeddah, Kingdom of Saudi Arabia on 29-30 *Jumad Awwal* 1429H (3-4 June 2008); of which ID15.9 billion was subscribed with ID3.6 billion Paid-up as of end-1430H.

Islamic Development Bank Group

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

Head Office and Regional Offices

Headquartered in Jeddah, the Kingdom of Saudi Arabia, IDB has four regional offices in Rabat, Morocco; Kuala Lumpur, Malaysia; Almaty, Kazakhstan; and Dakar, Senegal.

Financial Year

IDB financial year is the lunar *Hijra* Year (H).

Accounting Unit

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

Language

The official language of IDB is Arabic, but English and French are additionally used as working languages.

In the Name of Allah,
the Beneficent, the Merciful

22 Rabi Thani 1431H
07 April 2010

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

Dear Mr. Chairman,

Assalamu-O-Alaikum Waramatullah Wabarakatuh

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 honour 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 1430H (2009).

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.

Dr. Ahmad Mohamed Ali

M. Ali.

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

Board of Executive Directors

Ahmad Mohamed Ali
President, IDB and Chairman, Board of Executive Directors

Ibrahim Mohamed Al-Mofleh
(Saudi Arabia)

Ismail Omar Al Dafa
(Qatar)

Bader Abdullah S. Abuaziza
(Libya)

Junaidi Hashim
(Brunei, Indonesia, Malaysia, and Suriname)

Zeinhom Zahran
(Egypt)

Khamdan H. Tagaimurodov
(Albania, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan)

Hassan H. Abdul Hussain Al Haidary
(Bahrain, Djibouti, Iraq, Jordan, Lebanon, Maldives, and Oman)

Yerima Mashoud Amadou
(Burkina Faso, Cameroon, Chad, Gabon, Gambia, Mali, Mauritania, Niger, Senegal and Togo)

Nailane Mhadji
(Comoros, Côte d'Ivoire, Guinea, Guinea Bissau, Morocco, Nigeria, Sierra Leone, Somalia, Sudan, Tunisia, and Uganda)

Board of Executive Directors

Sibtain Fazal Halim*
(Afghanistan, Bangladesh, and Pakistan)

Seyed Hamid Pourmohammadi
(Iran)

Selim Cafer Karatas
(Turkey)

Abdul Aziz Abdullah Al-Zaabi
(United Arab Emirates)

Aissa Abdellaoui
(Algeria, Benin, Mozambique, Palestine, Syria, and Yemen)

Faisal Abdul Aziz Al-Zamil
(Kuwait)

Vice-Presidents

Abdul Aziz Al Hinai
Vice-President (Finance)

Birama Boubacar Sidibe
Vice-President (Operations)

Ahmet Tiktik
Vice-President (Corporate Services)

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*Honorable Sibtain Fazal Halim has replaced Honorable Farrakh Qayyum in the IDB Board of Executive Directors on 1/12/1430H (18/11/2009).

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* Only brief Financial Statements (excluding detailed Notes) are included in this report, while complete Financial Statements are published separately.

N.B: $ refers in this Annual Report to US$ (US dollars).

Message from the President, IDB Group

Recovery from one of the most severe economic and financial crisis has started. Broadly speaking, the year under review may be considered as a year of "*resilience in the face of economic turbulence*" for member countries, Islamic financial services industry and Islamic Development Bank (IDB) Group.

Firstly, for member countries, there is no doubt that 1430H (2009) was a very difficult year. Their economic growth sharply decelerated to 1.2 percent which was almost one quarter of their previous year's growth. Clearly, they suffered from the sharp contraction in world trade in nearly three decades. In particular, unemployment reached unprecedented levels in many countries and progress achieved in reducing poverty and other social developmental gains are seriously threatened.

Fortunately, member countries have taken steps to maintain their macroeconomic stability which contributed in mitigating the second-round effects of the crisis. As a result, better economic prospects for 1431H (2010) are envisaged with a projected growth rate of 4.2 percent for member countries as a group.

Secondly, the Islamic financial services industry continues to grow and show resilience. The financial crisis has brought very clearly the fundamental strengths of this alternative financial and banking system. As expected, during the year under review, IDB Group has been approached by many countries and international institutions to provide assistance in the development of the industry. It has also continued to support this development through various means including remaining active in *Sukuk* market and initiating with other strategic partners the idea of establishing a Mega Islamic Investment Bank.

Finally, in 1430H, two important events took place in the history of IDB Group. The Board of Governors in their last Annual Meeting in Ashgabat, Turkmenistan, in June 2009, strongly supported the scaling-up of Bank's operations. The Bank responded by committing to doubling of its Ordinary Capital Resources (OCR) operations over a three-year period from 1430H to 1432H to help member countries in their economic recovery. Within the context of Vision 1440H, the Bank speeded-up implementation of a major reform process. With a focus on ensuring development effectiveness, the Bank is further deepening *partnership* with member countries and widening institutional *cooperation* across the world. These developments have helped the Bank to increase its *relevance* to the needs of member countries which is manifested by the fact that Group financing increased by almost 29 percent compared to its level in previous year. In particular, the Bank nearly doubled its infrastructure financing to help its member countries prepare themselves for economic recovery in the post-crisis world.

In sum, member countries in the post-crisis world need to carefully address how foreign direct investment and trade flows have been altered and its impact on their development strategy. While the process of global economic recovery is underway, the decline in global demand is likely to persist in the medium-term. In order to offset subdued global demand, member countries need to vigorously pursue *effective regionalism*, both at Organization of Islamic Conference (OIC) and sub-regional levels. In addition, member countries need to reexamine the agenda for reform of their financial sector with a view to achieve a better alignment with the financing needs of the real sector. This is also the fundamental insight of Islamic finance.

Ahmad Mohamed Ali
President
Islamic Development Bank and
Chairman, Board of Executive Directors

TABLE 1: SUMMARY OF THE IDB GROUP ACTIVITIES FOR THE PERIOD 1396H-1430H*
(01 JANUARY 1976 - 17 DECEMBER 2009)

(Amount in million)(1)

ITEM(2)	1396H-1427H		1428H		1429H		1430H		1396H-1430H	
	No.	**ID/$**	**No.**	**ID/$**	**No.**	**ID/$**	**No.**	**ID/$**	**No.**	**ID/$**
PROJECT AND OPERATION FINANCING(3)										
Loan	687	3,110.8	39	241.2	35	216.4	34	236.2	795	3,804.6
		4,148.1		*359.5*		*338.2*		*360.9*		*5,206.6*
Equity	188	1,089.2	25	209.7	28	179.1	45	297.6	286	1,775.7
		1,519.7		*329.3*		*279.6*		*456.2*		*2,584.8*
Leasing	308	3,846.0	22	623.9	27	517.4	39	572.7	396	5,560.1
		5,345.8		*959.6*		*813.4*		*881.9*		*8,000.7*
Instalment Sale	217	1,901.8	5	159.3	5	230.8	9	332.2	236	2,624.1
		2,578.4		*243.7*		*357.4*		*514.1*		*3,693.6*
Combined Lines of Financing	27	230.6	3	97.5	2	36.2	4	38.5	36	402.8
		301.8		*150.0*		*55.0*		*60.0*		*566.8*
Profit Sharing/Musharaka	9	100.1	2	48.1	0	0.0	0	0.0	11	148.2
		134.7		*76.0*		*0.0*		*0.0*		*210.7*
Istisna	113	2,047.1	11	273.2	17	727.1	27	1,131.1	168	4,178.5
		2,841.5		*415.1*		*1,164.7*		*1,739.1*		*6,160.4*
Others(4)	57	542.5	0	0.0	39	63.9	98	535.2	194	1,141.7
		775.6		*0.0*		*99.1*		*840.6*		*1,715.3*
Total Project Financing	**1,606**	**12,868.2**	**107**	**1,652.9**	**153**	**1,970.9**	**256**	**3,143.7**	**2,122**	**19,635.7**
		17,645.6		***2,533.1***		***3,107.4***		***4,852.7***		***28,138.8***
Technical Assistance (TA)	666	159.2	75	9.1	108	25.5	80	18.9	929	212.7
		210.1		*13.7*		*39.9*		*30.1*		*293.8*
TOTAL PROJECT & OPERATION FINANCING + TA	**2,272**	**13,027.4**	**182**	**1,662.0**	**261**	**1,996.4**	**336**	**3,162.5**	**3,051**	**19,848.4**
		17,855.7		***2,546.8***		***3,147.3***		***4,882.8***		***28,432.6***
TRADE FINANCING OPERATIONS										
International Islamic Trade Finance Corporation (ITFC)	..	..	..	..	67	1,558.0	52	1,360.8	119	2,918.9
		..		..		*2,482.8*		*2,071.4*		*4,554.2*
Other Entities/Funds(5)	..	..	..	..	19	96.2	21	184.2	40	280.5
		..		..		*148.6*		*280.6*		*429.2*
Historical Trade Financing(6)	1,929	20,125.8	81	1,817.4	0	0.0	0	0.0	2,010	21,943.2
		27,006.5		*2,791.1*		*0.0*		*0.0*		*29,797.6*
TOTAL TRADE FINANCING OPERATIONS	**1,929**	**20,125.8**	**81**	**1,817.4**	**86**	**1,654.3**	**73**	**1,545.1**	**2,169**	**25,142.5**
		27,006.5		***2,791.1***		***2,631.5***		***2,351.9***		***34,781.0***
Special Assistance Operations	1,124	486.9	60	16.9	55	13.2	48	12.4	1,287	529.4
		618.2		25.4		20.5		19.1		*683.1*
NET APPROVED OPERATIONS	**5,325**	**33,640.1**	**323**	**3,496.2**	**402**	**3,663.9**	**457**	**4,720.0**	**6,507**	**45,520.3**
		45,480.4		***5,363.3***		***5,799.3***		***7,253.8***		***63,896.8***
GROSS APPROVED OPERATIONS	**6,003**	**38,489.6**	**336**	**3,497.3**	**406**	**3,682.5**	**465**	**4,787.0**	**7,210**	**50,456.4**
		51,985.5		***5,529.9***		***5,828.2***		***7,353.8***		***70,697.4***
DISBURSEMENTS		23,781.8		2,258.9		2,443.6		2,380.7		30,865.0
		31,843.0		*3,569.9*		*3,773.4*		*3,738.6*		*42,924.9*
REPAYMENTS		18,877.4		1,883.8		1,803.7		1,699.2		24,264.0
		25,350.1		*2,984.2*		*2,817.6*		*2,668.5*		*33,784.3*
NUMBER OF STAFF AT END OF YEAR			990		1,014		1,083			
Memorandum Items										
OCR-IDB (in ID million, unless otherwise stated)										
Total Assets				6,781.4		7,290.4		8,725.4		
Gross Income				369.2		347.9		363.7		
Net Income				163.5		194.2		124.8		
Reserves: Capital				22.7		22.7		22.7		
General				1,523.9		1,590.1		1,677.9		
Subscribed Capital				13,870.0		15,076.2		15,863.5		
Administrative Budget: Approved				64.1		65.2		66.2		
Actual(7)				57.5		61.6		64.4		
Number of Member Countries			56		56		56			
ICIEC's Operations (in ID/$ million)										
Insurance Commitments(8)		2,606.7		972.2		1,175.3		1,108.7		5,862.8
		3,766.8		*1,536.0*		*1,815.0*		*1,663.0*		*8,780.8*
Business Insured(8)		1,564.7		929.7		971.3		735.1		4,200.9
		2,277.2		*1,469.0*		*1,500.0*		*1,102.7*		*6,348.9*

*Cut-off-date for the data was 30 *Dhul-Hijjah* 1430H (17 December 2009).
(1) $ amounts are in italic.
(2) All figures on operations are net of cancellation, unless otherwise specified.
(3) Figures include ICD, IBP, UIF, APIF and Treasury Operations.
(4) Refers to investment in *Sukuk* (1423H-1430H) and in Financial Institutions (mainly IBP, 1408H-1422H).
(5) Mainly ICD, UIF and Treasury Operations.
(6) Previous trade financing of ITFO, EFS, IBP, ICD, UIF, APIF and Treasury Operations.
(7) Figures include capital expenditure.
(8) Amount of Insurance Commitments (contingent liability assured) approved/issued during the year.
(9) Amount of shipments/investments declared to ICIEC by policy holders for the period under consideration.

TABLE 2: CUMMULATIVE IDB GROUP [1] OPERATIONS BY MAJOR MODES OF FINANCING FROM 1396H TO THE END OF 1430H[2]
(01 JANUARY 1976 - 17 DECEMBER 2009)

(Amount in million)

Country	Total Project Financing			Technical Assistance			Total Trade Financing			Special Assistance Operations			Grand Total		
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
Afghanistan	5	44.4	66.7	2	0.6	1.0	0	0.0	0.0	21	11.7	15.8	28	56.7	83.5
Albania	19	122.7	180.3	4	0.6	0.8	0	0.0	0.0	3	1.0	1.4	26	124.3	182.5
Algeria	40	446.9	591.7	11	3.0	4.0	188	1,490.0	1,887.7	7	4.5	5.6	246	1,944.4	2,489.1
Azerbaijan	28	327.6	492.0	12	2.2	3.2	3	2.2	3.4	4	1.5	2.0	47	333.6	500.6
Bahrain	89	857.3	1,236.7	6	0.9	1.3	16	187.6	262.5	0	0.0	0.0	111	1,045.8	1500.5
Bangladesh	65	409.0	570.0	8	2.8	4.2	202	4,850.0	6,953.7	12	28.8	35.7	287	5,290.5	7,563.5
Benin	34	166.2	234.3	19	4.3	5.3	5	26.0	35.0	1	1.3	1.4	59	197.8	276.0
Brunei	5	38.5	49.2	1	0.2	0.3	0	0.0	0.0	0	0.0	0.0	6	38.7	49.5
Burkina Faso	50	236.6	328.4	33	9.8	12.5	5	98.0	150.0	9	8.3	8.8	97	352.6	499.7
Cameroon	25	180.9	253.9	12	2.8	3.5	0	0.0	0.0	3	1.3	1.7	40	185.1	259.1
Chad	35	180.0	257.8	26	4.3	5.9	1	2.1	3.2	10	9.9	10.8	72	196.4	277.6
Comoros	4	8.8	11.1	11	2.5	3.3	3	5.9	7.5	3	0.9	1.1	21	18.0	23.0
Côte d'Ivoire	13	169.2	254.0	1	0.3	0.4	3	48.5	76.3	5	1.0	1.2	22	218.9	331.9
Djibouti	29	145.5	219.9	15	2.5	3.4	1	7.6	12.0	10	1.7	2.3	55	157.3	237.6
Egypt	42	554.2	778.8	13	2.7	3.9	113	1,380.2	1,950.4	4	1.1	1.5	172	1,938.3	2,734.6
Gabon	18	291.0	424.9	4	1.7	2.2	0	0.0	0.0	0	0.0	0.0	22	292.6	427.1
Gambia	30	93.6	132.0	18	3.0	4.0	14	45.3	65.5	4	1.7	1.8	66	143.6	203.4
Guinea	51	232.4	311.6	33	7.8	10.2	6	37.9	48.8	6	6.1	7.8	96	284.2	378.4
Guinea Bissau	2	2.0	2.2	7	1.4	1.8	2	11.6	15.0	3	1.1	1.3	14	16.1	20.3
Indonesia	85	776.9	1,121.9	9	1.2	1.7	33	545.1	749.3	4	2.9	4.4	131	1,326.0	1,877.4
Iran	71	1,336.7	1,937.1	12	3.6	5.5	168	1,576.6	2,272.1	7	10.0	13.3	258	2,927.0	4,228.0
Iraq	7	53.4	67.9	8	0.9	1.3	35	264.9	301.3	9	3.9	5.3	59	323.1	375.8
Jordan	65	662.6	926.2	20	4.6	6.3	68	672.3	814.8	1	0.2	0.3	154	1,339.7	1,747.5
Kazakhstan	19	320.7	477.3	9	1.6	2.3	7	40.6	61.0	5	1.3	1.9	40	364.2	542.5
Kuwait	26	183.5	264.6	6	1.1	1.6	48	763.1	1,131.5	4	6.5	7.5	84	954.2	1,405.2
Kyrgyz Republic	14	83.5	123.6	9	1.8	2.6	0	0.0	0.0	7	1.7	2.4	30	87.0	128.6
Lebanon	48	558.5	772.1	7	3.8	5.6	12	162.2	228.5	21	7.0	9.8	88	731.5	1,016.0
Libya	17	282.2	386.0	4	2.4	3.3	10	230.0	299.8	2	2.9	3.8	33	517.5	692.8
Malaysia	51	736.9	1,043.3	7	0.9	1.4	41	201.2	281.7	5	8.8	11.5	104	947.8	1,337.8
Maldives	19	65.1	91.6	11	1.6	2.2	6	51.2	79.0	3	0.6	0.8	39	118.5	173.5
Mali	47	258.0	358.6	27	8.7	11.5	13	133.9	199.9	12	14.9	16.5	99	415.5	586.5
Mauritania	52	302.6	434.3	39	16.6	22.7	7	77.2	112.5	7	9.7	11.1	105	406.1	580.6
Morocco	57	1,073.5	1,568.2	21	3.9	5.5	114	1,607.0	2,215.3	4	1.2	1.5	196	2,685.6	3,790.4
Mozambique	17	88.7	126.3	6	1.2	1.9	1	9.8	15.0	5	1.8	2.2	29	101.5	145.4
Niger	38	166.4	231.8	37	10.2	13.5	20	109.2	138.4	18	10.2	12.2	113	296.0	395.8
Nigeria	3	60.2	90.5	1	0.2	0.2	11	122.8	190.0	30	5.9	7.9	45	189.0	288.6
Oman	36	450.6	597.7	7	1.8	2.4	1	1.4	2.0	2	0.4	0.5	46	454.2	602.5
Pakistan	86	1,164.9	1,701.0	6	0.9	1.3	243	3,897.4	5,291.0	11	8.5	11.7	346	5,071.7	7005.0
Palestine	22	58.4	81.3	10	4.3	6.2	0	0.0	0.0	42	41.4	53.3	74	104.1	140.9
Qatar	27	340.8	516.0	1	0.1	0.1	0	0.0	0.0	0	0.0	0.0	28	340.9	516.1
Saudi Arabia	85	981.2	1,447.1	23	2.6	3.7	162	1,890.1	2,770.9	2	0.1	0.1	272	2,874.0	4,221.8
Senegal	57	312.7	427.7	27	8.6	11.0	25	192.9	272.6	7	12.9	14.2	116	527.0	725.5
Sierra Leone	20	67.0	93.7	25	4.9	6.3	1	3.2	5.0	4	2.8	3.6	50	77.8	108.6
Somalia	6	20.0	24.9	12	2.2	3.0	4	36.1	46.2	41	9.1	12.6	63	67.4	86.6
Sudan	87	589.6	851.6	21	3.3	4.7	27	213.1	296.3	19	19.4	23.4	154	825.3	1,176.0
Suriname	5	22.2	32.3	1	0.1	0.2	1	7.4	10.0	2	0.1	0.2	9	29.8	42.7
Syria	39	691.1	993.1	5	0.7	1.1	23	105.8	125.5	1	0.2	0.3	68	797.9	1,119.9
Tajikistan	23	120.6	173.0	12	2.6	3.8	1	8.8	14.0	9	1.1	1.5	45	133.1	192.3
Togo	14	71.2	102.5	5	1.3	1.9	1	4.2	6.0	2	1.4	1.7	22	78.0	112.1
Tunisia	50	555.7	794.3	9	1.7	2.5	160	803.9	1,094.9	4	3.3	4.2	223	1,364.6	1,895.8
Turkey	88	933.4	1,305.0	6	3.5	4.6	293	2,380.6	3,166.3	5	17.0	20.4	392	3,334.5	4,496.3
Turkmenistan	7	62.6	87.9	3	0.6	0.8	0	0.0	0.0	1	0.2	0.3	11	63.4	89.1
U.A.E	90	458.1	686.5	8	0.7	0.9	17	243.3	337.7	0	0.0	0.0	115	702.1	1,025.1
Uganda	9	39.3	56.4	13	2.7	3.4	6	18.0	23.9	9	3.4	4.5	37	63.4	88.2
Uzbekistan	20	194.3	296.8	4	0.6	0.8	1	33.3	50.0	7	1.4	1.9	32	229.6	349.5
Yemen	54	337.6	480.3	28	6.8	9.1	41	353.7	422.8	8	7.1	8.6	131	705.3	920.9
Regional	47	421.4	638.5	233	44.6	65.8	2	93.9	142.0	65	44.2	61.5	347	604.1	907.8
Special	4	62.5	85.0	0	0.0	0.0	1	14.8	20.0	0	0.0	0.0	5	77.3	105.0
Non-Member Countries	26	164.7	249.6	1	0.1	0.1	3	80.5	123.0	797	184.3	246.3	827	429.5	619.0
Net Approval	**2,122**	**19,635.7**	**28,138.8**	**929**	**212.7**	**293.8**	**2,169**	**25,142.5**	**34,781.0**	**1,287**	**529.4**	**683.1**	**6,507**	**45,520.3**	**63,896.8**
Gross Approval	**2,404**	**22,008.8**	**31,445.9**	**991**	**228.1**	**314.7**	**2,479**	**27,681.1**	**38,240.6**	**1,336**	**538.4**	**696.3**	**7,210**	**50,456.4**	**70,697.4**

[1] Figures are net of cancellation (unless otherwise specified) and include ICD, UIF, APIF, OCR, ITFC and other defunct funds such as EFS and IBP.
[2] Cut-off-date for the data was 30 *Dhul-Hijjah* 1430H (17 December 2009).

1430H IN REVIEW

During 1430H (2009), the overall context in which IDB Group operated was characterized by two major structural shifts: (i) externally, the global financial and economic crisis in general and the economic turbulence in G-3 countries in particular impacted on member countries; and (ii) internally, the Bank embarked on a major reform to position itself for 1440H. In this context, while member countries made efforts to mitigate the impact of the global crisis, IDB Group benefitted from the support of its shareholders and responded by scaling-up its operations. It also maintained good financial results and continued with its efforts at transforming itself into a preeminent development institution by accelerating the implementation of the Reform Program and strengthening its development effectiveness.

MITIGATING THE IMPACT OF THE GLOBAL CRISIS

Overall, there were not only indications that the economy of member countries as a group was fragile but also signs of recovery from the ongoing global economic recession during 1430H (2009). On the one hand, member countries faced a precarious state marked by declining economic growth and increasing unemployment. On the other hand, efforts were made to maintain stimulus measures so as to mitigate the second-round effects of the global economic crisis and benefit from the signs of recovery.

Facing Precarious State

Experiencing Economic Slowdown: During 2009, almost all member countries experienced slowdown in their growth following the sharp decline in world economic growth to -0.8 percent and the contraction in world trade by 12.3 percent. On average, the economic growth of member countries dropped to 1.2 percent in 2009 from 4.6 percent in 2008. In particular, the economic growth of sub-Saharan African member countries declined to 3.1 percent in 2009, which was much below the required level for achieving the Millennium Development Goals (MDGs). Many factors played against maintaining pre-crisis economic performance, including decreasing demand for exports, increasing uncertainty in commodity prices, reversed capital flows, significant reduction in remittances, and liquidity shortage.

Confronting Unemployment: As expected, while inflationary pressure significantly eased in many member countries, unemployment was a major concern in 2009. The deepening global economic crisis brought the unemployment rate to double-digit in many regions. In particular, member countries in transition faced the highest increase in unemployment rate from 8.4 percent in 2007 to 12.1 percent in 2009, followed by the Middle East from 9.5 percent to 11 percent[1]. Since the recovery of the global economy and of member countries is expected to be slow, considerable time and effort will be needed to bring unemployment rates back to pre-crisis levels.

Benefiting from Signs of Recovery

Maintaining Existing Stimulus Commitment: It is expected that the unfavorable international economic environment will not persist during 2010, although developing countries, including member countries, will continue to face several issues pertaining to financing investments for long-run sustainable growth and development. In this respect, it is to be noted that some major trading partners of member countries, which are also the major players in the world economy, continue to adopt policies which pose a growing threat to the member countries and to other developing countries. Despite G-20 decisions, the global imbalances are impacting negatively on the growth of developing countries. Moreover, despite the positive news, the already provisioned non-performing loans and the potential defaults which may have not been accounted for, continue to pose a threat to the recovery of the global financial system.

Accordingly, there is a need to maintain existing stimulus commitment, including monetary, fiscal and financial measures aimed at reviving growth and stabilizing financial markets. In addition, there is a need to restructure and further strengthen the balance sheet of banks and other financial institutions in order to help them in financing the economic recovery.

Starting Recovery: During 1430H (2009), some nascent signs of recovery were being evidenced around the globe, including in member countries. In particular, due to policy decisions taken by countries,

[1] ILO, Global Employment Trends Update (2009).

systemic risks were reduced. Global recovery is being evidenced by the fact that the financial markets have rebounded albeit at a slow pace, emerging market risks have eased and banks have raised capital. However, credit channels are still impaired and consequently the economic recovery is likely to be slow[2]. As a result, while positive growth is expected in many countries in 2010, it will likely remain below pre-crisis levels. On average, the projected growth rate of member countries as a group is 4.2 percent in 2010 which is higher than 3.9 percent for the world economy.

SUPPORTING RECOVERY

As a response, IDB Group sharply has scaled up its development assistance while accelerating its reform process and maintaining the highest credit ratings. In particular, referring to the overall context of great turbulence occasioned by the financial and economic crisis, IDB responded through its Ordinary Capital Resources (OCR) very aggressively to support economic recovery in its member countries and remain relevant and responsive. It obtained the support of its Board of Governors for helping member countries to mitigate the impact of the global economic crisis at the 34th Annual Meeting, held in Ashgabat, Turkmenistan, in June 2009 (Box 1).

Chart 1
IDB Group Financing by Major Categories

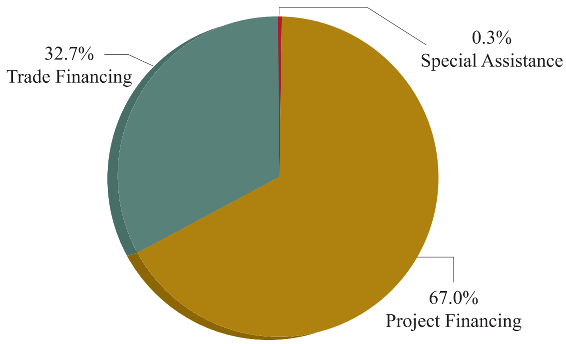


Table 3
Net Approvals of IDB Group by Major Categories

(Amount in million)

	1429H			1430H			1396H-1430H		
	No.	**ID**	**$**	**No.**	**ID**	**$**	**No.**	**ID**	**$**
1. Project/Operation Financing from OCR	174	1,608.5	2,547.9	162	2,183.6	3,354.8	2,416	15,138.6	21,513.8
Of which: Technical Assistance	108	25.5	39.9	80	18.9	30.1	929	212.7	293.8
2. Project/Operation Financing by Funds/ Entities (UIF, IBP, APIF, ICD & Treasury)	87	387.9	599.5	174	979.0	1,528.0	635	4,709.8	6,918.9
3. Total IDB Group Project Financing (1+2)	261	1,996.4	3,147.3	336	3,162.5	4,882.8	3,051	19,848.4	28,432.6
4. Trade Financing Operations	86	1,654.3	2,631.5	73	1,545.1	2,351.9	2,169	25,142.5	34,781.0
5. Special Assistance	55	13.2	20.5	48	12.4	19.1	1,287	529.4	683.1
Total IDB Group Financing	**402**	**3,663.9**	**5,799.3**	**457**	**4,720.0**	**7,253.8**	**6,507**	**45,520.3**	**63,896.8**

Scaling-up IDB Group Assistance

Increasing Total IDB Group Financing: During 1430H, IDB Group approved 457 operations for a total of ID4,720 million ($7,253.8 million). This financing was higher by almost 29 percent in ID terms than its 1429H level. The increase was mainly due to a sharp increase in total IDB Group project financing which registered a 58.4 percent growth compared to last year, reaching ID3,162.5 million ($4,882.8 million). Trade financing amounted to ID1,545.1 million ($2,351.9 million) for 73 operations (Table 3). The shares of IDB Group financing in 1430H by major categories are given in Chart 1.

OCR Assistance by Sector and Region: In 1430H, the sectoral breakdown of OCR approvals shows that public utilities remained the largest sector with an allocation of ID965.9 million ($1,485.3 million), representing 44.3 percent of total OCR financing. It is followed by transport and communication which received 26.6 percent of total OCR approvals (Table 4 and Chart 2).

A regional breakdown of OCR approvals shows that Asian member countries received a share of 61.1 percent, comprising 3.9 percent of concessional financing and 57.2 percent of ordinary financing, followed by African member countries with the major share of 6.9 percent in concessional financing (Table 5).

Resource Transfer to Member Countries: During the year under review, IDB Group disbursements to

[2]IMF, Global Financial Stability Report, October 2009.

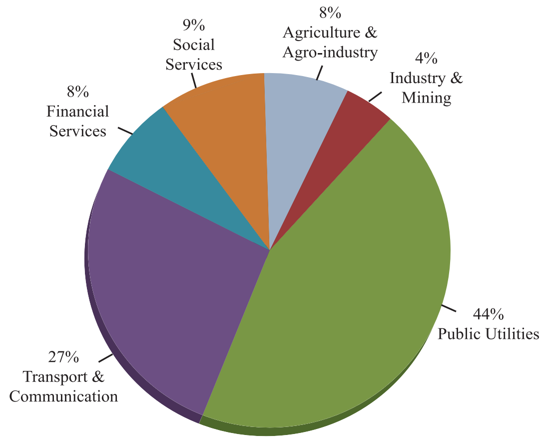
Table 4
Sectoral Distribution of net OCR-approved Projects, Operations and Technical Assistance

(Amount in million)

	1429H			1430H			1396H-1430H		
	No.	ID	$	No.	ID	$	No.	ID	$
Agriculture & Agro-Industry	44	177.7	273.9	28	166.7	254.0	427	1,505.1	2,083.5
Industry & Mining	7	225.3	350.3	8	99.3	151.6	168	1,532.2	2,123.4
Public Utilities	15	550.7	884.5	21	965.9	1,485.3	382	4,918.5	7,107.2
Social Services	33	82.6	127.4	38	202.4	315.7	633	2,649.5	3,674.3
Transport & Communication	18	487.3	779.4	18	581.9	894.4	397	3,620.3	5,224.9
Financial Services*	57	84.9	132.3	49	167.4	253.8	409	913.1	1,300.5
Total	**174**	**1,608.5**	**2,547.9**	**162**	**2,183.6**	**3,354.8**	**2,416**	**15,138.6**	**21,513.8**

*comprises NDFIs/IFIs and Multisectors.

Chart 2
Sectoral Distribution of OCR Approvals, 1430H



member countries stood at ID2,380.7 million ($3,738.6 million). Since inception, cumulative disbursements amounted to ID30,865.0 million ($42,924.9 million) (Table 6).

Repayments by member countries accounted for ID1,699.2 million ($2,668.5 million) in 1430H, which were lower than their previous year's level and also lower than the disbursements level in the same year. Accordingly, member countries continued to benefit from a net transfer of resources from IDB Group.

Major Initiatives and Activities

In 1430H, IDB Group adopted thematic strategies in its four strategic focus areas of poverty reduction, infrastructure, economic cooperation and Islamic finance; and two strategic cross-cutting areas of private sector and capacity development.

Fostering Comprehensive Human Development for Poverty Reduction: Operationally, IDB approved during 1430H many projects and programs for support to education, health and agriculture, particularly in LDMCs, under the Islamic Solidarity Fund for Development (ISFD) and other initiatives such as the Special Program for the Development of Africa (SPDA)

Table 5
Distribution of OCR Financing by Region, 1430H and 1396H-1430H

(Amount in million)

	1430H				1396H-1430H			
	No.	ID	$	Share[2](%)	No.	ID	$	Share[2] (%)
Concessional Financing								
African Member Countries	47	150.3	230.1	6.9	980	2,441.1	3,328.1	15.5
Asian Member Countries	28	84.7	129.7	3.9	479	1,417.6	1,949.9	9.1
Other Countries[1]	1	7.0	10.0	0.3	31	113.9	156.6	0.7
Regional	38	13.0	21.2	0.6	233	44.6	65.8	0.3
Non-Member Countries	-	-	-	-	1	0.1	0.1	0.0
Sub-total	**114**	**255.1**	**391.0**	**11.7**	**1,724**	**4,017.3**	**5,500.4**	**25.6**
Ordinary Financing								
African Member Countries	17	411.8	638.5	19.0	233	3,585.5	5,172.0	24.1
Asian Member Countries	27	1,252.2	1,919.8	57.2	377	6,625.0	9,543.0	44.4
Other Countries[1]	3	164.5	255.5	7.6	73	743.2	1,047.0	4.9
Regional	1	100.0	150.0	4.5	7	158.2	238.5	1.1
Non-Member Countries	-	-	-	-	2	9.3	12.8	0.1
Sub-total	**48**	**1,928.5**	**2,963.9**	**88.3**	**692**	**11,121.2**	**16,013.3**	**74.4**
Total	**162**	**2,183.6**	**3,354.8**	**100.0**	**2,416**	**15,138.6**	**21,513.8**	**100.0**

[1] These are Albania, Turkey and Suriname.
[2] The shares are calculated on the basis of US$ million.

Box 1
Communiqué
Board of Governors Support for IDB Group in the Context of
Mitigating the Impact of the Global Economic Crisis on Member Countries,
34th Annual Meeting of the IDB Board of Governors, Ashgabat, Turkmenistan, June 3, 2009

1. We recognize that a number of factors contributed to the implosion of the financial sector in several developed countries leading to a global economic recession – the most serious in the past fifty years in terms of its depth, reach, and potential longevity and repercussions. In this regard, some of the key factors relate to an absence of a mechanism to resolve global imbalances, a low interest rate policy and de-regulation of the non-bank financial institutions in major developed countries.
2. We note that the on-going global crises have had a damaging impact on the developmental gains achieved thus far in our countries. In particular, the human cost of these crises has imperiled the social stability and the future economic emancipation of our citizens. A failure to stop the slide in human development is likely to lead to turmoil in the labor market, marked by underemployment and widespread job losses, increased malnutrition and lost opportunities for education of our youth, which could reverse the progress made under IDB 1440H Vision targets and the Millennium Development Goals (MDGs).
3. We note with grave concern that the economic growth of IDB member countries, as a group, is projected to sharply decelerate from 6.1 percent in 2007 to 1.3 percent this year. Looking ahead, the prospects for global recovery are clouded as major downside risks still persist. This is due to the contagious nature of economic recession across all regions combined with policy measures that are tentatively beginning to tackle the restoration of fragile financial and credit markets.
4. We welcome the commitments of G-20 countries to augment the resources of IMF and other MDBs along with other measures to help restore confidence in the financial markets and stimulate the economic growth, offset the drop in international trade financing, mitigate the tightening of access to international finance and counteract reduced remittances and ODA flows. We recognize that mainstreaming the agenda for reform of the global financial system will entail implementation challenges for national authorities and standard-setting bodies at regional level. We call upon IMF and other MDBs, including IDB Group, to coordinate their capacity building support aimed at further strengthening the domestic and regional financial sector.
5. We express our sincere commendations for and applaud the leaders of Indonesia, Saudi Arabia and Turkey who, along with their fellow nations, played a significant role in setting out a comprehensive reform agenda for the global financial system during the G-20 Summit held on 2nd April 2009.
6. We appreciate that, within the limits of its resources and financial prudence, the performance of IDB Group in assisting and mitigating the adverse impact of the global food and economic crisis on our countries has been commendable. We also recognize that the Board of Executive Directors and the Management are making exceptional efforts to carry out an internal reform aimed at heightening responsiveness, further improving alignment with the needs of member countries and institutionalizing the delivery of high-quality and impact-oriented development assistance.
7. We urge IDB Group to scale-up support to meet evolving requests of our countries for assistance in the development of Islamic financial services industry, which will provide a critical anchor of stability for our domestic financial sector. We welcome the IDB-led initiative to establish a "*Task Force on Islamic Finance and Global Financial Stability*" in January 2009, work of which is aimed at contributing to the process of reform of the global financial system with a view to enhancing its resilience and preventing future recurrence.
8. We endorse the expanded mandate of MDBs, including IDB Group. As in the case of other MDBs, we also strongly believe that IDB Group has a critical and vigorous role to play through supporting economic recovery and poverty reduction efforts and programs in our countries. We acknowledge and commend efforts by IDB Group towards significantly increasing net transfer of resources and optimizing the use of existing resources for responding to the critical needs of our countries. We also recognize that the load on IDB Group for responding to the crisis-related needs of our countries will be considerable. To these ends:

   8.1 We express our sincere appreciation for the generous contributions so far received for the Islamic Solidarity Fund for Development (ISFD) and urge other member countries to also urgently contribute to the Fund for the benefit of the least developed member countries. We also commit ourselves to the imperative of strongly supporting the scaling-up of operations by IDB Group-entities, namely: the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the International Islamic Trade Finance Corporation (ITFC), and the Islamic Corporation for Development of the Private Sector (ICD), and urge countries that have not yet joined as members of the Group-entities to consider doing so at their earliest convenience. We also welcome the general capital increase of ICD.

   8.2 We encourage the Board of Executive Directors of IDB to take all the necessary measures to realize a sizable growth in its operations, starting from 1430H (2009).

   8.3 We urge our central banks and national investment authorities to strongly support and participate in the resource mobilization programs of the IDB Group.

Table 6
IDB Group Disbursements and Repayments

(Amount in $ million)

	Disbursements			Repayments		
	1429H	1430H	1396-1430H	1429H	1430H	1396-1430H
OCR	1,165.1	1,756.2	24,526.7	500.7	516.7	18,274.8
ITFO	936.4	108.3	9,342.1	1,784.3	513.2	8,513.8
Sukuk	146.5	..	851.9	78.6	76.9	348.9
EFS	..	0.08	1,221.8	..	53.7	1,247.3
IBP	..	..	941.7	..	..	832.9
UIF	114.1	93.96	1,888.7	88.3	71.7	2,508.1
ICD	145.6	133.0	592.2	82.9	58.8	348.8
APIF	21.5	43.0	183.2	19.8	7.6	76.6
Special Assistance	14.3	17.1	559.5	..	..	..
ITFC	1,230.0	1,587.0	2,817.0	263.0	1,370.0	1,633.0
	3,773.4	**3,738.6**	**42,924.9**	**2,817.6**	**2,668.5**	**33,784.3**

and the Jeddah Declaration on Food Security. In 1430H, loan approvals under ISFD amounted to $234.3 million for 22 projects in 17 member countries, while 68 operations amounting to a total of $782.3 million were approved for sub-Saharan African member countries under SPDA. During the year under review, IDB also maintained the high level of approvals from OCR for agriculture and food security achieved a year earlier. In this respect, the number of approved projects was 28 for an amount of ID166.7 million ($254.0 million). In particular, various projects were approved under the Jeddah Declaration on Food Security which aims at supporting the member countries affected by the global food crisis through both short and medium-to long-term measures.

All social sectors benefitted from the efforts at scaling-up IDB development assistance to member countries as a response to the current global economic crisis. The total approvals from OCR for social sectors increased by almost one and a half times to ID202.4 million ($315.7 million) compared to their level in 1429H (Table 4). In this regard, the Bank continued to finance education projects in general and implement its Bilingual Education Program. It also continued to implement the Vocational Literacy for Poverty Reduction Program (VOLIP) which aims at reducing poverty, particularly among women and youth in rural areas. Similarly, the provision of quality health services in member countries remained one of the priorities of IDB. In 1430H, a total of 20 health operations were approved at an amount of ID99.6 million ($155.4 million). The Bank also continued to support member countries in their efforts to control the spread of malaria, and in collaboration with its partners help about seven thousand persons, who were partially or completely blind, to recover their sight within its regional initiative "*Alliance to Fight Avoidable Blindness*".

Strengthening Infrastructure Development: To help member countries fight the prevailing global financial crisis and make them more attractive to foreign investors, the Bank nearly doubled its infrastructure financing in 1430H by providing ID1,816 ($2,805 million) for development of transportation, electricity generation and transmission, water and sanitation. As part of the medium term strategy for infrastructure initiatives, IDB will scale-up its financing in all core areas of infrastructure and Public Private Partnership (PPP) is likely to play a significant role in this. On the other hand, IDB plans to enhance its efforts to assist its member countries in creating an enabling environment for private sector participation in infrastructure through flexible and innovative PPP schemes and capacity development programs. In order to achieve this, IDB has made partnership arrangements with other national, regional and international donors and financiers and specialized PPP and private sector initiatives such as the Public-Private Infrastructure Advisory Facility. Further, IDB deploys new products and risk mitigation instruments to attract and facilitate private sector participation in infrastructure.

Enhancing Economic Cooperation and Regional Integration: Despite the drastic contraction in the volume of world trade, IDB Group remained active in the area of trade financing. During 1430H, the total amount approved by the International Islamic Trade Finance Corporation (ITFC)[3] for trade financing was $2,071.4 million. More than 80 percent of this amount was for intra-trade. The cumulative IDB Group trade financing as at the end of 1430H stood at $34,781 million. In addition, IDB maintained close working relations with OIC and actively participated in the meetings of its relevant standing committees, namely: the Standing Committee for Economic and Commercial Cooperation (COMCEC) and the Standing Committee on Scientific and Technological Cooperation (COMSTECH) as well as in the implementation of its various programs.

Supporting Islamic Financial Services Industry: This industry has been growing at a rapid rate estimated at between 15 percent and 20 percent annually, and has shown resilience to the current global financial and economic crisis. This crisis has brought out very clearly the fundamental weaknesses of the conventional financial intermediation and has given impetus to the reform agenda which emphasize financing of real assets and real economic activity. During 1430H, IDB Group undertook development of the industry through various means, which included investments in the equity capital of Islamic financial institutions, financing *Awqaf* real estate and other projects and providing Technical Assistance (TA) to member countries in the field of Islamic banking, *Takaful*, Islamic microfinance, corporate governance, *Awqaf*, *Zakat* as well as legal/ regulatory and supervisory issues related to Islamic banking. Furthermore, in conformity with its mandate to generate and disseminate knowledge in the area of Islamic banking and finance, the Islamic Research and Training Institute (IRTI) undertook a number of activities during 1430H[4]. The knowledge building activities of IRTI focused on the thematic areas of financial stability, inclusive Islamic financial services, and sustainable and comprehensive human development. As of the end of 1430H, IDB had equity investment in 27 Islamic financial institutions in 19 countries. In this regard, the Bank, along with some strategic partners undertook a proactive stance and initiated the idea of establishing a Mega Islamic Investment Bank for financing high-value transactions, developing and marketing high quality liquid and tradable Islamic financial papers, and enhancing liquidity management for Islamic financial institutions.

To meet the funding requirements of the planned 15 percent growth in OCR for the current year, IDB launched its latest capital markets offering, an $850 million fixed-rate *Sukuk* under its $1.5 billion MTN issuance program. The issuance was 2.4 times oversubscribed. Moody's confirmed the assigning of an *AAA* rating, with a stable outlook, to IDB *Sukuk* MTN program, which is similar to the long-term foreign currency rating assigned to IDB's Ordinary Capital Resources.

Enhancing Private Sector Development: Public-Private Partnerships (PPPs) have evolved as the preferred mode of investment globally, especially for major infrastructure projects requiring sizeable investment, as they help to shift a part of the burden of financing from the public to the private sector, thereby, addressing the issue of budgetary constraints of the public sector. Accordingly, IDB Group continued to support PPPs during 1430H by contributing $338 million to three infrastructure related projects supporting investment flows of about $1.80 billion.

During 1430H, the Islamic Corporation for the Development of the Private Sector (ICD) approved $391.4 million which accounted for 28 private sector operations, representing a 10.5 percent growth rate in approved amounts compared to its previous year[5]. The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) continued providing reinsurance facilities to national export credit agencies and to *Shariah*-compliant investment and export credit insurance products. As a reflection of its strong commitment to private sector development in member countries, the aggregate insurance commitment for the period 1417H-1430H reached the $7.9 billion level, while the total business insured over the same period stood at $6 billion. The total volume of insured business for 1430H crossed the $1 billion threshold, of which $750 million was for export credit insurance[6].

Supporting Capacity Development: Capacity development has always been given special attention by IDB. This is reflected by the establishment of several organizational units and programs by the Bank to provide such assistance. These include Technical Assistance for Capacity Building, Technical Cooperation Program, IDB Scholarship Programs, Science and Technology Program, WTO-related Technical Assistance Program and IDB Statistical Capacity Building Initiative. In 1430H, 43 different technical assistance for capacity building amounting to $7 million in 25 member countries were approved by the Bank. These operations were cross-sectoral and took either the form of a component in a project or a

[3]For more details, see ITFC Annual Report, 1430H, www.itfc.idb.org.
[4]For more details, see IRTI Annual Report, 1430H, www.irti.org.
[5]For more details, see ICD Annual Report, 1430H, www.icd-idb.org.
[6]For more details, see ICIEC Annual Report, 1430H, www. iciec.org.

President of Turkmenistan, Gurbanguly Berdimuhamedov, and President of IDB, Dr. Ahmad Mohamed Ali, at the Annual Meeting 2009 of the Islamic Development Bank, held in Ashgabat, Turkmenistan

stand-alone project. They reinforced the capacities of various stakeholders in member countries including ministries, executing agencies, non-governmental organizations, community groups and others.

FINANCIAL RESULTS AND RISK MANAGEMENT

Financial Results

In 1430H, the net income from OCR amounted to ID124.8 million, (Table 1) showing a level similar to the pre-crises (food, financial and economic) level in 1427H.

Adopting Comprehensive Risk Management Framework

Reviewing Risk Management Guidelines: The Bank has put in place a comprehensive risk management framework to address all types of credit, market, and operational risks. Given the nature of the Bank's activities, country risk and liquidity risk are given special attention. With regard to country risk, a comprehensive framework with appropriate exposure limits has been implemented.

IDB continues to maintain the highest credit ratings, reflecting the strong support of its member countries, and its financial soundness.

As regards the liquid fund portfolio, a framework has been implemented for determining maximum and minimum liquidity requirements together with assigning exposure limits for counterparties as well as concentration limits at country and bank levels. IDB regularly carries out reviews of its risk management guidelines based on market developments and best-practices.

Maintaining the Highest Credit Ratings: IDB continues to maintain the highest credit ratings of "*AAA*" from Fitch Ratings, Standard & Poor's and Moody's reflecting the strong support of its member countries, its financial soundness and the conservative financial and risk management policies adopted.

The Basel Committee on Banking Supervision has designated IDB as a '*Zero-Risk Weighted*' Multilateral Development Bank (MDB). The Commission of the European Communities also designated IDB as an MDB eligible to benefit from a *zero-risk weight*, as laid down in the relevant instruments of the European Union.

Monitoring Credit Worthiness: In the course of assessing the potential impact of the global financial crisis on the Bank and its member countries, a high level Global Financial Crisis Monitoring Team assesses on regular basis the credit worthiness and repayment ability of member countries and other counterparties. Necessary measures have been taken to mitigate the risks arising from the worldwide financial turbulence.

TRANSFORMING IDB GROUP INTO A PREEMINENT DEVELOPMENT INSTITUTION

Driven by the recommendations of Vision 1440H document and substantial changes in its strategic environment, IDB Group has accelerated the implementation of its major reform program initiated in 2007 to enhance the Group's role as the preeminent development institution of *Ummah* and to improve its relevance and impact in member countries. Ultimately, the reform program will enable the institution to meet the needs and expectations of member countries, prepare the institution to meet future challenges and speed up the implementation of the "*OIC Ten-Year Program of Action*". In addition, IDB continued with its efforts at strengthening its development assistance by improving the quality of project portfolio, enhancing project implementation and putting to use the lessons learnt from the evaluation of completed projects.

Accelerating the Implementation of the Reform Program

Developing IDB Group Strategy: Development of the IDB Group medium-term strategy, medium-term financial targets, medium-term business plans and the strategy-driven annual budgeting for 1431H has been finalized. The new strategy entails optimization of the Group synergy and partnerships to leverage the resources, the impact and multiplier effects in member countries.

Re-organizing IDB: The Bank has re-designed and re-structured its organization to align it with the new strategic objectives, thus improving its capability for delivering the multiplied demands on the Group. To this end, the new organizational structure has largely shifted resources to the operations complex through creating country divisions which focus on fewer countries and empowering regional offices prior to moving ahead to country offices to enable the Group to focus more on the development impact, and bringing it closer to member countries. The new organizational structure also contains new sectoral departments which would enable the Bank to build an in-depth sectoral expertise in core strategic areas including Human Development, Infrastructure, and Agriculture and Rural Development. The Chief Economist complex has been added to the new structure to strengthen the capacity for economic data, research, policy and knowledge generation, turning the Group into a knowledge-bank. To achieve higher and broader development impact through mobilizing additional resources, IDB has created a new Partnership and Resource Mobilization department in the Finance complex. It also created the Budget and Performance Management department to manage organizational performance and to transform the Bank into a performance and results driven institution. In line with the recommendation of Vision 1440H, a new External Relations and Internal Communications department has been set up to strengthen stakeholder relations and thereby improve the Group's visibility in member countries and in the world.

Staff Renewal: New functions and responsibilities arising from the new organizational structure and the delegation of authority called for staff renewal to assess the Bank's managerial strength and staff training needs. Assessment and interviews of recommended assesses have led to the selection of two-thirds of the Directors and Division Managers. The unfilled positions have been opened to external recruitment for which staff members with the requisite qualifications are free to apply.

Implementing Reform Program Phase II: Phase II has four main components: Operations Policy, Human Resource Policies, Knowledge Management and Business Processes & IT. The final product of the component '*Operations Policy*' is the development of the new '*Operations Policy Manual*' in line with the shift in operations from country focus to sector approach[7]. The Reform Phase II also pursues transformation of the human resources (HR) systems and policies. The successful execution of this component is a prerequisite for delivering the new IDB Group strategy and quality services/products addressing the human development needs of member countries. In collaboration with international experts on HR issues, IDB has already begun work on the following sub-components: (i) Organization Right-sizing (Hard-wiring), Job Analysis, Job Description and Job Grading, (ii) Workforce Planning, (iii) Performance Management, (iv) Variable Pay, and (v) Talent Management and Succession Planning. Finally, there is a component of the Reform program which aims at re-engineering, optimization and improving the efficiency and effectiveness of IDB Group operations. In the course of re-engineering business processes, these will be aligned with the new IT infrastructure.

IDB Group accelerated the implementation of its major Reform program to improve its relevance and impact in member countries.

Intensifying Communication on the Change: Efforts to manage the changes required for the smooth and successful implementation of the IDB Group Reform included intensive communication on the change implied by client-centric and performance management culture across the IDB Group. The Reform Communication plan has been designed

[7] In this context, several policies/guidelines have been developed, which include (i) Guidelines for Review and Approval of IDB Operations, (ii) Key Elements of the Matrix Organization, (iii) Group-wide Member Country Partnership Strategy and Programming, (iv) Group-wide Sector/Thematic Strategies, (v) Project Financing: Identification to Approval, (vi) Project Monitoring, Implementation Support and Completion Report, (vii) Country Level Analytical and Knowledge Activities, (viii) Partnership, (ix) Quality Assurance, (x) Results Management, (xi) General Policies on Public-Private Partnerships. The complete Operations Policy Manual is expected to be finalized by early 1431H.

to promote the two-way communication aimed at ensuring full participation of the stakeholders in the Reform process and supporting the IDB staff in their adaptation to the new organization and systems. The IDB Group Institutional Culture Model described each cultural value and behavior cherished in the IDB Group which aimed at achieving behavioral change towards the targeted institutional culture. It focuses on the key success factors of client-centric approach by defining the enablers as well as parameters of the cultural change.

Strengthening Development Effectiveness

Improving Quality of Project Portfolio: During 1430H, the Bank continued its efforts for improving the quality of project portfolio through speedy implementation and enhanced monitoring. The active portfolio was closely reviewed to cancel the projects which were unlikely to be implemented in a reasonable time frame. As a result, 16 problematic projects were cancelled in 1430H. Also, only 4 additional projects were non-disbursing in 1430H compared to 10 projects in 1429H. The Bank has expedited implementation of the approved projects; resultantly, 73 operations were completed during the year 1430H.

The overall size of active project portfolio consisted of 899 operations of amount ID8.5 billion. The disbursing operations accounted for 61.4 percent of the portfolio and showed an improvement over the 1429H status of 57 percent. Out of these, only 144 operations amounting to ID1.27 billion are not disbursing, as compared to 161 operations of ID1.37 billion in 1429H. For these operations, Financing Agreements have not yet been signed. In addition, 141 operations amounting to ID1.60 billion are expected to reach the disbursement stage.

In order to have greater impact of its development assistance on member countries, the Bank is taking initiatives to allocate more resources for project preparation and implementation. It is now mandatory for all Operations Departments to prepare comprehensive project supervision/implementation/assessment and project completion reports as per new templates developed by the Bank.

Introducing Project Implementation Assessment: As part of the IDB reform, Project Implementation Assessment Report (PIAR) was introduced in the fourth quarter of 1430H to enhance the outcome of project Supervision Missions conducted by the Operations Complex. PIAR will provide objective feedback to all stakeholders regarding the implementation status of their respective project. PIARs will help to clearly identify and document the project bottlenecks that need to be addressed for timely achievement of the Project Development Objectives. PIARs also facilitate the formulation of an action plan to serve as a guide for all stakeholders to help expedite the project implementation.

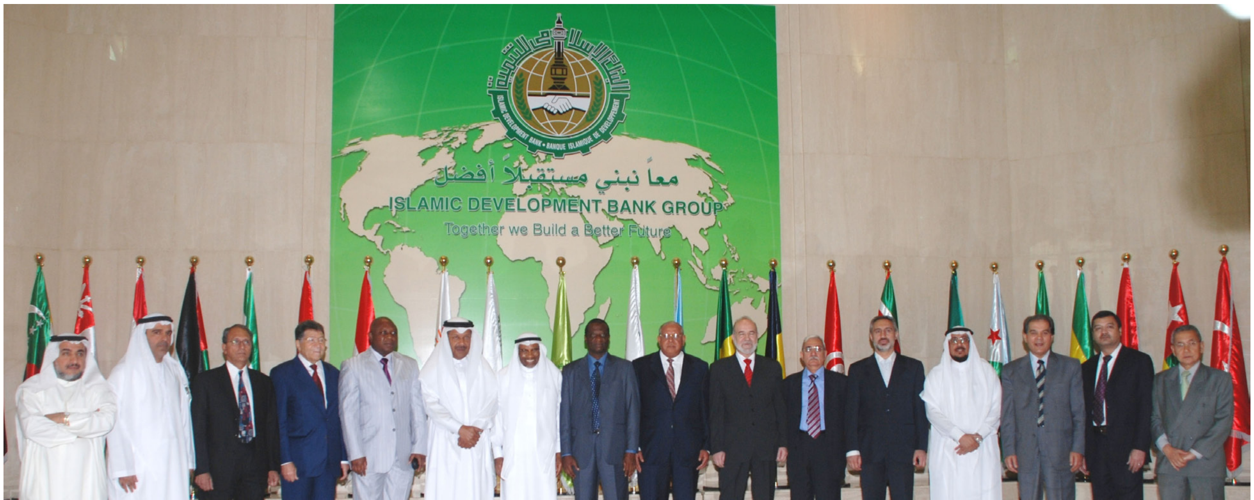
It is intended that PIARs will provide a positive feedback loop for future country programming missions, by rewarding the performing Executing Agencies with more projects while helping the non-performing Executing Agencies with customized capacity building Technical Assistance. This will also help to increase the Bank's disbursement to approval ratio which will contribute towards reducing the overall overhead costs.

Enhancing Evaluation Activities: In order to become a world class knowledge organization that endeavors to improve its operations, the Bank continues to draw lessons from the evaluation to enhance the development effectiveness of its interventions in member countries and in favor of Muslim communities in non-member countries. In 1430H, a total of 35 evaluations was carried out, which were distributed as follows: (i) post-evaluation of 25 completed operations; (ii) special evaluation of one on-going project; (iii) 5 evaluations of special assistance operations; (iv) 2 Country Assistance Evaluations (CAE) and (v) 2 sector/thematic evaluation. The sector-wise distribution of post-evaluated operations in 1430H was as follows: (i) 8 agriculture operations (23 percent), 7 energy operations (20 percent), 5 education operations (14.3 percent), 5 transport operations (14.3 percent), 4 water and sanitation operations (11.4 percent), 6 evaluations related to other sectors (17 percent). Out of these operations, 6 percent were rated highly successful, 72 percent successful, 16 percent partly successful and 6 percent not successful.

With a view to adding value to its evaluation activities, the IDB has established partnership arrangements with the evaluation entities of various multilateral development banks (MDBs). In this regard, IDB has been given observer status in the Evaluation Coordination Group (ECG), which is an apex institution of evaluation bodies of MDBs. During 1430H, IDB performed two joint evaluation missions with EBRD and BADEA. Moreover, many cooperation activities were undertaken with sister institutions, particularly African Development Bank and the World Bank.

ACTIVITIES OF THE BOARD OF GOVERNORS AND THE BOARD OF EXECUTIVE DIRECTORS

The Board of Governors held its Annual Meeting in Ashgabat, Turkmenistan on 9-10 *Jumad Thani* 1430H



IDB Board of Executive Directors

(2-3 June 2009). The meeting was placed under the patronage of H.E. Gurbanguly Berdimuhamedov, the President of Turkmenistan who attended personally the opening ceremony and delivered an important statement on that occasion.

As could have been expected, the discussions in the Board of Governors were very much concerned with the financial crisis and its impact. Thus, in addition to various resolutions relating to the usual agenda items (approval of accounts, approval of allocations to some specific programs, selection of external auditors, etc..), the Board adopted a special Communiqué in support of the IDB efforts to mitigate the impact of the global economic crisis in member countries (see Box 1). In the Communiqué, the Board of Governors expressed its appreciation for the IDB Group reaction following the food crisis and the financial crisis. It also called on the IDB Group to scale-up its support in assisting member countries for developing their Islamic financing sector. More broadly, it requested IDB to realize a sizable growth in its operations starting 1430H.

As for the Board of Executive Directors (B.E.D), it held seven meetings during 1430H, in addition to several meetings of its committees (Audit Committee, Operations Committee, Financial and Administrative Committee). During the year, the B.E.D adopted 134 Resolutions and considered 57 information items. A summary of the meetings agenda is given in Annex 6.

The B.E.D naturally devoted much attention to the implementation of the orientations led by the Board of Governors in the above mentioned Communiqué of June 2009 (particularly in terms of increase of volume of activities). The B.E.D thus decided to raise the annual growth rate of IDB's operations to 30 percent during the three years 1430-1432H, instead of the usual 15 percent. Consequently, it considered and approved contribution to the financing of about 60 projects (in addition to those operations directly approved by the President, by virtue of the delegation of authority given to him by the Board). Among these projects, it is important to mention the establishment of a "*Mega Islamic Bank*" which should provide efficient liquidity management tools for the Islamic banks and financial institutions.

The B.E.D also ensured a systematic follow-up of two important initiatives launched earlier: on the one hand, the implementation of the Jeddah Declaration relating to the support to the agriculture sector in member countries and, on the other hand, the achievement of the Vision 1440H (2020), including the IDB Group Reform. As part of the measures related to the Vision, the B.E.D adopted a set of "*Corporate Governance Principles*" that were also subsequently submitted to the Boards of the other Entities of the Group (ICIEC, ICD and ITFC). The strategy component of the IDB Reform was particularly addressed in two special meetings that the B.E.D held jointly with the Boards of the other Entities of the Group.

Finally, another important concern of the B.E.D was to address the financial constraints facing some low income member countries: this was achieved through rescheduling of their dues (either on operations, or on their participation to the Bank's capital). Countries concerned were Afghanistan, Comoros, Niger and Togo.

ACHIEVING ECONOMIC RECOVERY

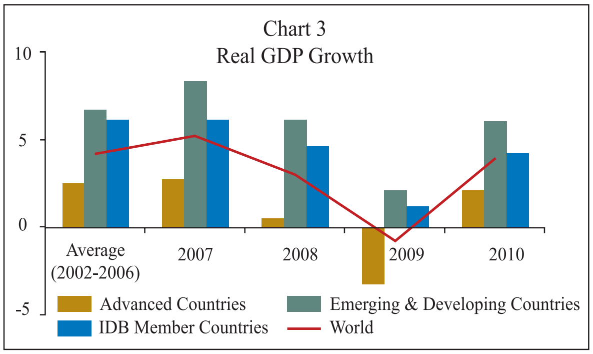
1430H (2009) was another challenging year for the global economy in general and for developing countries in particular. While most developing countries were facing the negative effects of the food crisis, the economic recession further compounded their socioeconomic problems in 2009. The economic slowdown in developing countries was very significant because of slumping demand for their exportable products along with uncertainty in commodity prices, significant reductions in foreign investment and remittances, and liquidity shortage.

MACROECONOMIC PERFORMANCE

Facing Global Economic Recession

Declining World Economic Growth: Due to the ongoing global economic recession, almost all economies experienced a slowdown in their growth in 2009. World economic growth decelerated sharply from 3 percent in 2008 to -0.8 percent in 2009. Similarly, the average annual growth in advanced countries declined from 0.5 percent in 2008 to -3.2 percent in the same year. The process of economic recovery in G-3 countries appears to be sluggish in 2009. The real economic growth of USA, the largest national economy in the world, dropped from 0.4 percent in 2008 to -2.5 percent in 2009. Forecast of economic growth in USA is 2.7 percent in 2010 which will remain below the world economic growth (3.9 percent). The economic growth of Japan, the second largest in the world after the USA in terms of nominal GDP, declined from 2.3 percent in 2007 to -1.2 percent in 2008 and further declined to -5.3 percent in 2009. However, forecast of economic growth in the country is 1.7 percent in 2010, lower than that in USA for the same year. GDP growth in Germany, the largest national economy in Europe, decreased from 1.2 percent in 2008 to -4.8 percent in 2009. However, the GDP growth of Germany is expected to be positive (1.5 percent) in 2010.

Real GDP growth for emerging and developing economies sharply dropped from 6.1 percent in 2008 to 2.1 percent in 2009 (Chart 3). This reduction reflects expectations of high economic slowdown in CIS (from 5.5 percent in 2008 to -7.5 percent in 2009) and in Central and Eastern Europe (from 3.1 percent in 2008 to -4.3 percent in 2009). In Africa and the Middle East region, economic growth also declined from 5.2 percent and 5.3 percent in 2008 to 1.9 percent and 2.2 percent in 2009, respectively.



Source: IMF, January 2010

Contracting World Trade: The years 2008 and 2009 witnessed a collapse in the volume of world trade as a result of the global financial and economic crisis. The growth in the volume of world trade decelerated from 7.3 percent in 2007 to 2.8 percent in 2008 and further declined to -12.3 percent in 2009, the largest contraction in trade since World War II. On average, developed countries experienced a fall in their exports by 12.1 percent, and emerging and developing countries, often more reliant on trade, by 11.7 percent in the same year[1]. The decline in trade, however, impacts on developing countries disproportionately. For instance, among Asian economies, trade in some cases declined by 50 percent or more. Low-income countries are being hit the hardest, as their primary exports comprise, on average, 70 percent of their total exports.

However, in 2009, global current account imbalances narrowed. In particular, current account deficits improved in the United States and various advanced economies such as France, Italy, Greece, Ireland, Portugal, Spain, and United Kingdom. Together, these economies accounted for the bulk of the world's current account deficits before the crisis.

Reversed Capital Flows: Due to deleveraging or losses in financial markets, the reversal of capital flows has been one of the most significant effects of the financial crisis on emerging and developing countries. After a period in 2007 and 2008 when many emerging markets faced the issue of dealing with

[1] IMF, World Economic Outlook, Update, January 2010.

extensive capital inflows, capital flows have now been reversed. Private capital flows in 2009 were less than half of their values in 2007. The sharpest drop in net private capital inflows was in bank lending to emerging economies, which deteriorated from positive inflows of about $400 billion in 2007 to negative inflows of about $60 billion in 2009[2]. Similarly, FDI into developed countries in 2008 decreased by an estimated 25 percent compared to 2007, mainly as a result of the protracted and deepening problems affecting financial institutions and the liquidity crisis in the financial markets[3]. If this unfavorable international economic environment persists during 2010, it will pose tremendous challenges to developing countries in term of financing investments for long-run sustainable growth and development.

World trade volume declined for the first time in nearly three decades, as economic activities in both developed and developing economies were adversely affected by the global financial and economic crisis.

Falling Remittance Flows: Remittance flows to developing countries fell by 7.3 percent, from $328 billion in 2008 to $304 billion in 2009. Region-wise, flows to Latin America and the Caribbean fell by 7 percent; Middle East and North Africa by 6 percent; Sub-Saharan Africa by 8 percent; and in South Asia by 4 percent[4]. With the current global financial crisis, the environment for remittance flows to developing countries in 2009 appears uncertain for four main reasons: (i) the economic slowdown in the high-income OECD destination countries including the United States and Western Europe, which account for almost two-thirds of remittance flows to developing countries; (ii) the impact of the financial crisis on developing countries, which account for half of migrants from developing countries; (iii) the volatility of oil prices and its impact on the economies of GCC countries, a major destination of migrants from developing countries in South Asia and the Middle East and North Africa; and (iv) the uncertainty about exchange rate volatility[5].

Increasing Unemployment: Unemployment also remains a major concern both at national and global levels. The deepening global economic crisis is taking a heavy toll on employment worldwide. An increase in the unemployment rate has been recorded since 2008 and is expected to rise further in 2009-2010 to attain roughly 50 million. In the United States, Germany, France and Italy, the unemployment rate is projected to be double-digit in 2010. Region-wise unemployment trends show that non-EU States and Countries in Transition faced the highest increase in unemployment rate from 8.4 percent in 2007 to 12.1 percent in 2009, followed by the Middle East from 9.5 percent to 11 percent; North Africa from 10.6 percent to 11.1 percent; Sub-Saharan Africa from 7.7 percent to 8.2 percent; Southeast Asia and the Pacific from 5.4 percent to 6.2 percent and South Asia from 5 percent to 5.6 percent[6]. Since the recovery of the global economy is still shaky and expected to be uneven, it will clearly take considerable time to bring unemployment rates back to pre-crisis levels.

Inflationary pressure is expected to significantly ease at global level. In the advanced economies, inflation rate declined from 3.4 percent in 2008 to 0.1 percent in 2009. Similarly, emerging and developing economies experienced lower inflation rate which stood at 5.5 percent in the same period.

Economic Performance of Member Countries

Decreasing Economic Growth: During the past two years, member countries felt the impact of the financial and economic crisis through a number of channels including reduced export demand, commodity prices, foreign direct investment, tourism, ODA flows, workers' remittances and employment. However, as expected, the impact of the financial and economic crisis was more severe in 2009 in relation to 2008. On average, the economic growth of member countries dropped from 6.1 percent in 2007 to 4.6 percent in 2008 and further declined to 1.2 percent in 2009. On average, the economic growth of oil-exporting and non-oil exporting member countries decelerated from 5.2 percent and 3.9 percent in 2008, respectively, to 1.6 percent and 0.8 percent in 2009.

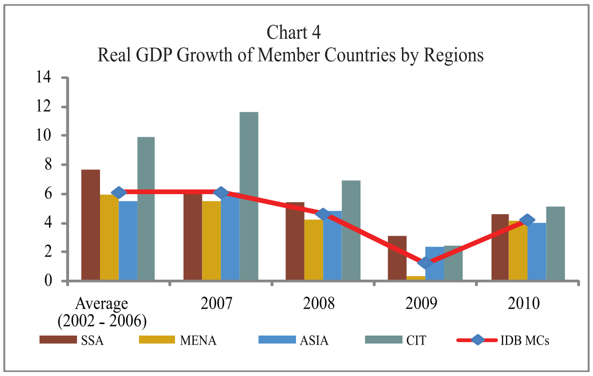
On average, real GDP growth of member countries dropped sharply in 2009, but is projected to recover in the short-term.

According to IDB classification, all four regions, namely; Sub-Saharan Africa (SSA), Middle East and North Africa (MENA), Asia, and Countries in

[2] The Institute of International Finance, Capital Flows to Emerging Market Economies (2009).
[3] UNCTAD, Global Economic Crisis: Implications for Trade and Development, (2009).
[4] World Bank, Migration and Development Brief, (2009).
[5] Outlook for Remittance Flows 2008-2010, World Bank (2009).
[6] ILO, Global Employment Trends Update (2009).

Transition (CIT) experienced slowdown in economic growth. In particular, economic growth in Sub-Sahara African member countries declined from 5.4 percent in 2008 to 3.1 percent in 2009, mainly due to declining global trade and shrinking capital flows.

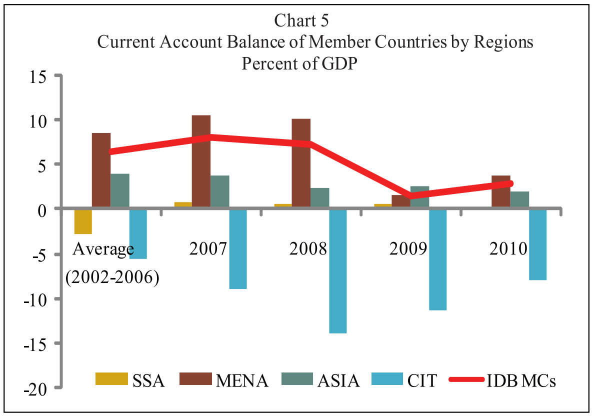
On average, member countries from MENA region experienced growth reduction from 4.2 percent in 2008 to 0.3 percent in 2009, mainly driven by significant decline in oil revenue, stock market indices; and FDI flows. The fallout of the economic crisis on CIT member countries was immense mainly due to sharp drop in global demand, currency devaluations, decline in foreign capital inflows and workers' remittances. Economic growth of CIT member countries dropped from 6.9 percent in 2008 to 2.4 percent in 2009. Member countries in Asia were relatively less affected as their economic growth decelerated from 4.8 percent in 2008 to 2.3 percent in 2009 (Chart 4).



Source: IMF, October 2009

The economic growth of 28 Least Developed Member Countries (LDMCs), which has been rising in recent years, slowed down from 8.1 percent in 2007 to 6.6 percent in 2008 and decelerated to 5.1 percent in 2009, mainly due to the shortage of financial flows as an effect of the global economic downturn. By their nature, the economies of LDMCs have inherent structural weaknesses such as lack of macroeconomic fundamentals for responding to external shocks and thus minimize their impacts. The economic growth of non-LDMCs also slowed down from 5.8 percent in 2007 to 4.4 percent in 2008 and further dropped to 0.8 percent in 2009, mainly due to lower export earnings which were adversely affected by the global financial and economic crisis.

Declining Current Account Surplus: Current account surplus of member countries, as a group, declined slightly from 7.9 percent of GDP in 2007 to 7.2 percent of GDP in 2008. This moderate decrease is attributable to the gains that accrued from the increase in international commodity prices during the first half of 2008. This implies that the reverse impact of the sharp fall in prices that started in the second half of 2008 did not completely counterbalance the revenue gains of the first half of the year. However, the deepening effect of the global recession took a significant toll on the current account surplus of member countries in 2009, which declined to 1.5 percent of GDP, especially as the global trade has not shown strong signs of recovery.



Source: IMF, October 2009

Due to spillovers first from the food crisis and later from the global financial and economic crisis, the current account surplus of non-LDMCs decelerated from 8.3 percent of GDP in 2008 to 2.0 percent of GDP in 2009, compared to LDMCs' current account deficit of 5.5 percent in 2008 which declined to 4.8 percent in 2009. Falling oil prices will push the current account surplus of oil-exporting member countries down from 18.1 percent of GDP in 2008 to 4.1 percent of GDP in 2009. In contrast, non-oil exporting member countries will likely experience lower current account deficit of around 1.7 percent of GDP in 2009.

The current account surplus of member countries from Sub-Saharan Africa and Asia improved slightly from 0.4 percent and 2.3 percent in 2008 to 0.5 percent and 2.3 percent in 2009 respectively. On average, CIT member countries faced lower current account deficit of about 11.4 percent of GDP in the same year. In contrast, current account surplus in member countries of MENA region sharply declined from 10 percent in 2008 to 1.4 percent of GDP in 2009, mainly due to the drop in the global oil demand. However, commodity prices climbed again but remain volatile in the medium-term, partly due to the underlying imbalances in commodity markets. Since many LDMCs rely on earnings from primary commodities export, they remain particularly vulnerable to high volatility in primary commodity prices.

Easing Inflationary Pressure: A sharp decline in international and domestic demand and the wide gap between actual and potential output eased inflationary pressures in member countries in 2009. On average, inflation rate in member countries declined from 11.9 percent in 2008 to 7.5 percent in 2009. Inflation rate in oil-exporting member countries declined from 13.5 percent in 2008 to 7.7 percent in 2009. Similarly, non-oil-exporting member countries faced lower inflation rate in 2009. All four regions based on IDB classification experienced reduced inflation rate in 2009. In particular, inflation rate in CIT region dropped from 16.5 percent in 2008 to 6.5 percent in 2009. Member countries of MENA region also faced inflation rate reduction from 13 percent to 7.4 percent. Similarly, inflation rates in SSA and Asian member countries decreased from 10.3 percent and 9.3 percent in 2008 to 9.0 percent and 7.3 percent in 2009 respectively.

Reversing Social Development Gains: The global economic slowdown threatens to reverse the gains made in terms of social development in member countries. According to IDB estimation, prior to the crisis and despite significant progress, several member countries have not been on track to meet most MDGs. For instance, before the onset of the crises, 26 member countries (22 of which were in the SSA region) were considered off-track in term of halving the proportion of people living in extreme poverty by 2015. As a consequence of the slowdown in economic growth, more member countries are now likely to join the off-track member countries. With the current economic growth, member countries as a group will not be able to achieve the MDG target of full employment by 2015. It will only be possible by 2020 if member countries are able to achieve and maintain real output growth of 8 percent[7].

Most member countries in Sub-Saharan Africa were affected by the negative impacts of high food prices, with the financial crisis further aggravating their socio-economic problems. The latest data shows that member countries are facing great challenges in improving their social conditions[8]. According to Global Hunger Index (2009), out of the forty-six member countries included in the report, twenty-seven have "serious", "alarming" or "extremely alarming" levels of hunger[9] (Annex 14). In addition, an assessment of poverty vulnerability from the recession indicates that, seven member countries plunged into higher poverty incidence while 19 are highly exposed to increasing poverty incidence[10]. In recognition of the additional poverty reduction challenges to member countries, IDB initiated special intervention programs that are targeting member countries with critical needs as well as sectors that could lead to poverty reduction.

RESPONSE TO GLOBAL FINANCIAL CRISIS

During 2009, the Group of Twenty (G-20) Finance Ministers and Central Bank Governors agreed on a wide range of actions to help the global economy and the financial system to regain their footing. The short-term priority actions were: (i) prevention of capital flight from emerging and developing economies, which need these funds to sustain their poverty alleviation and infrastructure development programs, and (ii) ensuring that the IMF and MDBs have sufficient resources to support the needy countries. Under the medium term actions, the G-20 agenda called for (i) higher regulatory standards such as accounting, credit rating agencies, auditing and deposit insurance and (ii) establishment of a climate of stability and confidence in the global financial system with the objective of minimizing the impact of the global financial crisis and its future recurrence.

In this context, MDBs strategy to assist countries to cope with the financial and economic crisis was anchored on (i) employing existing financing instruments flexibly and innovatively, accelerating approvals, quick-disbursing and guarantee/credit enhancement operations; and (ii) adopting new crisis instruments to accelerate infrastructure and trade sector financing. During the year under review, they undertook unprecedented efforts including, providing immediate balance of payment and budget support; establishing new emergency liquidity and trade finance facilities; mobilizing funding to maintain investments in critical public and private infrastructure; implementing measures to bolster the solvency and liquidity of banking systems; addressing acute financing needs in the private sector; front loading allocations of concessional resources; and speeding up implementation.

IDB Responses: Given the development financing needs of member countries and the expanded mandates

[7]Economic Research and Policy Department, IDB, "The Challenge of Unemployment in IDB Member Countries: Can They Achieve the Target of Full Employment by 2015?".

[8]Even before the food, and financial crises, 1.1 billion people were living on less than $1 a day and 923 million were undernourished. By the end of 2010, an additional 90 million people in all developing countries put together are likely to fall into extreme poverty due to the adverse impact of the economic recession..

[9]The Global Hunger Index measures hunger based on three leading indicators which cover various aspects of hunger and under-nutrition. The indicators are: (i) the proportion of undernourished population; (ii) the prevalence of underweight children; and (iii) children mortality rate. The 2009 GHI covers 120 countries, including 46 IDB member countries.

[10]Louise Cord et al (2009): The Global Economic Crisis: Assessing Vulnerability with a Poverty Lens; World Bank Policy Note.

of MDBs arising directly from the global economic crisis, IDB during 1430H, was very active in generating and implementing new initiatives to mitigate the adverse impact of unprecedented crises – food, and financial and economic recession.

First, IDB Board of Executive Directors gave approval for the growth rate of OCR operations to be doubled over the next 3 years (1430H-1432H) at its 259th Meeting held on 7th Jumad Thani 1430H (31st May 2009) in Ashgabat, Turkmenistan. The main objective of this scale-up is to help IDB member countries mitigate the effects of the global economic crisis on their economies. In particular, the Bank has already mobilized *Sukuk* resources amounting to about $850 million which will be deployed to fast track disbursements in infrastructure projects. Under the OCR-scaling-up initiative, an additional financing of $2.5 billion was made available for development assistance for the three-year period from 1430H to 1432H. Of this amount, $833 million was allocated for projects approval during 1430H.

Given the development financing needs of member countries and expanded mandates of MDBs arising directly from the global economic crisis, IDB, during 1430H, was very active in generating and implementing new initiatives to mitigate the adverse impact of unprecedented crises – food, and financial and economic recession.

Second, IDB Group launched a program in January 2009 aimed at scaling-up commitments and disbursements, and supporting economic recovery and capacity development in LDMCs. In this regard, IDB adopted (i) scaling-up commitments and disbursements through the launch of an IDB Infrastructure Fund-II which is near completion. The target size of this Private Equity Fund is $1.5 billion and IDB's investment in the Fund is expected to reach $300 million. For the period 2008-2010, incremental commitments in lending and guaranteeing operations is estimated at $6.6 billion; (ii) supporting economic recovery through expediting disbursements for on-going projects and programs and considering disbursements in advance through establishment of special accounts; and re-allocating part of $350 million for concessional financing to the most affected countries to the tune of $100 million; and (iii) supporting capacity development through strengthening the enabling environment for expansion of Islamic finance; and helping them in improving their regulatory environment for the financial sector and investment climate.

Third, during 1430H, IDB expedited the implementation of the Special Program for the Development of Africa (SPDA), which was launched in 1429H. The SPDA is a five-year program spanning 2008–2012 with an allocation of $4 billion to contribute effectively to reducing poverty and promoting sustainable economic growth in African member countries. The program focuses on a number of priority sectors and activities including agriculture and food security, water and sanitation, energy, transport infrastructure, education system, health and the fight against communicable diseases.

Fourth, in 1430H, the Bank continued the implementation of the Jeddah Declaration on Food Security launched in 1429H with a financing package of $1.5 billion over a period of five years, the aim being to support the member countries affected by the global food crisis to strengthen their food security and agricultural sector.

Fifth, IDB contributed to the preparation of the final report of the G-20 Working Group No. 4 on "Reforming the MDBs"[11]. The main objective of the Working Group was to explore ways and means to collectively support the World Bank and other MDBs so that they could effectively harness their full potential to achieve sustainable and inclusive global economic and social development. The G-20 Deputies meeting held in London on 15 March 2009 endorsed the findings of Working Group 4 and recommended that MDBs and the World Bank expand their mandates to cover counter-cyclical financing and enhance social safety nets in developing countries.

Sixth, given the fact that in moving to the post-crisis world, member countries need to reconsider their growth strategies, learn how to cope with a dramatically altered international financial landscape, and follow through the implications of potentially new global patterns of trade and investment, the Bank organized its 20th Annual Symposium on "Shaping the Post-Crisis World: Regional Implications and Coordinated Responses by Member Countries" in Ashgabat on 2nd

[11]The leaders of G-20 countries meeting at Summit level in Washington, D.C. on 15 November 2008, to discuss the international response to the global financial and economic crisis, agreed to establish four Working Groups as follows: (i)Reforming international financial architecture; (ii) Reforming auditing and accounting standards; (iii) Reform of IMF, and (iv) Reform of MDBs. The main mandate of Working Group 4 was to consider the mandates, governance, resourcing and policy instruments of the MDBs in light of the needs of their members and the pressures resulting from the impact of the downturn on developing countries.

June 2009. The main objective of the Symposium was to provide opportunity for IDB Governors to discuss new challenges and forge common positions on regional and global challenges in a post-crisis world as well as assist IDB Group to better align its development assistance to the new and emerging needs of member countries (Box 2).

Member Countries Responses: At national level, many countries accross the world have implemented rescue plans to stabilize their economies in the face of the global financial and economic crisis. Global rescue plans are estimated to exceed $3 trillion, about one trillion dollars of which was spent by the United States. In line with global efforts, many member countries have taken several appropriate counter-cyclical fiscal and monetary measures to mitigate the impact of the crisis on their economies. The most common measures taken by member countries are: (i) applying expansionary fiscal policies to boost domestic demand; (ii) injecting liquidity to the banking sector through rescue packages, thus restoring confidence in the banking and financial sector; (iii) lowering the repo rate and reducing reserve requirements to alleviate liquidity bottlenecks; (iv) declaring their readiness to protect national banks from credit risks and providing deposit guarantees; and (v) developing initiatives to improve the "doing business" environment. At international

Box 2

20th IDB Annual Symposium on "Shaping the Post-Crisis World: Regional Implications and Coordinated Responses by Member Countries"

IDB, in cooperation with the Government of Turkmenistan, organized its 20th Annual Symposium on "Shaping the Post-Crisis World: Regional Implications and Coordinated Responses by Member Countries" on the occasion of the 34th Annual Meeting of IDB Board of Governors held in Ashgabat on 2 June 2009. The main objective of the Symposium was to address the major reform agenda in shaping the post-crisis world and its implications for member countries from the regional perspectives. The major conclusions of the Symposium were the following:

- The challenges of addressing the on-going global economic crisis, which originated in developed countries, require partnership and collaboration with international bodies and institutions. The role and contributions of the three member countries i.e. Indonesia, Saudi Arabia and Turkey were greatly appreciated in shaping the G-20 reform agenda. In this regard, readiness was expressed to coordinate with other member countries to bring up their key concerns and voices in the G-20 forum.
- While IMF has sufficient resources to provide 'emergency' support for balance of payments crisis, it needs to introduce greater flexibility and policy space in its lending instruments.
- Self-regulation by key financial institutions has been proved to be insufficient and counterproductive. Member countries need to prepare for an era of intrusive and tougher financial sector regulations.
- Due to the negative spillover effects of financial and economic policies in developed countries, multilateral consultations to address global imbalances and IMF surveillance of macro-financial policies need to be greatly strengthened and made more effective.
- To achieve greater acceptance of Financial Stability Board (FSB) work, this Board needs to be made more inclusive by broadening its membership of developing countries. In this regard, membership of G-20 developing countries in the Steering Committee of the Financial Stability Board needs to be ensured.
- Rising trade protectionism must be resisted under all circumstances. A strong commitment to revive and rapidly conclude the Doha development round is urgently needed.
- All multilateral development banks, including IDB, need to ensure the rapid delivery of short-term and long-term development assistance. However, cognizance of maintaining long-term debt sustainability of developing countries, including IDB member countries, must also be ensured.
- Islamic finance, which provides in-built safeguards against leveraging and excessive risk-taking, has key lessons to offer in promoting resilience and stability of financial institutions against shocks.

level, three member countries (Indonesia, Saudi Arabia and Turkey) continued to play a significant role in setting out comprehensive G-20 reform agenda for the global financial system.

ECONOMIC PROSPECTS

Short-term Economic Prospect

The global policy response to financial and economic crisis has been unprecedented, including monetary, financial and fiscal measures to stabilize financial markets and revive global growth, but there is still a lot of uncertainty about exactly how the current recession will end. In most countries, economic growth is expected to be positive in 2010. However, the recovery is expected to be slow and economic activities will likely remain far below pre-crisis levels. World economy is projected to grow by 3.9 percent in 2010. In the Euro area, economic activity is expected to remain sluggish (1 percent) in the same year. This reflects persistently weak domestic demand and the restraining effects of the sizeable real appreciation of the Euro on exports in an international competitive economic environment, which is still relatively weak. Economic growth in emerging and developing countries is projected to be 6 percent in 2010 which will rise above the world economic growth level, mainly due to high economic growth of China (10 percent), India (7.7 percent), and Brazil (4.7 percent) which together, account for 19 percent of global gross domestic product.

On average, forecast of economic growth in member countries is 4.2 percent in 2010 which will remain above the world economic growth. Economic growth in non-LDMCs is projected to accelerate from 0.8 percent in 2009 to 4 percent in 2010, while LDMCs are projected to experience economic growth of 5.6 percent in 2010. On average, current account balance of member countries is projected to improve from 2.1 percent of GDP in 2009 to 4.2 percent of GDP in 2010. LDMCs, as a group, are projected to experience lower current account deficit at 1.5 percent of their GDP in 2010. LDMCs, as a group, have been facing current account deficit for a long period, which is likely to result in a risky dependence on external financing. On average, fiscal deficit in member countries are projected to improve from 2.7 percent of GDP in 2009 to 1.0 percent of GDP in 2010. Generally, in a country with high levels of government deficit, the probability of implementing active fiscal pump-priming to reduce the problems of shrinking liquidity and of worsening market sentiment would be limited. This concern tends to be more pronounced in LDMCs, which are facing both fiscal and current account deficits.

Prior to the onset of the global financial turmoil, high commodity prices and strong trade growth had improved the export revenues of many LDMCs. Consequently, the burden of servicing external debt for the LDMCs as a group had fallen from almost 16 percent of export earnings in 2006 to 4.7 percent in 2008. This downward trend is being reversed as LDMCs exports and commodity prices have fallen starkly as a consequence of the current crisis. The ratios of external debt to GDP and external debt service to exports for LDMCs have risen significantly since the last quarter of 2008. LDMCs also face significant reversals in access to new external financing because of the global credit crunch. The combination of these factors is creating increasing balance-of-payments problems for a large number of LDMCs. A number of LDMCs are facing problems in servicing their external debt. Rising risk premiums on borrowing and currency depreciations are also increasing the cost of external public borrowing, putting additional pressure on government budgets. This, in turn, is limiting the ability of LDMCs to undertake counter-cyclical measures and to sustain adequate levels of public spending on infrastructure, education, health and social protection[12].

[12] UN, Stregthening the Global Partnership for Development in a Time of Crisis, MDG GAP Task Force Report (2009).

The sustainability of the global recovery will depend on improved situation in the financial markets, for which there are currently only tentative indications. The fragile global economic recovery still seems vulnerable to a range of shocks, including a virulent return of swine flu, geopolitical events, or resurgence of protectionism. In addition, there are other major downside risks related to the realignment of the exchange rates of major currencies and the large external imbalances in the world economy. Moreover, the global economic recovery in 2010 is mostly consumption-led but this may be unsustainable unless the recent modest recovery gains momentum and leads the way to a healthier structure of output growth accompanied by financial markets improvement and job creation. A continued "jobless recovery" could erode consumer confidence and dampen household spending, which has been the mainstay of economic growth[13].

In summary, there are growing signs that the world economy is stabilizing. The most recent indicators point to an improvement in key economic variables (Table 7). However, several short and long-term policy priorities stand out in this context. In particular, the key policy priorities remain to shift from public to private sources of demand; establish a pattern of growth across countries that is more sustainable and balanced; reduce regional imbalances; avoid destabilizing booms and busts in asset and credit prices and adopt supportive macroeconomic policies consistent with price stability that promote adequate and balanced global demand. Raising living standards in the emerging markets and developing countries is also a critical element in achieving sustainable growth in the global economy.

Facing Emerging Development Issues

The global financial and economic crisis further complicates solutions to perennial development problems, posing serious challenges at national, regional and global levels. The following three most contemporary development issues appear to pose the most critical challenges to member countries in the post crisis era: (i) Achieving millennium development goals; (ii) Jobless crisis and; (iii) Climate change.

[13]During 2009, many countries all over the world have been launching economic stimulus packages to confront the crisis and save or create jobs. For instance, China took 10 major steps to stimulate domestic consumption and growth as it turns to an "active" fiscal policy and "moderately easy" monetary policy as follows: (i) building more affordable and low-rent housing and speeding the clearing of slums; (ii) a pilot program to rebuild rural housing will expand; (iii) speeding up rural infrastructure construction; (iv) accelerating the expansion of the transport network; (v) health and education; (vi) improving environmental protection; (vii) enhancing innovation and industrial restructuring and supporting the development of the high-tech and service industries; (viii) disaster rebuilding; (ix) raising average incomes in rural and urban areas; (x) extending reforms in value-added tax rules to all industries (xi) enhancing financial support to maintain economic growth.

Table 7
Macroeconomic Performance Indicators of Member Countries

	Average (2002-2006)	2007	2008	Estimate 2009	Projected 2010
Real GDP Growth (Annual percent change)					
IDB Member Countries	6.2	6.2	4.6	1.2	4.1
LDMCs	6.9	8.0	6.5	4.6	5.4
Developing Countries	6.7	8.3	6.0	1.7	5.1
Inflation (Annual percent change)					
IDB Member Countries	8.2	8.1	12.1	7.6	6.3
LDMCs	6.4	8.3	11.8	6.0	6.2
Developing Countries	6.2	6.4	9.3	5.5	4.9
Broad Money (Annual percent change)					
IDB Member Countries	14.4	23.8	20.3	4.1	-
LDMCs	17.2	23.6	21.4	7.2	-
Developing Countries	16.3	25.2	22.5	14.9	-
Gross National Savings (percent of GDP)					
IDB Member Countries	28.6	31.9	31.8	26.7	28.1
LDMCs	20.5	22.7	23.0	20.7	21.7
Developing Countries	-	-	-	-	-
Gross Capital Formation (percent of GDP)					
IDB Member Countries	21.8	23.2	23.1	24.0	23.6
LDMCs	23.4	22.5	22.0	22.3	22.8
Developing Countries	25.5	29.0	30.2	30.4	30.1
Gross Private Capital Formation (percent of GDP)					
IDB Member Countries	17.1	17.8	18.0	17.1	17.3
LDMCs	17.7	16.1	15.8	15.7	15.6
Developing Countries	-	-	-	-	-
Direct Investment, Net (percent of GDP)					
IDB Member Countries	2.0	2.3	2.0	1.9	1.7
LDMCs	0.3	0.1	0.2	0.2	0.2
Developing Countries	8.8	11.2	9.5	6.9	6.1
Fiscal Balance (percent of GDP)					
IDB Member Countries	0.2	1.2	2.9	-2.7	-1.0
LDMCs	-1.9	-2.8	-0.3	-3.5	-0.9
Developing Countries	-1.3	0.4	0.1	-3.5	-2.8
Current Account Balance (percent of GDP)					
IDB Member Countries	6.0	8.4	9.2	2.1	4.5
LDMCs	-4.2	-2.2	-0.2	-2.8	-1.5
Developing Countries	3.4	4.3	3.9	2.0	2.8
Trade Balance (percent of GDP)					
IDB Member Countries	10.0	11.5	12.7	5.9	8.3
LDMCs	-3.7	0.1	1.6	-2.7	0.4
Developing Countries	4.1	4.9	4.8	2.5	3.5
Total debt outstanding at year-end (percent of GDP)					
IDB Member Countries	37.9	32.3	27.6	31.0	29.5
LDMCs	53.2	35.9	30.6	33.7	31.3
Developing Countries	32.2	27.9	24.2	26.0	24.6
Debt Service/Total Exports (percent)					
IDB Member Countries	22.2	16.2	13.8	18.6	16.1
LDMCs	10.8	7.2	4.7	6.9	8.4
Developing Countries	25.2	19.2	18.8	24.6	20.3
Financial Sector Depth (as percent of GDP)					
IDB Member Countries	54.0	56.0	55.5	63.9	-
LDMCs	29.6	31.7	31.2	33.5	-
Developing Countries	71.4	73.9	74.9	91.4	-

Source: Data supplied by the International Monetary Fund, October 2009.

Achieving the Millennium Development Goals: The prospects for achieving the MDGs face serious threat, as the global economic slowdown undermines economic growth in developing countries, reducing per capita income growth rates and causing severe budget problems. The average GDP growth rate in developing countries is projected to fall in 2009 to less than half the pre-crisis rate. Growth in sub-Saharan Africa is projected to slow to 1.7 percent in 2009 from 6.7 percent in 2007.

The World Bank estimates that a one percent drop in growth in developing countries could trap another 20 million people into poverty. Worldwide, the number of people living in extreme poverty in 2009 was between 55 million and 90 million, higher than anticipated before the global economic crisis, though the impact will vary across regions and countries. In sub-Saharan Africa and Southern Asia, both the number of poor people and the poverty rate increased further in some of the more vulnerable and low-growth economies[14].

In spite of notable progress in recent years, the world is not on track to achieve most of the MDGs. The global financial crisis has added a serious threat to the achievement of the MDGs. The long-run consequences of the economic crisis may be more severe than those observed in the short-run. For instance, the decline in nutritional and health status among children who suffer from reduced (or lower-quality) food consumption can be permanent. Achieving MDGs will clearly remain on top of the international development agenda for many years beyond 2015 and two issues in particular merit special attention: how to tackle chronic poverty persisting in 2015 and how to sustain financing of initiatives to speed up progress towards the MDGs.

The global economic crisis is entering a new phase amid signs of a return to positive growth in many countries. But unemployment is likely to remain high and much still needs to be done to underpin a durable recovery.

Despite the fact that the amount of Official Development Assistance (ODA) from Development Assistance Committee (DAC) members to developing countries increased from 0.27 percent of Gross National Income (GNI) in 2007 to 0.3 percent of their combined GNI, it still remains far short of the United Nations target of 0.7 percent of GNI. Failure to fulfill these commitments will not only impede further progress towards the MDGs, but could jeopardize the gains already made.

The ability of countries to mobilize domestic resources for development is also in jeopardy. The decline in economic activity has reduced government revenues. Most governments in developing countries will not be able to make up for the shortfall in their budgets by borrowing domestically or internationally, nor can they rely on additional ODA, which is also expected to decline. This will, likely, lead to lower public spending on social services, thus affecting progress towards the MDGs as well.

To provide member countries with the support required to expedite the pace towards the MDGs, IDB continues to focus on (i) food security through enhanced agricultural productivity; (ii) human development; and (iii) support to private-sector led economic growth.

Global Jobs Crisis: The world is not facing just a global financial and economic crisis; it is also facing a global job crisis. Global unemployment rate is estimated to increase from 5.7 percent in 2007 to 6.1 percent in 2009, resulting in 20 million increase of the unemployed by the end of 2009, from 190 million in 2007. The upward unemployment trend has deepened the concern over the social impacts of the crisis and highlighted the need to take measures to support vulnerable groups in both developed and developing countries. In addition, employment levels will likely start recovering from the end of 2010 in emerging and developing countries. Moreover, every year, some 45 million young women and men enter the global labor market, bringing additional pressures to bear on labor markets[15].

There is significant risk that the jobs crisis will have long-lasting negative social and economic implications. It is estimated that almost 43 million workers are at risk of exclusion from the labor market. If proper initiatives are not taken in regard to job creation, the jobs crisis may worsen even further. In this context, two things are clear: (i) the serious lack of productive jobs is a problem that affects virtually all countries of the world and; (ii) the policies followed in response to economic recession have not been effective in addressing the problem of unemployment.

In addition, many countries for which data are available do not have proper social security nets to provide unemployment benefits. Poor unemployment insurance coverage is yet another problem. The vast majority of

[14] World Bank, Global Economic Prospects, (2009).

[15] ILO Report, 2009

the population in many developing countries is in the informal sector and self-employed; and do not have social protection. Estimates show that countries with above average sized informal economies are more than three times as likely to suffer the adverse effects of a crisis (higher cyclical volatility) as those with lower rates of informality[16].

ILO recommends that governments all over the world continue their fiscal stimulus packages taking into account the principles of "Global Jobs Pact", which prioritizes employment and social protection in the process of economic recovery[17]. In this context, both developed and developing countries need to re-orient their growth strategies and place employment and social protection at the centre of global economic recovery which may require focusing on: (i) maintaining investments in infrastructure; (ii) supporting small and medium-size enterprises and microfinance and; (iii) enhancing social safety net programs to protect the most vulnerable.

Climate Change: Climate change is the greatest environmental challenge facing the world today and will clearly remain on top of the global development agenda for many years. While climate change is a global phenomenon, its negative impacts are more severely felt by low income countries. The costs of climate change are expected to be huge. According to the Stern Report, if the world does not act, the overall costs and risks of climate change will be equivalent to losing at least 5 percent of global GDP each year. In contrast, the costs of action – reducing greenhouse gas emissions to avoid the worst impacts of climate change – can be limited to around 1 percent of global GDP each year[18].

A successful global response to climate change calls for partnership between developing and developed countries to address the two major issues required to tackle climate change: (i) adaptation which addresses the consequences of climate change. The question is, now that global warming is happening, how we can make societies better able to cope with an uncertain future and; (ii) mitigation which addresses the causes of climate change and poses the question as to how individuals and industries can change their practices to halt the process of global warming.

[16]Bacchetta, Ernst and Bustamante, 2009.

[17]Global Jobs Pact is a program adopted in the Jobs Crisis Summit organized by ILO in Geneva on 15-17 June 2009. The strategic objective of the Global Jobs Pact is to place employment and social protection at the centre of recovery policies in order to accelerate employment recovery, ensure inclusive access to employment through specific measures for disadvantaged groups, broaden the coverage of social protection and enhance security.

[18]The Economics of Climate Change (2007), Nicholas Stern Cabinet Office - HM Treasury, UK.

In 2009, climate change was included in the agenda of several important international and regional meetings. During the 2009 Annual Meetings of the World Bank/ IMF in Turkey, the world development community emphasized that the global economic crisis must not distract the policy makers from tackling the crucial issue of climate change. On 2nd December 2009, the Heads of MDBs on their joint statement reiterated their commitments to (i) assist developing countries to take climate change issues on board in their economic planning and management at both national and regional levels and to (ii) ensure that the world economy develops along a sustainable greenhouse gas emissions pathway.

In December 2009, world leaders gathered in Copenhagen, Denmark, to thrash out a successor to the Kyoto Protocol[19]. The participants focused on the following four main areas: (i) the level of mid-term emission reduction targets that industrialized countries will commit; (ii) the actions that developing countries could undertake to limit their greenhouse gas emissions; (iii) definition of stable and predictable financing to help the developing countries reduce greenhouse gas emissions and adapt to the impacts of climate change and; (iv) identification of institutions that will allow technology and finance to be transferred to developing countries. They agreed to provide short-term finance to the tune of $10 billion a year over three years to poor countries to help them fight climate change, and a long term funding package worth $100 billion a year by 2020[20].

In line with other MDBs, IDB works closely with its member countries, especially low-income countries, to assist them in their national efforts to climate-proof MDGs, through the formulation and implementation of effective national adaptation programs, including water-food security and disaster risk management. On the mitigation front, IDB mainly focuses on (i) improving energy efficiency; and (ii) clean energy development such as hydropower, solar energy and wind power.

[19]The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions. The Protocol committed developed countries to reducing their greenhouse gas emissions by 5.2 percent in relation to 1990 levels by 2008-2012. That target has not been achieved. Emissions from these countries, including the US which did not ratify the Protocol, fell by 4.3 percent between 1990 and 2007. It is also estimated that global greenhouse gas emissions increased by 22 percent.

[20]House of Commons Library, Climate Change: The Copenhagen Conference, Research Paper 09/87, 2 December 2009.

STRENGTHENING DEVELOPMENT ASSISTANCE
STRATEGIC FOCUS AREAS

In order to realize its 1440H Vision, the IDB Group has identified four Strategic Focus Areas, namely Comprehensive Human Development/Poverty Reduction, Infrastructure Development, Economic Cooperation and Regional Integration, and Islamic Financial Sector Development. For each of this area, projects and technical assistance operations were approved during 1430H.

FOSTERING COMPREHENSIVE HUMAN DEVELOPMENT FOR REDUCING POVERTY

The OIC Ten-Year Program of Action and the IDB 1440H Vision envisage a unique role for IDB to promote human development and reduce poverty in its member countries. In this respect, IDB Group adopted a Thematic Strategy for Poverty Reduction and Comprehensive Human Development in 1430H. This strategy will focus on four main pillars, namely: (i) Comprehensive human development , as the means and end of sustainable development; (ii) Pro-poor growth to create employment and income-earning opportunities for the poor, in the areas where the majority of the poor live or work—i.e. the agriculture sector; non-farm rural activities, and microenterprises and SMEs; (iii) Improving access by providing basic services and removing barriers— social, legal and regulatory impediments— that affect the poor, and support them to have voice in the decisions that affect them; and (iv) Protecting the poor and vulnerable from the adverse effects of external shocks such as the ongoing global economic crisis. Operationally, to implement this strategy, IDB approved during 1430H many projects and programs for supporting education, health and agriculture, particularly in least developed member countries (LDMCs), under the Islamic Solidarity Fund for Development (ISFD) and other initiatives such as the Special Program for the Development of Africa (SPDA) and the Jeddah Declaration on Food Security.

PROMOTING HUMAN DEVELOPMENT

During 1430H, IDB continued to stress that building human capabilities through education and capacity development programs as well as improving human health constitute long-term pillars for poverty reduction strategy. Accordingly, these sectors benefitted from the efforts for scaling-up IDB development assistance to member countries as a response to the current global economic crisis. The total approvals from Ordinary Capital Resources (OCR) for social sectors increased by almost one and half times to ID202.4 million ($315.7 million) compared to their level in 1429H (Table 4).

Supporting Education

The Bank considers education as cornerstone to achieve integral human development in member countries. Therefore, since its inception, IDB has been active in all education sub-sectors including primary/ basic and higher education. In 1430H, the Bank renewed its commitment to education in its Thematic Strategy for Poverty Reduction and Comprehensive Human Development which accords particular attention to the improvement of the access, as well as the quality, efficiency and relevance of education in member countries. Taken into consideration the lessons learnt from previous operations (Box 3), this strategy proposes to concentrate the Bank's future interventions on the following key areas: (i) basic education particularly bilingual education; (ii) sciences and mathematics education; (iii) vocational training and technical education; and (iv) non-formal education through vocational literacy programs.

Total approvals from OCR for social sectors (education and health) increased by almost one and half times.

Financing Education Projects: As at the end of the year 1430H, IDB's cumulative financing for the education sector reached ID1.33 billion ($1.83 billion) for 362 operations. More specifically, in 1430H, a total number of 10 education operations were approved amounting to ID29.2 million ($44.9 million) for the benefit of 3 member countries. The sector financing was essentially in the form of loans (76 percent). The Bank's support ranged from infrastructure development, technical capacity building including teacher skills and curricula development, to policy formulation.

For the year 1430H, the largest project approved under the education portfolio amounted to ID11.5 million ($17.3 million) for Nigeria for construction and equipping of four science secondary schools in Kaduna State. It will help increase the number of science graduates from senior secondary schools, and thus produce the manpower required for the development of the State in particular and Nigeria in general.

Promoting Bilingual Education: The Bank continued implementing bilingual education programs in Chad and Niger. These programs are in line with IDB Bilingual Education Initiative launched, in 2000, with the aim of giving opportunities for continuing education to disadvantaged people in sub-Saharan

Box 3
Lessons Learned from IDB Support to Education

IDB confirmed its irreversible commitment to education in its "*Strategic Agenda for the Medium-Term*" adopted in 1415H (1994), which recognized education as an indispensible vehicle for sustained economic development. The Bank reaffirmed its commitment to education by adopting "*1440H Vision*."

During the past three decades, the Bank has anchored its interventions on the formal schooling process, such as school construction, classroom renovation, furniture and equipment provision, with a view to increasing access to education. The Bank adopted a variety of modalities for supporting education in member countries, including lending and non-lending operations, and gave preference to projects that enhane human capital development of the poor, including tertiary education, technical & vocational training, and capacity building.

Project evaluation data indicate clearly that expanding access to education was the most successfully met objective in the Bank-supported projects. In addition to project financing, the Bank also promoted capacity building and awareness creation through seminars, workshops, symposia, and publications. However, despite the achievements, the support had some shortcomings.

First, the Bank's support ignored soft components such as curriculum development, instructional materials, teacher training, and education planning. Indeed, getting enough classrooms and improving the learning environment are necessary but not sufficient for improving educational outcomes. The focus on hardware at the expense of good learning opportunities will result in large numbers of children, especially from disadvantaged groups, completing school without having gained the knowledge and skills they need. More importantly, there is a widely accepted consensus among researchers that interventions which focus on addressing supply constraints in the provision of education are hamstrung in their effectiveness to reach the poorest and excluded population.

Second, the support has been less effective in helping them reduce school dropout rates and increase learning outcomes. School dropout rates are high in many member countries, especially in LDMCs. Hence, targeted interventions from the governments and the Bank are needed for relaxing the demand-side constraints that force poor children to drop out of school. One possible method of ensuring that the poorest children (the ones more likely to perform badly and drop out) remain in school, is teacher training. Teachers need be trained to adapt their pedagogical and teaching methods to ensure that the poorest and the worst-performing students learn.

Third, IDB support to education was not guided by a sector strategy or a Country Assistance Strategy Study (CASS). The support took place within the context of an agreed upon program between the beneficiary governments and the Bank (three-year rolling program). As such, the Bank's interventions were less focused, and covered all education sub-sectors. Accordingly, much of the support was allocated to tertiary education (47 percent of total support to education), contrary to its Strategic Agenda for the Medium-Term (1994), which gives priority to primary and secondary education, vocational training, and technical education. Although the focus on higher education could be justified in countries like Indonesia and Malaysia, where considerable progress towards universal primary completion has been made, it is not justified in other countries where many rural children, especially girls, remain out of school. Meanwhile, the restructuring, streamlining, reforming and modernizing Islamic education in Indonesia was indeed a hallmark of IDB support to education. It was commended by many agencies; including UNESCO, ADB, World Bank, UNDP, and government officials.

Africa especially the youth who are oriented towards Arabic-based instruction. In Niger and Chad, these programs contributed quantitatively and qualitatively to improving the bilingual education sub-sector through the construction of school infrastructure, teacher education and the supply of school furniture and teaching/learning materials in addition to improving the learning environment especially through the drilling of boreholes.

In 1430H, 87 classrooms were built within this framework, thus facilitating the enrollment of 4,300 students in addition to the initial training of 208 teachers, 12 primary school advisers and 11 primary school inspectors. In terms of education quality improvement, the Bank continued supporting the two countries in the area of curriculum revision and harmonization for French-Arabic schools and curriculum design and validation for pilot renovated Quranic schools.

During the year under review, the Bank set up a bilingual education program coordination unit in Dakar to help develop and strengthen bilingual education in several West African countries that had expressed keen interest in this domain. Furthermore, a comprehensive study on bilingual education in 4 countries (Burkina Faso, Guinea, Mali and Senegal) was launched to formulate programs that are expected to yield bankable projects.

Implementing Vocational Literacy for Poverty Reduction Program (VOLIP): Launched by the Bank in 2008 under ISFD, VOLIP aims at reducing poverty, particularly among women and youths in rural areas by equipping them with relevant functional literacy competencies and notional skills, and giving them access to microfinance schemes to enable them to improve their own development. The program scope encompasses, *inter alia*, four literacy subprograms accommodated to fit the needs of (i) out-of-school children; (ii) teenagers and young adults; (iii) women workers; and (iv) adult groups.

In 1430H, under VOLIP, the Bank approved a project amounting to ID7 million ($11.2 million) for Yemen to contribute to the reduction of rural poverty in the country by empowering poor rural families with literacy proficiency, market oriented vocational training and entrepreneurial skills, and access to microfinance and business counseling services. It will benefit (i) 9,000 children from the poorest families in rural areas who will be enrolled in non-formal basic educational facilities for 2 to 3 years, thus enabling them to complete basic non-formal education equivalent to primary school education; (ii) 4,000 young adults (at least 60 percent female) who will be trained in the areas of literacy proficiency, short-term practical vocational training and entrepreneurial/business skills development; and (iii) 4,000 poor women in rural areas who will be trained in the areas of literacy proficiency, vocational training and business skills development.

Quick-Win for Achieving Excellence in Science and Technology Higher Education: Within the framework of its Vision 1440H, IDB gives high priority to helping its member countries to improve the quality of higher education in the science and technology disciplines in order to maximize their positive impacts on the socio-economic development of the countries. In this context, IDB initiated a program aiming at achieving excellence in science and technology in higher education.

Under this program, the Bank supervised and financed, in 1430H, the preparation of four Reference Roadmaps: one General Roadmap, plus three customized Roadmaps for higher education in agriculture, nanotechnology, and in information and communication technologies. These Roadmaps provide education policy makers as well as educational institutions with guidance to improve higher education in these fields in member countries and initiate specific upgrading projects.

The Bank also organized a Knowledge Sharing Workshop in Morocco at which these Reference Roadmaps were reviewed by more than 40 education experts from 12 member countries and from outstanding OIC-based and international universities. A web-site was also developed to serve as repository of knowledge about the status, plans and major initiatives of higher education in member countries.

Using Knowledge and ICT for Promoting Human Capabilities: The IDB Knowledge, Information and Communications Technologies for Development (KICT4D) Telecentre Program is essentially a community development and empowerment initiative, which aims to achieve micro-level impacts in the key area of poverty reduction[1]. The program seeks to improve the livelihoods of rural and marginalized communities by using knowledge and ICT as a means to effectively provide beneficial knowledge and information services to all members of a community.

In 1430H, the above program was piloted in 2 countries, Bangladesh and Egypt, with the objective of improving the performance and sustainability of Micro, Small and Medium Enterprises (MSMEs) in six districts of Bangladesh and eight governorates of Egypt, through the development of ICT-based MSME support services, to be delivered via telecentres.

IDB supported Bangladesh ICDD Project with an amount of $0.3 million

The pilot projects had been successfully completed as at the end of 1430H; with 6 MSME support services developed (e.g. simple accounting software, online MSME startup guide, online marketplace portal, MSME support helpdesk), 33 community awareness sessions held for over 2,000 people, 7 training of trainers workshops conducted and attended by 135 telecentre operators, 600 MSMEs trained, and 1 regional and 2 national knowledge sharing workshops held. There is also an online knowledge repository in each country to continually disseminate knowledge, lessons learnt and best practices across the globe to individuals and groups seeking to set up similar initiatives in their communities.

[1]A telecentre is a center equipped with simple-to-use ICT facilities, content and services to support and enhance the social and economic development of the served community.

Given the successful implementation of the two pilots projects, and the possibility of expanding the e-modules to education (e-learning), health (health campaigns, medical administration services), microfinance, etc., it could be envisioned that the IDB Telecentre Program could be mainstreamed in Bank's operations in future.

Supporting Health

The provision of quality health services in member countries is one of the priorities of IDB. For greater impact on the health sector, the Thematic Strategy for Poverty Reduction and Comprehensive Human Development proposes to concentrate the Bank's future interventions on the following key areas: (i) disease prevention and control with emphasis on communicable diseases (malaria, tuberculosis and AIDS) in sub-Saharan Africa and in South East Asia countries, and on non communicable diseases (including life style diseases e.g. diabetes, hypertension, cancer, heart diseases and renal failure) in the Middle East Region; (ii) health system strengthening to improve access to health services in general and to maternal health services in particular, in low income countries to curb the high maternal and infant mortality rates; and (iii) alternative health financing aiming at ensuring affordability of health services for the bulk of the needy people and at reducing out-of-pocket payments as a key factor of impoverishment.

Financing Health Projects: As at the end of 1430H, IDB's cumulative financing for the health sector reached ID860.6 million ($1.18 billion) for 213 operations. More specifically, in 1430H, a total of 20 health operations were approved amounting to ID99.6 million ($155.4 million) for the benefit of 12 member countries. Health sector financing was mainly in the form of installment sale (61 percent) and *Istisna* (20 percent). The Bank's support to health services ranged from infrastructure development (civil works and medical equipment provision), capacity building including skills development and community-based interventions to essential health commodities and other health interventions. During the year under review, IDB concluded a health sector evaluation in both Indonesia and Guinea. A synthesis of the main evaluation findings is provided in Box 4.

For the year 1430H, the two largest projects approved under the health portfolio were a project for Indonesia amounting to ID40.2 million ($64 million) for the development of a medical education and research center in Jakarta and construction of two university hospitals in Central Java and Western Sumatera. The project will help improve medical teaching and research as well as the provision of quality medical services to the population in Indonesia. The second project amounting to ID27.9 million ($43.1 million) was for Nigeria for equipping a 300-bed hospital in Kaduna State. This hospital will provide state-of-the-art medical care services to the population and reduce the high number of cases referred abroad for medical care.

Quick-win Malaria Program: The Bank continued to support member countries in their efforts to control the spread of malaria, which is the single largest cause of deaths among young children in Africa. In the period 1428-1430H, IDB allocated $50 million for implementation of the Roll-Back Malaria "*Quick Win*" Program in nine sub-Saharan African member countries[2] plus Indonesia. Under this program, the Bank approved, in 1430H, a loan on LDMC conditions and a technical assistance grant amounting to ID4.5 million ($6.6 million) for Chad to help the country achieve its target of reducing by 50 percent malaria morbidity and mortality rates by 2012.

To promote partnership with key stakeholders, IDB managed to sign an MoU with the Global Fund to Fight against HIV/AIDS, Tuberculosis and Malaria (GFATM) with the aim to leverage the grant resources which GFATM provides for prevention and control of three target diseases as well as for health system strengthening in general. In the same context and within the framework of IDB Quick Win Malaria Program, a technical assistance grant of $0.6 million was approved to assist six member countries (Bangladesh, Djibouti, Mali, Mauritania, Yemen and Togo) to prepare sound proposals to benefit from the grants provided by GFATM for malaria control in 2010.

To enhance the capacity of member countries in the field of diseases control, the Bank organized a six-week regional diploma course on Malaria Planning and Management in collaboration with the School of Public Health of the Tehran University of Medical Sciences. Twenty participants representing national malaria control programs in 7 member countries (The Gambia, Sudan, Uganda, Sierra Leone, Nigeria, Yemen and Bangladesh) attended the training.

Alliance to Fight Avoidable Blindness: The year 1430H was also marked by the formulation of the first action plans with the countries involved in the IDB regional initiative "*Alliance to Fight Avoidable Blindness*". The Alliance is a partnership program formed, in 1429H, to address blindness that can be prevented or cured in 8 member countries (Benin, Burkina Faso, Cameroon,

[2] Burkina Faso, Chad, The Gambia, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Sudan.

Box 4
Health Sector Evaluation in Indonesia and Guinea

Background: The healthcare system in Indonesia is decentralized. On top of the communicable diseases, non-communicable diseases are becoming more prevalent. Natural calamities are also a prominent challenge. About 47 percent of the total health expenditure is public and 53 percent private. Only 3.1 percent of GDP is allocated to healthcare expenditures. Both the scope and coverage of the various health insurance schemes are still limited to a small proportion of the population. In most areas of Indonesia, the private sector is the dominant provider of healthcare and now accounts for more than two-thirds of ambulatory care, more than a half of hospital contacts and 30-50 percent of all reproductive healthcare services. A quarter of the training schools are owned by the private sector. Indonesia has registered an impressive progress in improving the health conditions of its population in the last few decades. Life expectancy has risen from 45.7 years in 1967 to 69 years in 2007. Similarly, the infant mortality rate has fallen from 145 per 1,000 live births in 1967 to 26.9 in 2007. Likewise, the mortality rate in children under five years has declined from 111 per 1,000 live births in 1986 to 34 per 1,000 live births in 2007. However, the overall improvement in health indicators masks the wide disparities within and across the rural and urban areas.

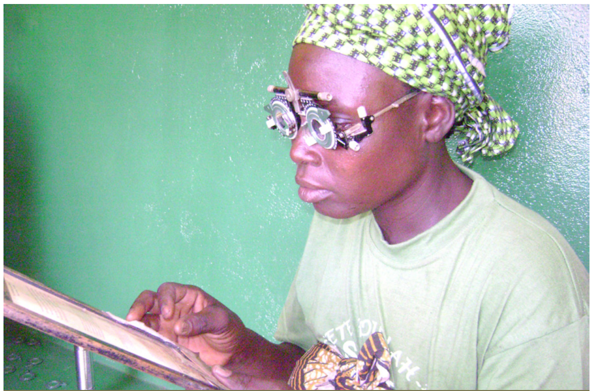
In Guinea, only 55 percent of the population has access to basic healthcare services and safe water. Since the reorganization of the health system in 1991, Guinea has made tremendous progress towards achieving the health related Millennium Development Goals. Infant mortality declined from 98 per 1,000 live births in 1998 to 80 in 2008, and maternal mortality from 980 per 100,000 live births to 800. Guinea has also boosted the immunization coverage against measles to 92 percent in 2008. Today, 95 percent of pregnant women have access to medical care compared to 57 percent in 1998. However, malaria remains the first cause of morbidity for children under five years.

IDB's Interventions: As of November 2008, IDB's total approvals to the health sector in Indonesia amounted to $56.6 million, consisting of 9 operations involving 3 loans, 4 installment sales, 1 leasing and 1 TA grant. Construction and upgrading of health facilities, as well as procurement of medical equipment have expanded bed capacity, along with the procurement of medical equipment and related facilities and services. Although IDB-financed projects did not include soft components, they did offer to the staff ample exposure to new diagnostic and testing equipment. Job opportunities were created for both professional and non-professional categories. Proper medical waste disposal equipment, such as incinerators and the like, were also included to mitigate any negative environmental impacts.

The Bank's interventions in the health sector in Guinea consisted of 5 projects in the form of 4 loan financing operations and one TA grant operation, for a total amount of ID14 million ($18.8 million), representing only 7 percent of the Bank portfolio in Guinea. IDB's interventions have helped improve health care services in four fields (i.e., basic curative treatment, vaccination, maternity, and family planning), and at an affordable cost.

Lessons learnt and Recommendations:

- Delays in signing agreements, lengthy procurement procedures, lack of counterpart funding, poor contractors' performance as well as lack of experience on the part of some executing agencies were among the major reasons for delays and changes in design and scope. Quality at entry is to be ensured starting from appraisal and document preparation to approval.
- Owing to their inability to generate revenue, public hospitals continue to incur deficits. The lack of well-equipped and staffed maintenance units is still a common situation in most hospitals. Covenants to maintain the newly built or acquired assets in these hospitals should be explicitly stated and enforced.
- Human resource management is another challenge, mainly due to the high attrition of well-qualified staff as well as the low quality of the health staff training. Proper incentive schemes to attract qualified medical staff, particularly in remote areas should be adopted.
- Investment in health care management information systems is critically needed. Financing for soft components such as training, institutional capacity, and health information systems along with building health infrastructure should be provided.
- Due to shortage of water and electricity, as well as inadequate maintenance, serious operational difficulties have been encountered. Availability of generators/solar energy devices to produce electricity; water for cleaning the health facilities; and motorcycles for healthcare provision in remote areas should be ensured.
- Some of the procured medical equipments become quickly obsolete. Based on the disease pattern and the nature and scope of services provided, medical equipments should be selected.



IDB financed a program to fight avoidable blindness in Chad

Chad, Djibouti, Guinea, Mali and Niger). It brings together non-governmental organizations involved in eye care, ministries of health and donors; and focuses on cataract treatment and human resource development in the field of ophthalmology.

In 1430H, the Egyptian Fund for Technical Cooperation with Africa joined this initiative and signed with the Bank a framework agreement for implementation of this program. It pledged an amount of $1 million for the Alliance over a period of 5 years. This year, IDB and its partners provided eye examination for 28,600 persons free of charge and restored the sight of 6,937 patients through cataract operations. In other words, 6,937 persons, who were partially or completely blind, recovered their sight after cataract surgery.

PROMOTING AGRICULTURE AND FOOD SECURITY

The Bank's assistance for agriculture in its member countries, especially in LDMCs, has the aim of easing the factors that hinder agricultural growth, such as the absence of financing for irrigation schemes, micro-credit and of integrated development programs. Such interventions led to increased agricultural production and created rural employment opportunities.

Financing Agriculture and Agro-Industry Projects

So far, total IDB financing for agriculture and agro-industry sectors since its inception reached ID1,505.1 million ($2,083.5 million) for 427 operations (Table 4). This assistance comprised, among other operations, 200 irrigation and land development projects covering about 300,000 hectares and 88 veterinary centers. During the year under review, IDB maintained the high level of approvals from OCR achieved a year earlier, but with a higher average size by project. In this respect, the number of approved projects in 1430H was 28 for an amount of ID166.7 million ($254.0 million), representing 8 percent of total OCR approvals.

Implementing the Jeddah Declaration on Food Security

During its 33rd Annual Meeting held in Jeddah in June 2008, the Board of Governors issued the Jeddah Declaration in support of the member countries affected by the global food crisis. The package, amounting to $1.50 billion to be utilized over a period of 5 years, partly represents contributions towards meeting urgent needs especially of LDMCs. It is also designed to enhance IDB involvement in food production and development of the agricultural sector in general.

The scope of the Jeddah Declaration on Food Security covers both immediate and medium- to long-term measures. The short-term measures include financial support to replenish domestic food and feed stocks, veterinary supplies, and more importantly, provision of production inputs (such as improved seeds, fertilizers, pesticides, agricultural tools and implements, and extension services) to boost local production over the coming cropping seasons. In the medium and long-term, IDB financing package is intended to re-vitalize the agriculture sector and thus enhance food production in member countries.

During the period 1429-1430H, the total amount approved under the Jeddah Declaration on Food Security was $282.1 million. This amount included loans financing to the tune of $155.1 million for 13 projects: (i) 6 projects in 1429H amounting to $90.7 million in favor of Bangladesh, Burkina Faso, Mauritania, and Mali; and (ii) 7 projects in 1430H amounting to $64.3 million in favor of Bangladesh, Benin, Mauritania, Niger, Sudan, Tajikistan, and Yemen. During the same period, ordinary financing stood at $127 million. This covered 8 projects: (i) 4 projects in 1429H amounting to $60 million in favor of Burkina Faso, Mali, Mauritania and Niger; and (ii) 4 projects in 1430H amounting to $67 million in favor of Bangladesh, Benin, Tunisia, and Yemen.

IDB approved *inter alia* in 1430H a loan operation of $15.9 million in favor of Niger to participate in the financing of the National Program on Food Security. The overall objective of this program was to help strengthen food security by increasing the production and productivity of crops, livestock, and fishing through: (i) intensification and diversification of productions, (ii) hydro-agricultural land development, and (iii) support to farmers' associations. the project will benefit directly about 6,000 farmers and indirectly

50,000 persons, reduce the incidence of rural poverty from 63 percent to 52 percent by 2015, and increase the production of cereals by 50,000 tons, legumes by 12,000 tons, vegetables by 26,000 tons, meat by 1,199 tons and eggs by 1 million.

Another project on small irrigation development schemes in Benin was approved in 1430H for an amount of $14.7 million. It involves a combination of loan operation ($5.9 million) and *Istisna* operation with soft terms and conditions ($8.8 million). The project objective is to improve food security and reduce poverty by enhancing the production and productivity of rice and other cereals, vegetables and fruits in the lowlands and in small-scale irrigated schemes. The project will contribute greatly to improvement of access to food for the rural population, increase household incomes, create jobs and reduce the quantity of imported rice.

Executing Other Agriculture and Food Security Initiatives

International Center for Biosaline Agriculture (ICBA) Activities: In 1430H, ICBA celebrated ten years of collaboration with IDB Group. This partnership has delivered considerable outcomes in the Group's priority area of agricultural development and food security. It helped many of the agricultural communities in member countries which were adversely affected by environmental factors such as declining soil quality and water resources and biodiversity loss. In this respect, the research and development undertaken by ICBA contributed to addressing the needs of poor farmers in overcoming the constraints of marginal water and land conditions, developing sustainable agronomic strategies and practices for food crops and forage, and cultivating new genetic resources suitable for marginal environments (Box 5).

Building on the expertise it developed during the recently-completed Abu Dhabi Water Master Plan project, which focused on the priority of water allocation optimization to identify and reconcile the different water usage of the agricultural, industrial and domestic sectors, ICBA is presently managing various water projects. These include: (i) a national project to develop a comprehensive strategy to use municipal and industrial waste waters; (ii) a national strategy to combat salinity and protect water resources from pollution and salinity in Oman; and (iii) a project on developing methodologies to improve irrigation management for salinity control and crop varieties for salt-affected areas in Iraq in collaboration with the International Center for Agricultural Research in the Dry Areas (ICARDA), the International Water Management Institute (IWMI) and Iraqi partners.

Box 5
ICBA Food Security Activities

The growing threat of food insecurity has provided the impetus for ICBA projects in the West Asia and North Africa (WANA) region, in Bangladesh, and in the Central Asian and Caucasus region. Designed to improve livelihoods and income levels for resource poor rural men and women in degraded and marginal lands in seven countries in the WANA region, the Forage Project progressed considerably in 2009 with the identification of summer and winter forage crops most suited to the local environment. ICBA supplied funding as well as high yield, promising genotypes seeds, thus allowing for the establishment of seven demonstration sites utilizing ICBA technical packages. Training courses and field days were conducted to enlighten as many people as possible on non-traditional forage production systems under marginal and poor growth conditions.

In Bangladesh, ICBA continued its collaboration with the Bangladesh Agricultural Research Institute to investigate the potential for growing horticultural cash crops in land left fallow in dry saline conditions during the winter months by using micro-irrigation techniques along with cultivation management practices. The findings and technologies from earlier field experiments were demonstrated in 2009 in selected saline areas with the production of horticultural and fodder crops.

To reclaim land in the Central Asia and Caucasus severely degraded by past irrigation and drainage mismanagement, as well as introduce alternative crop production systems more compatible with marginal land and water conditions, ICBA has been collaborating with the International Water Management Institute (IWMI), the International Center for Agricultural Research in Dry Areas (ICARDA) and the National Agricultural Research system (NARS). During the year, conventional (sorghum, pearl millet, fodder beet and alfalfas) and unconventional species (Acacia ampliceps and Atriplex species) were evaluated for performance in local conditions in Tajikistan. Furthermore, ICBA and the Tajikistan Academy of Agricultural Sciences are working together to devise water management options as well as the use of salt-tolerant conventional trees and crops for lowering the water table, and thus improve crop productivity and farmer income from these wastelands.

To provide a source of genetic diversity to mitigate the problems of salinity in agricultural production systems, ICBA has been assembling over the past ten years the germplasm of plant species with proven or potential salinity tolerance However, recently the plant genetic resources team has started to acquire and conserve germplasm of high value species such as vegetable, medicinal and ornamental plants to develop suitable production and management systems through applied research. In addition to their work on forage crops, the team has been evaluating the performance of several vegetable and ornamental species to study their adaptation to local conditions and tolerance to marginal quality water irrigation.

Due to ICBA's emphasis on capacity building and knowledge-sharing, the outcomes of these projects are transferred to beneficiaries and collaborators within the region, and indeed, wherever they are applicable throughout the world.

Activities of the KSA Project for the Utilization of Hajj Meat during 1430H: To assist pilgrims in performing the ritual in a smooth, organized and orderly manner, the Government of Saudi Arabia entrusted the management of the "*Saudi Arabian Project for the Utilization of Hajj Meat*" to IDB in 1403H (1983). The project serves pilgrims by performing the slaughtering and related services on their behalf. IDB oversees the utilization of the sacrificial meat in accordance with *Shariah* requirements. The meat is distributed to the poor and the needy in Saudi Arabia and member countries and in Muslim communities in non-member countries.

Starting in 1427H (2006), pilgrims are now able to buy their offerings online from any part of the world using their credit cards or through cash transfers. This service allows IDB to build a central database that assists in planning and in preserving the cleanliness of the holy sites.

In 1430H, *Hajj* meat from 708,858 sheep and 9,931 cows and camels was distributed to the needy in the Haram area in Makkah Al- Mukarrama and to countries around the world. These figures representing about 15 percent decrease in sheep, and about 172 percent increase in cows and camels in relation to 1429H.

Significant increase in the share of Least Developed Member Countries in IDB total net approvals in 1430H (2009).

REDUCING POVERTY THROUGH MAJOR INITIATIVES

Increasing Assistance to LDMCs

In 1430H, LDMCs received ID 194.5 million ($ 296.9 million) in loans, representing 82.3 percent of IDB total loans. Overall, their share in total net approvals increased from 33.6 percent in 1429H to 48.5 percent in 1430H. Up to end-1430H, the cumulative development assistance extended to LDMCs reached ID14,346 million ($20,197 million), of which net approvals from OCR amounted to ID4,274.4 million ($6,027.6 million) accounting for 28 percent of the aggregate OCR financing approved by IDB Group (Table 8).

Strengthening the Role of the Islamic Solidarity Fund for Development (ISFD)

ISFD was established as a Special Fund within IDB following a decision by the December 2005 Extraordinary Summit of the Organization of the Islamic Conference (OIC) in Makkah, Saudi Arabia, and officially launched in Dakar, Senegal, in May 2007. As a *Waqf* Fund, ISFD was conceived as a "*solidarity fund*" to combat poverty in OIC member states, whereby all members would contribute to its capital resources.

The objectives of the Fund focus on poverty reduction and building member countries' productive capacity through targeted interventions that foster sustainable economic growth and job creation, reduce illiteracy, and eradicate contagious diseases and epidemics such as malaria, tuberculosis and HIV/AIDS. These objectives are linked directly to the achievement of MDGs which are currently at the centre of member countries' national development plans and poverty reduction programs and are also directly compatible with IDB 1440H Vision. Financing by the Fund is provided on concessional terms, primarily for the 28 least developed member countries.

As at the end of December 2009, the level of capital contributions to ISFD was $2.629 billion, as announced by 38 member countries and IDB. The total amount received so far is $1.075 billion, including $200 million paid by IDB. Twenty five member countries have already started paying their contributions.

Financing Poverty Reduction Projects by ISFD: Since its launch in May 2007, ISFD has extended financing amounting to $548.9 million for 47 projects in different sectors in 27 member countries. In 1430H, the loans approvals under ISFD amounted to $234.2 million for 22 projects with a total cost of $899.5 million in 17 member countries[3].

Implementing Microfinance Support Program: In addition, two thematic programs were emphasized by ISFD for poverty reduction implementation during its first Five-Year Strategy (2008-2012), namely

[3]See ISFD Annual Report 1430H (2009)

Table 8
Net Approvals for LDMCs, 1430H and 1396-1430H

(Amount in million)

	1430H				1396H-1430H			
	No.	ID	$	LDMCs Share	No.	ID	$	LDMCs Share
Loan	29	194.5	296.9	82.3	624	2,794.6	3,866.3	74.3
Equity					34	74.0	98.5	12.6
Instalment Sale	3	36.2	51.5	10.0	28	212.4	308.5	9.3
Istisna'a	6	197.4	313.7	19.1	27	465.4	708.8	11.9
Leasing	4	90.5	138.7	26.2	38	551.4	801.0	15.1
Line of Financing	2	12.7	20.0	33.3	9	53.7	80.1	14.1
Profit Sharing					1	3.5	4.4	5.3
Technical Assistance	21	2.5	3.8	12.7	474	119.3	160.0	54.5
Sub-Total	**65**	**533.9**	**824.7**	**24.6**	**1,235**	**4,274.4**	**6,027.6**	**28.0**
ITFC1	18	646.4	986.9	47.6	315	5,584.6	7,881.2	3.5
Special Assistance Operations[2]	3	0.7	1.1	14.6	286	212.7	260.6	59.7
Grand Total	**151**	**1,714.9**	**2,637.4**	**48.5**	**3071**	**14,346.0**	**20,197.0**	**40.4**

[1]The figures comprise ITFC (1429-1430H) and ITFO (1396-1428H).
[2] Special Assistance share corresponds to the share in the total that went to MCs as a group and not the combined MCs+Non-MCs.

VOLIP and Microfinance Support Program. The second program is intended to reinforce ISFD poverty reduction strategy through promoting access by the economically active poor to financial resources and to serve as a means to reduce vulnerability, create employment opportunities and improve the living conditions of the poor.

The total cost of the Microfinance Program is estimated at $500 million over a five-year period. The amount is spread evenly over the five year period i.e. $ 100 million annually. ISFD will play the role of catalyst by providing $20 million each year as seed money from its own resources and mobilizing the remaining amounts from other partners including MDBs, the private sector, and Islamic financial institutions.

During 1430H, three projects under this program amounting to $18 million were approved. They include: (i) a $5 million project in Kyrgyz Republic for enhancing the existing microfinance schemes for reducing poverty and provision of increase access of the poor to microfinance in three targeted areas, namely Chui, Osh and greater Bishkek area; (ii) a $3 million project in Sudan for upgrading the livelihoods of low-income people through improving their access to microfinance services, vocational training and business opportunities; and (iii) a $10 million project in Tajikistan for supporting and complementing the efforts of the Government to achieve economic growth and reduce poverty by increasing the access of the rural and urban poor, particularly women, to appropriate, reliable and affordable microfinance services.

Implementing Special Program for the Development of Africa (SPDA)

SPDA is both an outcome of the Ten-Year Program of Action for the Ummah adopted at the 3rd Extraordinary Summit in Makkah in December 2005, and IDB's own internal strategy and commitment to assist Africa. It builds on the achievements of the Ouagadougou Declaration and is intended to maintain the momentum gained by intensifying the Bank's activities in African member countries to help them achieve the MDGs by 2015. The main objectives of SPDA are to contribute effectively to reducing poverty, promoting sustainable economic growth and supporting regional integration.

Approvals under SPDA: To implement the SPDA, IDB Group has earmarked $4 billion over the five-year period (1429-1433H/2008-2012), that is twice the amount devoted to the Ouagadougou Declaration. Overall, 22 member countries in sub-Saharan Africa are being targeted[4]. During the period 1429-1430H, total approvals amounted to $1.49 billion. This represented an "*achievement rate*" of 37 percent of the SPDA's total allocation ($1.49 billion as compared to $4 billion). In 1430H, 68 operations with a total amount of $782.3 million were approved for sub-Saharan African member countries under SPDA (Table 9).

Improving Implementation: In 1430H, a sub-regional Ministerial Forum on the implementation of SPDA was

[4]Benin, Burkina Faso, Cameroon, Chad, Comoros, Côte d'Ivoire, Djibouti, Gabon, The Gambia, Guinea, Guinea Bissau, Mali, Mauritania, Mozambique, Niger, Nigeria, Senegal, Sierra Leone, Somalia, Sudan, Togo and Uganda.

Table 9
Gross Approvals for SPDA (1429-1430H)

(Amount in million)

	1429H			1430H		
	No.	ID	$	No.	ID	$
OCR Ordinary Operations	66	347.7	546.6	51	362.3	559.3
Other Project financing (Funds & Entities)	12	69.3	107.0	8	53.2	83.5
Trade Operations	15	194.8	313.1	9	89.9	139.5
Grand Total	**93**	**611.8**	**966.7**	**68**	**505.4**	**782.3**

*Cut-off-date for the data was 30 Dhul Hijja 1430H (17 December 2009).
N.B: These data are for Sub-saharan African member countries and not for LDMCs in Africa.

held in Ouagadougou, Burkina Faso, to afford IDB Group the opportunity to appraise member countries in West Africa on the status of implementation of SPDA and thus identify constraints and find ways and means of fast tracking its implementation of the program; sensitize member countries on project preparation and financing opportunities; and promote partnership in the implementation of the program. At the end of this Forum, the Ministers adopted a final communiqué in which they made a number of recommendations aimed at improving the implementation of SPDA and making greater impact on poverty reduction in Africa. These recommendations are summarized as follows:

- Act collectively so as to speedily remove the constraints identified in the implementation of SPDA.
- IDB Group should intensify efforts at mobilising concessionary resources to augment SPDA ordinary resources financing.
- IDB Group should disseminate information on the relevant entities of the Bank involved in funding private projects, trade and insurance. For that purpose, creating focus group within member countries was recommended.
- IDB should intensify its efforts at disseminating the Islamic finance concept in West Africa and provide support to the monetary authorities of the region to develop appropriate regulatory framework for Islamic banking.
- IDB should continue its effort to establish solid partnerships with other financial institutions to mobilise adequate resources for ISFD.
- All OIC institutions should provide support to IDB in its efforts to implement SPDA.

Piloting Integrated Community-Driven Development Project (ICDD)

One highly successful approach to poverty reduction which has demonstrated that the poverty faced in communities across the world, can be effectively tackled is Community-Driven Development (CDD), which gives direct control of decisions and resources to the community groups themselves. CDD, which has been largely pioneered and promoted by the World Bank, treats poor people as assets and partners in the development process, rather than mere recipients, and builds on their institutions and resources. Experience demonstrates that by directly relying on poor people to drive development activities, CDD has the potential to make poverty reduction efforts more responsive to demands, more inclusive, more sustainable and more cost-effective than traditional centrally-led programs, and to achieve immediate and lasting results at the grassroots level. Given the already demonstrated success of CDD, it has the ingredients, as well as system in place, which can readily be replicated simultaneously in a very large number of communities, thus achieving far-reaching poverty impact[5].

The Islamic Development Bank, having studied the existing processes on the ground, moved beyond the basic CDD concept and developed the Integrated CDD (ICDD) model, which adopts a more holistic approach pro-actively targeting the poor and women, in particular. ICDD places greater emphasis and effort on developing the economic and livelihood sectors of the community, by focusing on enhanced community capacity building, vocational/skills training, facilitation of developing market and trade linkages, and micro-finance support. The model, while recognizing the great importance of infrastructure development, proposes that to realize true poverty alleviation of the poorest in the communities, livelihood and economic sustainability are the critical factors that need to be addressed. This will provide opportunities to the marginalized and disadvantaged segments of communities to learn new skills/vocations, and exploit resources/opportunities to become successful farmers, traders, skilled workers and entrepreneurs.

IDB's ICDD approach is currently being piloted through two IDB projects, to-date: the IDB PNPM-

[5]Community-Driven Development in the Context of Conflict-Affected Countries: Challenges and Opportunities, World Bank, 2006.

IDB financed $68 million through Istisna and $15 million as loan, for ICDD Project, Indonesia

IDB supported Sierra Leone ICDD Project with an amount of $8.9 million and another $8.4 million from ISFD

ICDD Project, Indonesia (Total cost $126.9 million, IDB financing $83 million) and the Greater Rajshahi Division Integrated Rural Development Project, Bangladesh (total cost $29.6 million, IDB financing $19.9 million). Upon successful implementation, this ICDD approach would provide a robust and effective tool for poverty reduction, especially in LDMCs.

Supporting Post-conflict Reconstruction, Natural Disaster Management and Humanitarian Aid

Relief Assistance to Affected Children in Swat Valley, Pakistan: IDB approved a Relief Grant of $200,000 for assistance to the children in the affected areas to start their new school year and provide them with necessary school materials. The total relief grant will be used to purchase necessary school materials such as books, writing pads and other stationary. The relief assistance will be implemented in collaboration with Pakistan Red Crescent Society.

Relief Assistance to Flood Victims in the Philippines: IDB approved a relief grant of $100,000 for support to the victims of flood in the Philippines. The relief grant will be used to purchase relief materials such as medicines and food products. The grant will be implemented in collaboration with Honorary Student Counselor in the Philippines.

Relief Assistance to Iraqi (Refugee) Students in Syria: IDB approved a relief grant of $382,500 to support Iraqi students (i.e. school uniforms, bags and stationeries, sport wears) in Syrian schools, purchase medical equipment for hospitals managed by the Syrian Red Crescent Society, sink five bore wells in Syrian schools, conduct a preventive campaign for H1N1 and purchase medical equipment for the Ministry of Health.

Relief Assistance in Djibouti: IDB approved a relief grant of $300,000 to purchase milk powder and sugar for the needy school children all over the Republic of Djibouti.

Orphan Kafala (Sponsorship) Program: Under the OIC Alliance for Child Victims of Tsunami, an Orphan *Kafala* (Sponsorship) program will cover living, education and health related expenses in support of the Acehnese orphans who do not live in the boarding school/Daar-Ul Aitaam. The financial and humanitarian support of program has been provided by a number of member countries, non-government charitable organizations and a large number of philanthropists. This program will be for a fifteen year period and the total number of expected beneficiaries is about 25,000 orphans. The sponsorship will be undertaken through implementing partners such as Baitulmaal Muamalat, Indonesia and the amount transferred to the bank account opened for each orphan for a period of fifteen years or until the orphan attains 18 years of age.

This is a pioneering program planned to address the overall needs of orphans until they grow up and become self-reliant and useful members of the society. Thanks to the successful implementation of the initial phases of this program, the Secretary General of OIC and the President of IDB have already indicated the possibility of extending its application in future to orphans in other Islamic States such as in Darfur in Sudan and in Iraq. The program is utilizing modern sponsorship techniques whereby the orphan is kept with his relatives and provided with an ATM Card charged every month with the amount of the *Kafala*. The excellent achievements of the program have encouraged donors to contribute huge donations towards starting new projects for orphans.

Special Program for Saudi Charity Relief Campaign: The Saudi Charity Relief Campaign (SCC) for Tsunami Victims in East Asia, was launched in accordance with Royal Decree of 1/12/1425H. IDB has been entrusted with implementing several reconstruction

IDB provided a grant of $0.3 million to purchase milk powder and sugar for school children, Djibouti

and rehabilitation projects for SCC amounting to approximately $46.4 million. The works include construction and equipping of two orphanage centers, rehabilitation of Bait Al-Rehman Mosque, sinking of water wells and construction of 3 medical centers and 1,500 housing units for the Tsunami victims in Indonesia.

Fael Khair Program for Relief to Cyclone Victims in Bangladesh: Large scale devastation was caused along the coastal belt of Bangladesh in the aftermath of Cyclone SIDR in November 2007. To support the rehabilitation efforts, a *Fael Khair* (philanthropist) donated $130 million for various projects to be implemented by IDB. As per the desire of the donor, 85 percent of the amount will be used for the construction of about 700 schools/shelters in the affected areas. The schools would be strong enough to serve as shelter against future cyclones for the populations residing in surrounding areas and the playgrounds of the schools used as shelter for animals. The remaining amount (15 percent) has been utilized for emergency assistance in the form of agricultural inputs to help farmers to replace their lost equipment and animals, and fishermen, to replace their lost fishing nets and boats.

Providing Debt Relief to LDMCs

IDB has approved participation in HIPC debt relief packages for HIPC member countries, especially those that have reached their decision points except for Mozambique, where the Bank had no exposure to its decision point and Guinea Bissau, where delivery of IDB share of debt relief is yet to be finalized. The Bank debt relief packages have been implemented for Benin, Burkina Faso, Mauritania, Niger, Uganda, Mali, Chad and Senegal.

Of the 40 eligible HIPCs, 21 are IDB member countries of which 11 (Benin, Burkina Faso, Cameroon, Mali, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, The Gambia and Uganda) have reached completion point. Six member countries (Afghanistan, Chad, Côte d'Ivoire, Guinea, Guinea Bissau and Togo) are at decision point stage while another four member countries (Comoros, Kyrgyz Republic, Somalia and Sudan) are at pre-decision stage. The cost of IDB share of debt-relief under HIPC Initiative is projected at about $155 million (0.75 percent of multilateral creditor's share) for the 15 eligible member countries (Table 10).

Table 10
Estimated NPV of Debt Relief by IDB to Member Countries
(Amount in $ million)

Country	NPV date	NPV share	BED Approval
Benin	Dec. 1998	4.7	Yes
Burkina Faso	Dec. 1999	20.7	Yes
Cameroon	Jun. 1999	1.9	Yes
Chad	Dec. 2000	2.4	Yes
Gambia	Dec. 1999	2.7	Yes
Guinea	Dec. 1999	16.7	Yes
Guinea Bissau	Jul. 2000	11.0	Dialogue
Mali	Dec. 1998	10.5	Yes
Mauritania	Dec. 1998	15.5	Yes
Mozambique	No exposure at Decision Point date		
Niger	Dec. 1999	21.0	Yes
Senegal	Dec. 1998	10.6	Yes
Sierra Leone	Dec. 2000	1.1	Yes
Togo	Jun. 2007	5.2	Yes
Uganda	June 1999	4.0	Yes
Total		**128.0**	

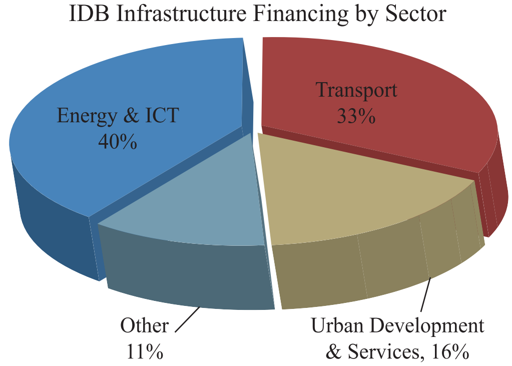
STRENGTHENING INFRASTRUCTURE DEVELOPMENT

Investment in infrastructure development will help member countries to proactively prepare themselves to take advantage of the growth opportunities available in the post financial-crisis globalized world. In 1430H, the Bank reactivated infrastructure financing in some of its middle-income countries affected adversely by the financial crisis. As a result, expanding, improving and rehabilitating the infrastructure facilities in member countries was the highest priority for the Bank in 1430H, accounting for 80 percent of the Bank's total project approvals.

Increasing Infrastructure Financing

Fighting Financial Crisis: To help member countries fight the prevailing global financial crisis, the Bank nearly doubled its infrastructure financing in 1430H by providing ID1,816 ($2,805 million) for development of transportation, electricity generation and transmission water and sanitation infrastructure and other sectors including Industry. It also provided support to local SMEs with a view to catalyzing economic growth in the member countries (Chart 6). Due to the increased focus on developing infrastructure to help accelerate member countries' economic development and make them more attractive to foreign investors, the Bank's financing for infrastructure in 1430H was 300 percent more than the ID635 million ($931 million) financed in 1427H.

Chart 6
IDB Infrastructure Financing by Sector



Regional Distribution and Financing Mode: The Bank's largest share of infrastructure financing was invested in Asia region, home to some of the most populous member countries, including Indonesia, Pakistan, Bangladesh and Iran, followed by CIS and Europe (28 percent), Middle East (19 percent), North Africa (13 percent), East, South and Central Africa (3 percent) and West Africa (2 percent). *Istisna* was the predominant mode of financing infrastructure projects in member countries (57 percent of total infrastructure approvals). Nineteen percent of operations were financed by Leasing and 13 percent through Installment Sale of infrastructure assets. Equity financing accounted for 5 percent of total approvals. Four and half percent of the infrastructure projects approved in the least developed member countries, were facilitated with Concessional Loans, while 1.5 percent of total approvals were in the form of Lines of Financing extended to National Development Financial Institutions.

IDB doubled its infrastructure financing in 1430H to help member countries prepare themselves for the post-crisis world.

Strengthening Energy and ICT

By continuing to facilitate access to affordable and reliable Energy and ICT, the Bank is helping to accelerate economic growth by enhancing the productivity of the local population and addressing the challenges of poverty, since energy is a prerequisite for the provision of most basic services, i.e. education, health, transportation and clean water. In 1430H, the Bank more than doubled its investment in Energy and ICT related projects to ID675 million ($1,047 million) from ID327 million ($522) in 1429H with a view to promoting de-carbonization, energy efficiency, accessibility and regional interconnectivity and reducing the digital divide.

De-carbonizing Energy Infrastructure: Supporting the environment by financing renewable energy projects continues to be a priority. The Bank contributed $138 million to facilitate construction of a run-of-the-river 969 MW Neelum Jhelum Hydropower Plant Project in Pakistan (Box 6). A Technical Assistance Grant was also accorded to the Government of Turkmenistan to enable it to study the feasibility of using sand from Karakum desert, which occupies 70 percent of its land mass, to support the construction of high-tech, state-

Box 6
Supporting the Environment by Investing in Renewable Energy

Run-of-the-River 969 MW Neelum Jhelum Hydropower Plant Project, Pakistan: Run-of-the-river hydroelectric generation projects use the natural flow and elevation drop of a river to generate electricity thus having a minimal environmental footprint while satisfying the much needed energy needs of the country. Neelum Jhelum Hydropower Plant Project is an essential part of the Government of Pakistan's strategy to fill the existing electricity supply gap (of over 4,000 MW) while at the same time increasing the ratio of cheap, renewable Hydel Electricity in the overall mix of the country's electricity supply.

The total cost of the project is $1,646 million, 50 percent of which is being financed directly by the electricity consumers in Pakistan through payment of a project specific electricity surcharge. The surcharge will be paid by the consumers for the duration of the project construction. The significant contribution of the end users not only enhances the country's ownership of the project at grass roots level but also helps improve oversight by NGO's and media outlets, thus encouraging transparency and expeditious implementation.

IDB will be providing $138 million through *Istisna* financing while the other development financing partners (Abu Dhabi Fund, OPEC Fund for International Development, Saudi Fund for Development and Kuwait Fund for Development) will provide additional $252 million. The project is an example of the Bank's new focus to support vital environment friendly, highly visible, mega-infrastructure projects in member countries by leveraging its resources through partnership with other international financial institutions.

of-the art PV manufacturing facilities in the country. The experience gained from this project can be used to finance projects in other member countries, wishing to create "*Green*" jobs.

Enhancing Energy Efficiency: Improving energy efficiency is one of the fastest ways of achieving energy security and reducing carbon footprint in a country's energy infrastructure. Euro134 million (ID125.6 million) were approved for the construction of Janub Combined Cycle Power Plant (CCPP) Project in Azerbaijan which will be constructed in partnership with OPEC Fund for International Development and Abu Dhabi Fund for Development. Euro100 million (ID87 million) were also approved for a 750 MW Dier Ali CCPP in southern Syria financed in association with the European Investment Bank, the Arab Fund for Economic and Social Development and Abu Dhabi Fund. Both CCPPs, owing to their highly efficient electricity generation capability, are eligible for the Clean Development Mechanism facility operated by United Nations Framework Convention on Climate Change.

Increasing Energy Accessibility*:* As part of the Bank's on-going efforts to promote energy accessibility, $180 million was approved to facilitate the development of a 220/66 kV Electrical Transmission Line in the Kingdom of Bahrain. The Bank will also contribute Euro 33 million (ID30.7 million) towards the construction of Gafsa gas pipeline project in the Republic of Tunisia in partnership with African Development Bank; and $129 million for Single Point Mooring Project to enable the Government of Bangladesh to efficiently off-load petroleum and refined products. Euro 148 million (ID126 million) were similarly approved for the construction of a 300 MW Kenitra Power Plant Project in the Kingdom of Morocco. The project will enable Morocco to meet its increasing energy needs in an environmentally friendly way through the use of gas, which is the cleanest of all fossil fuels owing to its high calorific value and low carbon/hydrogen ratio.

Reducing Poverty through Rural Electrification: Rural electrification not only helps to upscale the productivity of the village population but also provides them with opportunities for economic growth and development. The Bank provided ID7 million financing for electrification of 606 villages in Yemen. The project is being implemented in partnership with International Development Association and Arab Fund for Economic and Social Development. Seventy thousand three hundred households (nearly half a million rural population) will benefit from the project. The Bank similarly approved ID6.97 million for enabling 7,366 new households, 6 rural clinics and 20 village schools to be connected to the national electricity grid in northern Mozambique under the Niassa Province Rural Electrification Project.

Bridging the Digital Divide: The Bank has approved a Technical Assistance Grant for the Kingdom of Jordan to build the capacity of the National Information Technology Center for development of a database of IT resources. The Bank is also involved in several other ICT projects that will promote regional interconnectivity and economic development.

Supporting Transportation Infrastructure

To facilitate international trade, the Bank is actively financing projects that allow for year-round, reliable and direct land transport service between CIS member countries and Europe. In addition, several inter-state roads are being developed to improve regional connectivity between member countries in Africa. In

Guzar Surkhan Transmission Line, Uzbekistan, for export of electricity to Afghanistan

1430H, sixteen projects amounting to ID588 million ($906 million) were approved to support transportation infrastructure. The total financing amount approved is 21 percent higher than last year's amount of ID485 million ($776 million). The Bank's activities continued to focus on improving road and railway networks in member countries.

Promoting Growth by Improving Connectivity: Increased trade with neighboring countries, reduction in transportation costs for goods and for people, increased development potential for public transport, creation of job opportunities (from the project construction or for development of other economic activities), etc., all have direct impact on poverty reduction. In 1430H, the Bank participated in two major regional road initiatives, i.e., the Kulyab-Kalaikhum Road Project in Tajikistan and Western Europe-Western China Road Project in Kazakhstan, which will provide an efficient transport route for trade and thus enhance regional integration (Box 7).

Enabling Transfer of Technology: Creation of employment opportunities in member countries continues to be a development priority for the Bank. IDB approved $220 million financing for Turkey to assemble 80 electric locomotives that will be used for freight and passenger train services. The project will enable technology transfer for building modern locomotives in Turkey, thus creating high-paying jobs in the country's transportation sector as well as increasing Turkey's locomotive exports.

Improving Transport Efficiency: Increasing the efficiency of the transportation sector helps to lower the cost of doing business, thereby catalyzing economic growth. IDB approved $140 million financing for Pakistan towards replacement of 50 year-old obsolete mechanical signal equipment on the 433 km long corridor with electrical, Computer Based Interlocking (CBI) station equipment. Using CBI Auto Block

Box 7
Regional Road Projects

Kulyab-Kalaikhum Road, Tajikistan: The project is part of the East-West corridor connecting Tajikistan with China. The total cost of the project is $92.9 million, out of which IDB is contributing $20 million for linking the strategic Karakorum highway in China through Kulma Pass, providing access to the sea port of Karachi in Pakistan, and enhancing the flow of passenger and freight traffic between Tajikistan and its neighboring countries: Afghanistan, Kyrgyz, Uzbekistan and China.

Improvement of the regional road network will provide a direct and efficient transport route for trade and thus enhance regional economic integration. For Tajikistan and Afghanistan, both of which are landlocked countries, the Project road is the most direct route to the People's Republic of China, in particular the PRC's Xinjiang Uygur Autonomous Region, which has a population of 19 million and a dynamic economy.

Western Europe–Western China (WE-WC) Road Project in Kazakhstan: IDB approved $186 million financing as the first tranche of a $424 million financing for reconstruction of the road section from the border of South Kazakhstan, Oblast to Taraz (Kyrgyz Republic).

The road is of strategic significance for Kazakhstan as it links China with Central Asian countries and connects with European road corridors. At national/local level, the road will open up new agricultural areas and facilitate the movement of goods and services especially for the remote and inaccessible areas of the country. At regional level, the road will be instrumental to improving trade relations among Central Asian member countries. The project is expected to generate considerable local employment, particularly for unskilled labor. Better connectivity can yield important positive externalities, including improved access to health and education centers. The project will have gender-related benefits, particularly as urban centers become better connected to isolated rural areas, thus improving mobility and job opportunities.

Signaling system will enable the trains to travel at a faster speed as well as boost the capacity of the current tracks from 56 trains per day to 214 trains per day. The project will enhance railways operational efficiency by improving punctuality and reducing train turn-around time. It will contribute towards the goal of transforming Pakistan Railways into a competitive organization through increased line capacity, reduced travel times, enhanced safety, greater operational efficiency and higher credibility.

Revitalizing the Water and Sanitation Sector

With hundreds of millions of people without access to safe drinking water or sanitation services and

Box 8
Supporting Expansion of Water and Sanitation Services

Since its inception, IDB has been assisting member countries through the financing of urban development projects, to provide basic services, especially, water and sanitation projects. The IDB 1440H Vision also singled out water and sanitation as one of its key strategic themes. To date, IDB has provided over $3.0 billion of assistance in the water sector to its 56 member countries. This financing, which represented around 15 percent of IDB aggregate project financing, targeted 264 water related projects.

The newly formed Urban Development Division of the Infrastructure Department has been charged with the responsibility of developing and processing the projects and programs falling mainly under the water sector, a core infrastructure sector, and the harmonious development of modern cities in member countries. It covers the subsectors of water, wastewater and solid waste management, sanitation, housing and services.

Expansion of Damascus Water Supply System in Syria: IDB approved Euro75.2 million (ID73 million) as an *Istisna* operation, and ID0.2 million as TA Grant. The project will meet the increasing need for water in Damascus area through improved efficiency of the existing system. The scope of work includes the laying of new primary and secondary pipelines, construction of new pumping stations and reservoirs with rehabilitation of existing ones, equipping of wells, and the acquisition and installation of flow meters for housing connections. This project will mobilize sufficient water resources for use in all districts of Greater Damascus and reduce the water distribution losses from the current level of 50 percent to 20 percent.

Tashkent Sewerage Project in Uzbekistan: $35.4 million *Istisna* financing was approved to upgrade wastewater treatment infrastructure, and for expansion of the sewerage network, provision of wastewater quality monitoring equipment, and acquisition of infrastructure maintenance equipment. The project aims at improving the environmental conditions, as well as the reliability, efficiency and sustainability of wastewater management in Tashkent City.

Qom and Kashan Water and Sewage Projects in Iran: Euro225.1 million (ID207 million) *Istisna* financing was approved to improve the water and sanitation sector in these two cities. The objectives of the projects are to improve the quality of life by supplying 142.5 million cubic meters of safe drinking water to the city of Qom and neighboring villages, home to a population of 1.1 million. In addition, two new sewage treatment plant modules, collection pipe networks of 361 km and 650 km in Qom and Kashan, respectively, will be constructed. The projects will improve the quality of life in Qom and Kashan by significantly increasing the coverage of sanitation services from 14 percent to 48 percent in Qom and 0 percent to 100 percent in Kashan. The project will also assist in reducing ground and surface water pollution. It has been proposed that the treated effluent be used for irrigation in accordance with the relevant health regulations.

with the immense impact on health, quality of life and productivity due to the adverse effects of water and sanitation related problems, the development of the water and sanitation sectors has always been a major concern in member countries. The year 1430H witnessed a 20 percent increase in the Bank's financing for development of the water and sanitation systems in member countries. A total of ID307 million ($464 million) was approved for projects in Iran, Syria and Uzbekistan (Box 8).

Supporting Regional Infrastructure Initiatives: The Bank is actively involved in the Program for Infrastructure Development in Africa (PIDA), to facilitate increased regional integration in Africa (see Box 9). The initiative will focus on development of regional energy, transport and ICT infrastructure as well as trans-boundary water resources.

Box 9
Supporting Regional Infrastructure Initiatives

Program for Infrastructure Development in Africa (PIDA): The overarching objective of PIDA is to facilitate increased regional integration in Africa through improved regional and continental infrastructure. More specifically PIDA aims to:

- establish a strategic framework for the development of regional and continental infrastructure in four sectors (Energy, Transport, Information Technology and Communication Technologies, and Trans-boundary Water Resources) based on a development vision, strategic objectives and sector policies;
- establish an infrastructure investment program articulated around the priorities established by the Regional Economic Communities, over the short, medium and long-term (2030) horizons; and
- prepare an implementation strategy as well as processes including, in particular, the improvement of institutional arrangements, a priority action plan and financing options with measures for promoting, attracting and sustaining private sector participation in infrastructure development.

Implementation of PIDA will be vital for economic growth and poverty reduction in Africa. It focuses on addressing the problem of infrastructure deficit in Africa and ensuring the integration of the continent. The initiative is in alignment with IDB 1440H Vision as its outcomes will lead to better and sustained economic development and enhanced competitiveness of the 53 African countries and of 27 member countries in particular.

The Program will be implemented in association with the African Development Bank, European Union, UK Department for International Development, the Nigeria Technical Cooperation Fund, African Water Facility and the New Partnership for Africa's Development (NEPAD).

ENHANCING ECONOMIC COOPERATION AND REGIONAL INTEGRATION

Promotion of economic cooperation among member countries is one of the strategic objectives of IDB and an important factor in its overall financing operations. IDB Group promotes economic cooperation and regional integration through its financing and technical assistance operations, paying particular attention to financing of intra-trade operations, facilitating intra-investment by assisting member countries in improving their investment climate, promoting joint ventures and facilitating the sharing of experiences, know-how and technology among member countries. As a result, in 1430H, IDB undertook various operations and activities aimed at promoting intra-trade, intra-investment, and strengthening of regional cooperation through its close working relation with OIC and its organs and committees.

PROMOTING INTRA-TRADE AND INTRA-INVESTMENT

As mentioned earlier, the global financial and economic crisis resulted in a major contraction in global output in 2009. The volume of world trade also experienced a drastic contraction, with annual growth falling from its 2007 level of 7.3 percent to 2.8 percent in 2008 and -12.3 percent in 2009. With the advanced economies in serious recession, the growth in exports of developing countries including IDB members, declined from 4.4 percent in 2008 to -11.7 percent in 2009. The major factors that caused this contraction were the fall in demand, shortage of trade finance, increased cost of finance, and resort to protectionist measures by several countries. The trade and investment flows of IDB member countries also suffered from this global financial and economic crisis. The International Islamic Trade Finance Corporation (ITFC), which is a member of the IDB Group, realized the difficulties faced by the member countries and took several initiatives to ensure the continuous flow of funds to these countries to facilitate and promote their trade. Similarly, under its Investment Promotion Technical Assistance Program (ITAP), the IDB Group implemented a number of initiatives aimed at helping member countries improve their investment climate and attract new investments. The details of these initiatives and activities undertaken during 1430H (2009) are given in the following paragraphs.

Intra-Trade Performance of Member Countries

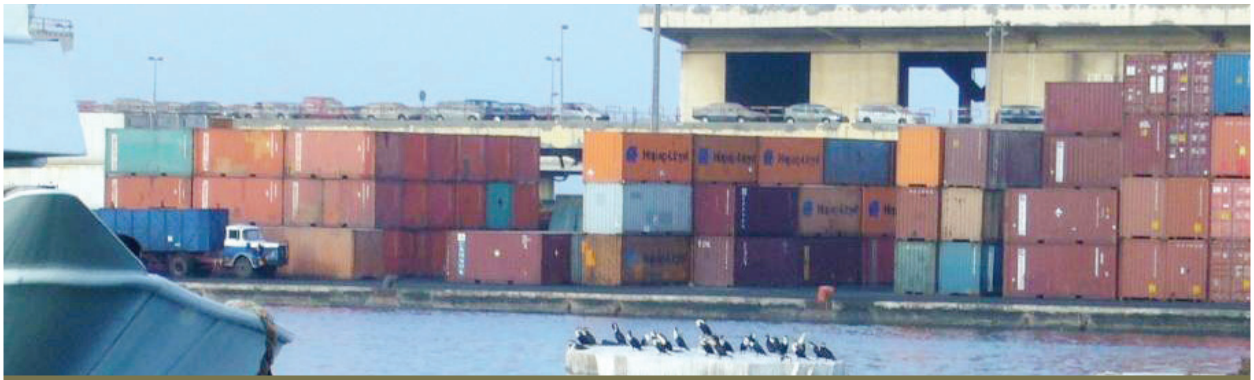
In 2008, the latest year for which data on intra-trade among member countries were available till the writing of this report, the value of intra-exports increased by $68.3 billion (34.5 percent), reaching the level of $266 billion compared to their previous year's level of $198 billion. This growth was significantly higher than the growth rates of 20.9 percent achieved in 2007 and 21.3 percent in 2006. However, despite this high increase in the value of intra-exports, their share in the total exports of IDB member countries remained 14.1 percent in 2008 – the same as in 2007.

In terms of value, the member countries with highest levels of intra-exports in 2008 were Saudi Arabia with total intra-exports amounting to $41.47 billion, UAE ($39.15 billion), Turkey ($32.57 billion), Malaysia ($20.32 billion), and Indonesia ($16.20 billion). The total intra-exports of these five member countries amounted to $149.71 billion which was equivalent to 56.3 percent of the intra-exports of all member countries. In terms of the share of intra-exports in total exports, the member countries at the top in 2008 were Somalia (96.0 percent), Djibouti (91.9 percent), and Lebanon (71.4 percent). On the other hand, there were twenty member countries in which the share of intra-exports was less than 10 percent or in other words which had more than 90 percent of their exports to non-member countries[1].

Despite the drastic contraction in the volume of world trade, IDB Group remained active in the area of trade financing.

On the imports side, the share of intra-imports in the total imports of member countries increased by almost one percentage point from 17.9 percent in 2007 to 19.0 percent in 2008. In value terms, the member countries with the highest levels of intra-imports were UAE ($34.87 billion), Turkey ($29.18 billion), Indonesia ($26.67 billion), Iran ($20.56 billion), Pakistan ($18.83

[1]Niger, Suriname, Cameroon, Kazakhstan, Morocco, Algeria, Qatar, Azerbaijan, The Gambia, Nigeria, Bangladesh, Libya, Gabon, Iraq, Guinea, Sierra Leone, Albania, Maldives, Mozambique, and Chad.



IDB financed the upgrade of Container Terminal at Dakar Port, Senegal

billion), Malaysia ($15.83 billion), and Saudi Arabia ($15.82 billion), which together accounted for more than 50 percent of the total intra-imports in all the 56 member countries.

The total intra-trade among member countries increased by $144.6 billion in 2008 reaching the $556.27 billion level compared to its 2007 level of $411.67 billion. The overall share of intra-trade in the total trade of these countries registered an increase of one half of a percentage point from 15.8 percent in 2007 to 16.3 percent in 2008. While this was a positive development reflecting the efforts of member countries towards the achievement of the OIC target of 20 percent by 2015, they still need to further strengthen their efforts in this regard. The latest available data shows that 23 member countries had already achieved this target in 2008 while 33 member countries still had more than 80 percent of their trade with non-member countries and thus needed to deploy additional efforts to expand their trade with other member countries.

At regional level, the highest level of intra-trade among member countries was in the SAARC region where intra-exports represented 63.8 percent of their total exports in 2008, followed by COMESA (30.1 percent), ECO (18.6 percent), UDEAC (11.8 percent), ECOWAS (10.9 percent), and GCC (10.2 percent). ASEAN, AMU, and CIS all had less than 10 percent of their total exports to IDB member countries.

IDB Interventions aimed at Increasing Intra-trade

Promotion of cooperation among member countries has always been the overarching theme of IDB operations. The Bank strongly believes in trade as an engine of economic growth. It was the first multilateral development financing institution which started trading financing operations soon after its establishment in 1395H (1975). Up to the end of 1430H, the total trade financing operations approved by the IDB Group amounted to ID25,142.5 million ($34,781.0 million).

In 1428H, the Board of Governors of the IDB decided to establish the International Islamic Trade Finance Corporation (ITFC) as an entity within the IDB Group with the purpose of promoting trade of the member countries of the Organization of Islamic Conference through providing trade finance and engaging in activities that facilitate intra-trade. ITFC provides financing for trade under its various facilities and also has a Trade Cooperation and Promotion Program (TCPP) under which it undertakes a number of activities for trade promotion, trade facilitation, and capacity building. In 1430H, the total financing approved by ITFC amounted to $2,071.4 million for 52 operations. The major beneficiaries of this financing were Bangladesh, Egypt, Iran, Morocco, Turkey, and Saudi Arabia, which together received more than 80 percent of the total approvals. ITFC also arranged 10 syndicated and co-financing operations for 8 member countries in which it mobilized $794.4 million. In order to strengthen its partnership with other institutions, and for the purpose of trade promotion, facilitation, and capacity building, ITFC signed a number of MoUs during the year.

In February 2009, ITFC participated in a consultative meeting that was organized by the Islamic Centre for Development of Trade (ICDT) at its headquarters in Casablanca, Morocco, to discuss and identify specific actions/activities and projects to be carried out by OIC organs for implementation of the Road Map for enhancing intra-OIC trade adopted by the COMCEC in October 2008. The meeting prepared the Executive Program for the Road Map, which is now an integrated joint program of the concerned OIC organs to be implemented under five focus areas, namely trade finance, trade promotion, trade facilitation, capacity building and development of strategic products. The

Executive Program was adopted by the 25th Session of COMCEC held in Istanbul, Turkey, in November 2009.

Under its Trade Cooperation and Promotion Program (TCPP), ITFC undertook a total of 36 activities during 2009, including 11 activities related to trade promotion, 7 for trade facilitation, 14 for capacity building, and 4 for development of strategic products. Activities aimed at trade promotion included exhibitions, trade fairs, buyer-seller meetings, and meetings of export promotion centers; while those for trade facilitation included consultative meetings on Aid for Trade, establishment of Trade Information Facilitation System, regional conferences on economic liberalization policies and free trade agreement in the Arab region, and consultative meeting of OIC institutions for implementation of the Road Map for enhancing intra-trade (Box 10). In the area of capacity building, ITFC's activities included on-the-job training for the staff of trade promotion organizations of member countries on foreign trade bridges, training course on trade information, training course on practical aspects of international trade, training program for African chambers of commerce, and seminar on national exports. And finally, ITFC's activities in the area of development of strategic products included organizing a workshop on trade and investment cooperation opportunities among OIC member countries in the cotton industry, forum on international food crisis and its effect on OIC member countries, revitalization of the groundnut sector in selected sub-Saharan countries, and forum on ways and means to enhance trade and investment in food in Africa. The Trade Cooperation and Promotion Program is financed jointly by IDB and ITFC. The total amount allocated for this Program for 1430H was around $1 million.

Box 10
Aid for Trade Initiatives for SPECA and ESCWA Regions

Under its Trade Cooperation and Promotion Program (TCPP), ITFC launched the regional initiative on Aid for Trade (AfT) Road Map for the United Nations Special Program for the Economies of Central Asia (SPECA) (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan). This initiative was launched in collaboration with the Governments of Kyrgyzstan, Azerbaijan, Finland and international and regional organizations such as the World Trade Organization (WTO), United Nations Development Program (UNDP), International Trade Center (ITC), United Nations Economic Commission for Europe (UNECE), European Bank for Reconstruction and Development (EBRD), and Asian Development Bank (ADB) to discuss the means and modalities for organizing Experts Group and Ministerial Meetings in Kyrgyz and Azerbaijan in 2010. ITFC has expressed its readiness and willingness to sponsor these meetings.

This initiative is expected to identify the trade development needs of the relevant countries and prepare a Road Map for implementation of trade development programs, which will strengthen their competitiveness in the global markets.

The first phases of three Technical Assistance Projects for Strengthening the Training Department of MATRADE (Malaysia), IGEME (Turkey) and High Trade School of Tunisia (ESC) were successfully implemented in 1430H. The TCPP also launched the implementation of a project "*Revitalization of the Groundnut Sector*" in Senegal, Gambia and Guinea Bissau. In addition, it also initiated a new project concerning the "*Obstacles and Problems Facing non-Exporting Factories in Kuwait*". The outcomes of these five projects will be used as inputs to plan future TCPP activities.

Promotion of Investment among Member Countries

Besides promoting intra-trade, IDB also accords high priority to the promotion of intra-investment among its member countries. Investment is a fundamental requirement for growth and development. Without it, a country can neither develop nor sustain its economic achievements. With several of its member countries struggling to achieve the MDG targets of poverty alleviation, and for creating employment opportunities for their increasing labour force, especially the youth, IDB pays special attention to this subject. The Bank promotes investment through various channels including provision of lines of financing to development financing institutions and Islamic banks. In this connection, entities in the IDB Group, mainly ICD and ICIEC, are expanding financing by providing credit lines to financial intermediaries for intra-investment activities and protection of investments through the provision of related insurance facilities.

IDB Group has a special technical assistance program named Investment Promotion Technical Assistance Program (ITAP) which was established in 2005 primarily for the promotion of intra-investment among member countries. The areas of focus of this program include institutional development, sharing best practices, and information dissemination on investment opportunities in member countries. The types of technical assistance provided by the program include needs assessment, sector specific studies, capacity building of investment promotion agencies and relevant government institutions, identification of

Ministerial Meeting on WTO Related Matters, Geneva, 29 November 2009

investment opportunities, country promotion events including seminars and conferences, policy advice to improve investment environment, development of investment information networks on the internet, as well as common software platforms that help in matching investors with projects in member countries.

The major activities undertaken in 1430H under the ITAP included a training course in Malaysia on best practices in industrial zones, training course in Morocco on international investment agreements, training workshop on project identification and formulation for the staff of the Ministry of Investment in Sudan, study tour and a familiarization program (in cooperation with the Union of Chambers and Commodity Exchanges of Turkey (TOBB)) for selected staff of the Investment Agency of Syria, technical assistance to the Investment Promotion Agency in Djibouti, capacity building program for investment promotion officials from member countries (jointly with TOBB), capacity building program for investment promotion officials of member countries in Malaysia, and implementation of the IDB Statistical Capacity Building Program for OIC member countries.

In addition, ITAP also served as the focal point for the IDB Food Security Initiative that was launched after the 33rd Annual Meeting of IDB Board of Governors. It is currently working on finding solutions for achieving better results for the problem of food security in member countries and giving special attention to the Least Developed Member Countries (LDMCs) with the following key objectives: (i) establishment and broadening of links between private and governmental sectors and GCC based investors in the agricultural sector; (ii) developing a strong and reliable online database of existing and available information (e.g. country and project profiles, investment policies and regulations, etc.) necessary to attract foreign direct investment to LDMCs; (iii) enriching the database with updated information from member countries especially for those agricultural sub-sectors that have not yet been identified; (iv) preparing the ground in member countries to encourage foreign direct investment through providing the required technical assistance and playing the role of match-maker between potential GCC investors and agro-food projects in member countries; and (v) providing investors with an integrated package of IDB Group services that will successfully attract investors.

STRENGTHENING REGIONAL COOPERATION

One of the key strategic thrust areas of IDB 1440H Vision is to facilitate the integration of member countries' economies among themselves and with the rest of the world. In *Shawwal* 1428H, IDB constituted Thematic Teams on four strategic focus areas including one on *economic integration*. The team prepared a detailed report and a three-year strategy for the promotion of economic integration among member countries. The primary focus of the strategy was on the following three areas: (i) promotion of trade among member countries; (ii) promotion of cross-border investment and investment flow among member countries; and (iii) capacity building of economic integration infrastructure. The strategies developed by different Thematic Teams including the one on economic integration formed the basis of the IDB Group Medium-Term Business Plan (1431H-1433H) which was presented to the IDB Group Board of Directors Forum in *Dhul Hijjah* 1430H (December 2009). The Forum endorsed the strategies and requested that they be translated into implementable projects and programs. The relevant entities/departments in the IDB Group are expected to identify and include suitable projects/operations in their respective business plans in the light of this strategy.

Economic and Commercial Cooperation

IDB has always maintained close working relations with OIC and actively participates in the meetings of its relevant standing committees, namely: the Standing Committee for Economic and Commercial Cooperation (COMCEC) and the Standing Committee on Scientific and Technological Cooperation (COMSTECH) as well as in the implementation of its various programs. During 1430H, it collaborated with COMCEC for implementation of the OIC Ten-Year Program of Action specifically in the areas of intra-OIC trade, poverty alleviation, agriculture and food security, water and sanitation, energy, transport infrastructure, education system, health and the fight against communicable diseases; and the OIC Five-Year Cotton Plan.

Consultative Meeting of the OIC Institutions on Enhancing Intra-Trade, Morocco, 2009

In the area of intra-OIC trade, ITFC is charged with the responsibility of providing trade financing in OIC member countries with special emphasis on enhancing intra-OIC trade. During 1430H, the total amount approved by ITFC for trade financing was $2,071.4 million. More than 80 percent of this amount was for intra-trade. The cumulative IDB Group trade financing till the end of 1430H stood at $ 34,781 million.

As far as the Islamic Solidarity Fund for Development (ISFD) is concerned, the level of announced capital contributions to the ISFD by the end of 1430H remained at $2.632 billion, as announced by 38 member countries and the IDB. The total amount received till the end of 1430H was $1.075 billion, including $200 million paid by the IDB. Twenty-five member countries have already started paying their contributions. Since its launching in May 2007, ISFD has extended financing amounting to $548.87 million for 47 projects in different sectors (education, roads, water supply and sanitation, urban poverty reduction, rural development, microfinance, irrigation, post conflict reconstruction, and so on) in 27 member countries. The Fund has also launched two thematic programs, namely, Vocational Literacy Program for Poverty Reduction and Microfinance program for African member countries. Implementation of projects under these Programs has commenced in Djibouti, Yemen, Niger, Sierra Leone and Tajikistan. For each Program, the cost is expected to be $500 million over a five year period.

The Special Program for the Development of Africa (SPDA) focuses on five priority sectors and cross-cutting activities. The priority sectors are agriculture and food security, water and sanitation, energy, transport infrastructure, the education system and the integration of youth in the world of work, and health and the fight against communicable diseases. In 1430H, 68 operations with a total amount of $782.3 million were approved under SPDA for the member countries in sub-Saharan Africa.

The OIC Cotton Action Plan was approved and adopted by COMCEC at its 22nd Session held in Istanbul, Turkey, in November 2006. The Plan aims at strengthening capacity building of OIC cotton-producing countries, enhancing their production efficiency and international competitiveness, and strengthening trade and investment in the area of cotton in OIC countries. In February 2009, IDB collaborated with the Nazilli Cotton Research Institute of Turkey, Turkish International Cooperation and Development Agency (TİKA), and the Ministry of Industry and Trade of Turkey in organizing a meeting of experts from Centers of Excellence and R&D centers in OIC countries in the area of cotton. The meeting enabled the participants to share the experiences of their respective institutions, and discussed the creation of a mechanism for cooperation among these institutions.

For implementation of the OIC Cotton Action Plan, COMCEC has constituted two committees, namely, the Steering Committee and the Project Committee. IDB is involved in both of these committees and participated in their meetings during 2009. So far, these committees have cleared 14 cotton projects which were submitted to IDB for its consideration for possible financing/co-financing.

The IDB Group participated in the 25th Session of COMCEC and the Economic Summit held in Istanbul, Turkey, in November 2009. The Group presented a number of reports in the COMCEC Session which highlighted, among other things, the efforts invested by the IDB Group in promoting economic cooperation among member countries. In his address to the

Ministerial Session of COMCEC, the President of IDB, highlighted the following two areas in which the Bank would like to work with COMCEC in developing a joint program: (i) Cross-border inter-regional trade and cooperation program like the successful ongoing program between Turkey and Syria; and (ii) Scholarship program in economics, trade, and finance as well as training and capacity building program for government officials of the Least Developed Member Countries.

In the area of science and technology, IDB continued its cooperation with the OIC Standing Committee on Scientific and Technological Cooperation (COMSTECH). During 1430H, IDB approved a financial support totaling $56,000 towards COMSTECH's training programs on Science, Technology, and Innovation (STI) Policy hosted in COMSTECH's training institute, and delivered to STI researchers in member countries. IDB also contributed to the implementation of the regional workshops organized by the eight inter-Islamic scientific networks. During 1430H, the Bank's financial contribution to these workshops stood at $96,000. On its part, COMSTECH has been providing technical contribution for implementation of IDB's programs on Science and Technology such as IDB Prize for Science and Technology, and preparing the Road Maps for Achieving Excellence in S&T Higher Education.

Status of the Various Trade and Investment Related Agreements among OIC Member States

OIC member countries signed a number of agreements and protocols over the years aimed primarily at promoting economic and commercial cooperation among them. These agreements include the General Agreement on Economic, Technical and Commercial Cooperation; the Framework Agreement on Trade Preferential System; the Trade Preferential System (TPS) - OIC Rules of Origin; the Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS); and the Agreement on Promotion, Protection and Guarantee of Investments. The status of these agreements is shown in Table 11.

Table 11
Agreements and Statutes on Economic, Commercial and Technical Cooperation among OIC Member States

Agreement/Statutes	Adopted Resolution	No. of countries signed	No. of countries ratified	No. of countries signed	No. of countries ratified
		Up to end 2008		Up to November 2009	
Trade Preferential System (TPS)-OIC Rules of Origin	Adopted as per Resolution No. I of the 23rd COMCEC Istanbul, Turkey 14-17/11/2007	11	2	18	4
Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS)	Adopted as per Resolution No 1 of the 21st COMCEC Istanbul/Turkey 22-25/11/2005	15	6	21	10
Statute of the Standards and Metrology Institute for Islamic Countries (SMIIC)	Adopted as per Resolution No.1 of the 14th COMCEC Istanbul/Turkey 1-4/11/1998	13	7	15	9
Framework Agreement on Trade Preferential System	Adopted as per Resolution No 1 of the 6th COMCEC Istanbul/Turkey 7-10/10/1990	31	22	34	23
Statute of the Islamic States Telecommunications Union (ISTU)	Adopted as per Resolution No 17/15-E of the 15th ICFM Sana'a/ Yemen 18-22/12/1984	16	12	18	14
Statute of the Islamic Civil Aviation Council	Adopted as per Resolution No 16/13-E of the 13th ICFM Niamey/ Niger 22-26/08/1982	17	13	19	13
Agreement on Promotion, Protection and Guarantee of Investments	Adopted as per Resolution No 7/12-E of the 12th ICFM Baghdad/ Iraq 1-5/06/1981	31	25	33	25
General Agreement on Economic, Technical and Commercial Cooperation	Adopted as per Resolution. No 1/8-E of the 8th ICFM Tripoli/Libya 16-22/05/1977	43	31	45	31

Source: Based on information from OIC website http://www.oic-oci.org/english/convenion/Accords-E08.pdf 5/12/09

SUPPORTING ISLAMIC FINANCIAL SERVICES INDUSTRY

The Islamic Financial Services Industry (IFSI) has undergone many stages of development since the foundations of modern Islamic Banking were laid in the sixties. The developments have progressed in a steady fashion starting from straight forward commercial banking in the 70s to development of hedging techniques and *Sukuk* in 2009[1]. The latest developments of the IFSI are in the areas of microfinance. The IFSI has been growing rapidly and it has shown resilience to the current global financial and economic crisis. The Bank has played and continues to play a pivotal role in the development of the Industry, through nurturing the development of standard making bodies and specialized institutions. In addition, its equity investments have generally acted as catalysts for other investors to join in providing equity capital to these institutions. Furthermore, the ground breaking research and extensive training conducted by IRTI covers a wide range of topics related to Islamic finance and economics.

MAJOR DEVELOPMENTS IN ISLAMIC FINANCIAL SERVICES INDUSTRY

The Islamic financial services industry has been growing at a rapid rate estimated to be between 15-20 percent annually. The actual figures for the size of the industry are difficult to find, as there are no concerted studies and definitions vary. However, estimates of global Islamic finance assets range from size $800 billion to more than $1.0 trillion. Similar to others, the Islamic financial services industry is facing growing pains which are causing temporary impediments to its growth, such as lack of standardization in terms of legal, regulatory and supervisory mechanism, products and institutional infrastructure. However, the demand from consumers and most financial institutions' willingness to supply Islamic financial products are causing the industry to forge ahead with new developments in products and channels of distribution. Returning to its roots of economic and social development, the latest developments are in the areas of providing access for the poor to *Shariah* compatible financial products through microfinance.

The Islamic financial services industry has been growing rapidly and showing resilience to the current global financial and economic crisis.

Global Financial Crisis and Resilience of Islamic Financial Services Industry

The global financial crisis has brought forth some of the major issues concerning the stability of global financial systems. One of the many causes of the crisis was that complex financial structures were being presented, resulting in corporate as well as individual investors and perhaps even insurers, very often not being willing or able to understand the risks and leverages embedded in the instruments being traded. This in turn resulted in inadequate risk mitigation and created corporate governance issues. The financial crisis was also a result of, among other factors, the disconnect between the real economy and the financial system.

In Islamic finance, any financial transaction must be accompanied by an underlying productive economic activity that will generate legitimate income, thereby creating a direct link between the financial transaction and productive flows. Thus, in the Islamic finance business model, financing or equity participation can only be extended to activities in the real sector that have economic value thereby maintaining the connection between the financial sector and the real sector.

The resilience of Islamic finance can also be explained by the fact that it is based on profit sharing i.e. mutual risk sharing. This requires the financial institutions to undertake appropriate due diligence on the viability of the business. Resilience is further strengthened by the *Shariah* Board which oversees the operations of a business to keep it in accordance with *Shariah*. Therefore, multiple layers of risk evaluation and

[1]Currently, IFSI comprises the following specialized areas: (i) Islamic banks – that is, deposit-taking and financing institutions, including full-fledged Islamic banks, Islamic subsidiaries and "*windows*" of conventional banks such as onshore and offshore commercial and investment banks; (ii) Islamic non-bank financial institutions, including Islamic leasing and factoring companies, finance companies, *ijarah* and *mudarabah* companies, Islamic housing cooperatives, Islamic microfinance institutions, credit sale subsidiaries of trading companies and other similar institutions, and private equity/venture capital, as well as institutions managing *haj* funds, *awqaf*, *zakah* and *sadaqah*; (iii) Islamic insurance and re-insurance or *takaful* and *re-takaful*, operators; (iv) Islamic capital markets and their players, such as brokerage houses, investment banks, etc., as well as fund management institutions including Islamic asset management companies (such as mutual funds/unit trusts, hedge funds, etc.); and (v) Islamic financial architecture and infrastructure institutions.

corporate governance are inherently present in Islamic banking practices.

Accordingly, an analysis of the current situation reveals that Islamic financial institutions were affected to the extent of systemic factors. As far as other factors, particular to individual institutions are concerned, the Islamic financial institutions were not affected as much as conventional institutions. This has much to do with the fact that inherently Islamic financial institutions are not allowed to undertake businesses which involve speculation. Hence they were not able to get involved in options and derivative products like Credit Default Swaps. Furthermore, in Islamic financing the risks are identifiable unlike the Collateralized Debt Obligations in which prime and subprime debt was mixed to make it possible for mortgage originators to pass the entire risk of default to the ultimate purchasers who would have normally been reluctant to bear such a risk.

Islamic Finance Developments

Islamic Banking: In 1430H, Islamic banks experienced many developments due to the financial crisis, ranging from more stringent central banking regulations and supervision to greater corporate governance requirements. Many member countries and non-member countries have already implemented or are in the process of implementing Basel II, which seeks to improve on the existing rules by aligning regulatory capital requirements more closely to the underlying risks that banks face. The Basel II framework prescribes a more comprehensive measure and minimum standard for capital adequacy and it is intended to be more flexible and better able to evolve with the advances in markets and risk management practices. Islamic banks which are generally smaller than their conventional counterparts are affected in the sense that they are to strengthen their capital structure through raising additional equity or merging with other similar institutions.

The corporate governance requirements by regulators also increased, whereby greater transparency was demanded for ensuring the rights and duties of all stakeholders including policymakers, directors, regulators, shareholders, and the general public.

Sukuk Market: A major component of the Islamic capital market is the *Sukuk* which is an Islamic financial certificate, similar to a bond in conventional banking terminology. *Sukuk* are securities that comply with *Shariah* and its investment principles, which prohibits the charging or paying of interest.

During the first half of 1430H (2009), the systemic issues which affected all financial institutions and instruments also affected the *Sukuk* market. As such, the year 1430H saw negative trends in the Islamic capital market as global *Sukuk* issuances continued to decline, whereby during the first half of 2009 the amount of *Sukuk* issued amounted to $9.2 billion as of 30 June 2009 which was 20 percent below the level of *Sukuk* issued in 2008 during the same period.

It is worth noting that the *Sukuk* market has been declining since 1428H (2007) wherein the amount of *Sukuk* issued hit a record high of $46.6 billion. The market declined in 1429H (2008) due to the worldwide recession which resulted from the global financial crisis, to a level of $15.8 billion which was 66 percent lower than the 2007 figure[2]. It is expected that due to the linkages with the real economy, the issuances of *Sukuk* will continue to decline until the economies of the world and in particular that of GCC and Southeast Asia, start recovering. Accordingly, the number and amount of *Sukuk* issuance would bounce back in 1431H (2010).

Islamic Syndicated Financing: Islamic syndicated financing refers to the participation of a group of financial institutions in a joint financing operation through one of the *Shariah* compatible modes of financing. Conventional and Islamic financial institutions can jointly finance a project whereby one or more of the components of the project could be financed through an Islamic tranche, provided *Shariah* compatibility of the whole project is maintained with respect to its business.

According to estimates, Islamic syndicated financing expanded from $19.6 billion in 1428H (2007) to $27.2 billion in 1429H (2008), a 32 percent expansion. However, up to the end of November 2009, only $10.6 billion worth of Islamic syndicated financing had taken place[3]. There may be some transfers of funds between *Sukuk* and Islamic syndicated financing; however, there is no direct relationship as companies or countries have the option to resort to conventional sources of finance.

Increasing Number of Islamic Indices: The Islamic indices are growing in number with each passing year. The Dow Jones Islamic Market Indices were the first to address the needs of financial professionals seeking to benchmark *Shariah*-compliant investments. These indices were launched in 1999, and were tailored to screen firms producing alcohol, tobacco, pork products, interest-bearing financial solutions and weapons, which

[2]Islamic Financial Information Service (IFIS).
[3]Islamic Financial Information Service (IFIS).

are *haram*, as well as screening for various debt ratios. The Dow Jones Islamic Market indices consist of 69 different indices catering to various benchmarking needs.

In addition to Dow Jones, several other institutions also provide various indices based on *Shariah* compatible companies around the world, including FTSE Group, Standard and Poor's, MSCI/Barra, and some Fund managers/banks (run in-house). There are some other companies which intend to launch Islamic indices in early to mid 2010.

A survey of some of the Dow Jones Islamic Market country indices revealed mixed results when compared to their conventional counterparts during the period May 2008 to October 2009, whereby in some countries the surveyed conventional institutions' indices performed better and in some countries the Islamic institutions indices performed better.

Growing Takaful Industry: *Takaful* has come a long way since the first company - the Islamic Insurance Company of Sudan was set up in 1979. Ernst & Young in its World *Takaful* Report 2009, has stated that *Takaful* contributions have grown from $1.4 billion in 2004 to over $3.4 billion in 2007. Globally *Takaful* continues to display rapid growth in new and existing markets. The regional cumulative average growth rates for the period 2005-2007 are for the Indian Subcontinent (52 percent), Levant (35 percent), Africa (32 percent), Southeast Asia (33 percent), and GCC (29 percent)[4]. It has been estimated that currently the largest global *Takaful* markets include Saudi Arabia and Malaysia.

The World *Takaful* report further states that based on research interviews and estimates, the likely size of the global *Takaful* market could be as high as $8 billion by the end of 2012. It is also estimated that the growth in *Takaful* has generally been greater than the conventional insurance, not only due to the small base, but also due to its increasing popularity. As at the end of September 2008, there were an estimated 179 operators of *Takaful* of which 36 were *Takaful* windows. The GCC region contained the largest number of *Takaful* operators i.e. 143 approximately 67 of whom were from the GCC[5].

Building an Enabling Environment: Islamic finance is developing at a very fast rate in many member and non-member countries. This has created the need for legal, regulatory, supervisory, *Shariah* and corporate governance frameworks. Countries have begun to take notice around the globe and are taking steps to implement the requisite enabling environment for nurturing the relatively nascent Islamic financial services industry. As the motivations for each country differ, the level and type of laws and regulations put in place or new institutions developed vary to a great extent. An example of this phenomenon is the fact that there are not many countries which have separate laws and regulations for the full range of Islamic financial products and institutions, which vary from commercial banks to Islamic microfinance institutions, Islamic capital market instruments and institutions as well as *Takaful*, *Awqaf* and *Zakah* instruments and institutions. The list of developments which have taken place in various countries around the world in 1430H is very extensive and covers a wide range of activities. IDB has been approached by many countries and institutions to provide assistance in the development of the industry. A few of the major developments in the recent past in multilateral development banks are mentioned in Box 11.

[4]Ernst and Young – The World *Takaful* Report 2009.
[5]Ernst and Young – The World *Takaful* Report 2009.

ADVANCING ISLAMIC FINANCE BY IDB GROUP

The Bank has played a pivotal role in the development of the industry, through nurturing the development of standard making bodies such as Islamic Financial Services Board (IFSB) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). It has also assisted in the development of specialized institutions such as General Council for Islamic Banks and Financial Institutions (CIBAFI), International Islamic Financial Market (IIFM), Islamic International Rating Agency (IIRA) and International Islamic Center for Reconciliation and Arbitration (IICRA). The Bank's equity investments have generally acted as catalysts for other investors to join these institutions. Furthermore, the ground breaking research and training conducted by the Islamic Research and Training Institute (IRTI) covers a wide range of topics related to Islamic finance and economics.

During the past year (1430H), IDB undertook development of the Islamic financial services industry through various means, which included investments in the equity capital of Islamic financial institutions, financing *Awqaf* real estate and other projects and providing Technical Assistance (TA) to member countries in the field of Islamic banking, *Takaful*, Islamic microfinance, corporate governance, *Awqaf, Zakah* as well as legal/regulatory and supervisory issues related to Islamic banking.

Equity Investment in Islamic Financial Institutions: As at the end of 1430H, IDB had equity investment in 27 Islamic financial institutions in 19 countries with

Box 11
Islamic Finance and Multilateral Development Banks

Asian Development Bank: Institutional investors in many Middle Eastern countries that might otherwise have appetite for investment risk in the target countries require *Shariah*-compliant investment opportunities, and are thus precluded from investing in traditional private equity funds that are not specifically structured to accommodate that requirement.

To help bridge this gap, ADB collaborated with IDB to establish a *Shariah*-compliant \$500 million (1st closing \$262 million) private equity fund (the Islamic Infrastructure Fund, L.P.) to invest in infrastructure projects across those member countries common to both institutions. By structuring the Fund to accommodate the needs of investors for *Shariah*-compliant investment vehicles, the Fund will "*unlock*" for project sponsors in the target region a large pool of money seeking investment opportunities. This will in turn channel more equity capital into infrastructure projects throughout the region, and will also allow project sponsors specifically seeking Islamic funding access to financing tools structured around their particular requirements.

World Bank/International Finance Corporation (IFC): On 3 November, 2009 IFC became the first non-Islamic financial institution to issue *Sukuk* for term funding in the Gulf Cooperation Council. The IFC *Sukuk* is a five-year, dollar–denominated, non-amortizing issue with total face value of \$100 million. It is backed by a portfolio of IFC projects, structured as Islamic-compliant financial leases, with comparable disbursed value. It was oversubscribed and there were 15 orders and 90 percent of the demand came from institutional investors in the Middle East. IFC plans to issue *Sukuk* every 12 to 18 months.

a total disbursed amount of approximately ID149 million. During the year, the Bank started to undertake a proactive approach towards the development of Islamic financial institutions. This change in strategy was brought about by the fact that the current financial crisis has very clearly highlighted the fundamental weaknesses of the conventional banking system and has given impetus to the development of alternatives which emphasize financing of real assets and real economic activity. Furthermore, the Islamic financial services industry is currently expanding at a commendable rate and is successfully evolving into a viable and vibrant form of alternative financial intermediation.

Being in the early stages of development, there remain many areas of institution building in the industry which need to be addressed and strengthened. In this regard, the following major gaps in the sector have become quite apparent:

i. With a few exceptions, the industry is composed mainly of small retail banks and financial institutions and there is hardly any Islamic financial institution comparable to their conventional counterpart which can take a lead role in financing, guaranteeing or underwriting any major project in Muslim countries. The absence of large financial institutions, which have the technical expertise and balance sheet strength to underwrite/guarantee/finance big ticket projects in member countries, means that most mega projects and transactions are arranged through the large conventional counterparts.

ii. An area which remains a daunting challenge to the industry and requires immediate attention is the lack of an active Islamic Inter-bank market and the limited investment or funding avenues available for liquidity management of Islamic financial institutions.

iii. Another area which remains largely unaddressed is the lack of access to Islamic finance for the poor.

To address these gaps, the Bank, along with some strategic partners undertook a proactive stance and initiated the idea of establishing a Mega Islamic Investment Bank whose objectives include: (i) developing Islamic member countries; (ii) enabling the ability to finance high-value transactions; (iii) developing and marketing high quality liquid and tradable Islamic financial papers; and (iv) enhancing liquidity management for Islamic financial institutions.

Again, to address the issue of providing the poor with access to Islamic finance, and as a part of IDB's Microfinance Development Program, work is underway to establish the first Islamic microfinance non-banking finance institution in Bangladesh. Furthermore, strategic partners and potential shareholders have also been identified for starting similar programs in Indonesia, Senegal and Sudan.

The equity investment strategy continued to focus on creating new institutions and strengthening existing institutions through recapitalization, restructuring and rehabilitation. The objective of these equity investments is to create a resilient Islamic financial services industry with large and yet efficient financial institutions which would have the ability to withstand any financial crisis.

Investments in Awqaf Projects: The *Awqaf* sector in many member countries needs to be revived and reintegrated into the development agenda. The Governments of member countries need to be made aware of *Awqaf*'s potential in terms of its specific role in poverty reduction. As part of this strategy, the *Awqaf* Properties Investment Fund (APIF) continued to carry out its activities for financing *Awqaf* projects in member and non-member countries. During 1430H, the fund approved seven projects in member countries for a total of $155 million (approximately ID98.7 million).

The resulting cash flows from these projects, primarily consisting of *Awqaf* commercial real-estate, would finance general charitable programs for poor members of the society and guarantee the availability of long-term income for the charity organizations.

Advisory Services to Member Countries for Supporting IFSI: Development of the Islamic financial services industry (IFSI) is one of the main strategic thrusts of IDB. In pursuance of this objective, the Bank is providing Technical Assistance (TA) and capacity building for member and non-member country governments, central banks, and financial institutions. This assistance covers a broad spectrum of activities such as:

- **Microfinance Development Program**: Developing new Islamic microfinance institutions or strengthening existing institutions in member countries.
- **IFSI-Technical Support Program**: Developing the necessary enabling legal, regulatory and supervisory environment for a resilient Islamic financial services industry.
- ***Zakah* Development Program**: To provide TAs and capacity building for the *Zakah* sector and to enable its integration into the poverty reduction agenda of member countries.
- ***Awqaf* Development Program**: To provide TAs and capacity building for the *Awqaf* sector and to enable its integration into the poverty reduction agenda of member countries.
- ***Takaful* Development Program**: To develop the *Takaful* sector by providing TAs and creating new or strengthening existing institutions in the sector.
- **Islamic Capital Market Development**: To assist in developing the Islamic capital market through technical assistance and capacity building.

Each of these programs entail wide ranging activities such as studies for scoping the various sub-sectors identifying strategic partners for various institutions in the above mentioned sub-sectors, providing the necessary legal, regulatory and supervisory enabling environment, obtaining licenses for establishing new institutions, strengthening existing institutions through capacity building activities, providing advisory services to governments and related institutions, soliciting potential shareholders, developing strategic partnerships and generally coordinating with all concerned agencies involved in development of the Islamic financial services industry.

Agreement signing ceremony – Al-magzoub Project, Sudan

During 1430H, implementation of five TAs projects were undertaken, two of which were provided to Islamic infrastructure institutions to develop a sound and stable Islamic financial services industry integrated into the international financial system, and to implement Islamic money market development strategy. Furthermore, three TAs were approved during the year for development of legal, regulatory and supervisory frameworks in three member countries.

Thematic Teams: In pursuit of its vision 1440H and based on the nine strategic thrusts, IDB identified the agenda and programs for IDB Group's intervention in these focus areas. As the development of Islamic finance has always been a priority area for IDB, Vision 1440H called for meeting the growing needs of member countries for policy and technical advice.

The predominantly privately owned and managed Islamic financial services industry, comprising Islamic banking, Islamic insurance (*Takaful*) and the Islamic capital market, registered rapid growth over the past 30 years. However, the role and application of Islamic finance in meeting public sector needs and as a potential poverty reduction tool has been limited, at best. The far-reaching ramifications of activating the entire spectrum of the Islamic financial services industry covering *Awqaf*, *Zakah*, microfinance, public finance and private philanthropy has neither been fully appreciated, nor analyzed in detail.

In view of the aforesaid, the IFSI Thematic Team, during 1430H, developed IFSI Strategic plan, which states that at the OIC and member country level, the single most important challenge facing IDB Group is the need to mainstream the role of Islamic finance as an additional public policy instrument for financing development.

At the industry level, there is an excess of small under-performing/capitalized Islamic financial institutions, whose focus has been on the corporate and the high net-worth segments. The challenge here is to restructure, strengthen and/or establish strong, well-capitalized institutions that are positioned locally to address the needs of the SME sector. This has taken on greater importance in light of the evolving global financial architecture, which will require financial institutions to maintain adequate levels of risk capital and liquidity buffers.

At the grass-roots level, access to Islamic finance is virtually absent. The challenge here is to develop and implement a vision-aligned micro-development model by establishing unique micro-development institutions that deliver Islamic finance by tapping diverse sources of capital.

It is envisaged that through the earlier listed programs for development of the IFSI, efforts would be made to overcome these obstacles with the help of member countries and other strategic partners so as to have a vibrant, resilient and inclusive IFSI.

Development of Islamic Finance through the Private Sector: in addition to participating in the equity capital of Islamic financial institutions, the Islamic Corporation for the Development of Private Sector (ICD) also extends lines of financing to institutions for the development of the private sector specially SMEs which tend to have the greatest impact on employment creation. During 1430H, to develop the private sector, a global line of financing was also created to promote access to direct financing, through selected local financial institutions, and to growth-oriented SMEs with a view to creation of employment and reduction of poverty.

The Corporation also concluded agreements with a member country in Asia to create the first Islamic bank in the country. Furthermore, to efficiently restructure and strengthen the Islamic financial institutions in West Africa, a holding company was formed which would utilize the technical expertise of one of the shareholders to efficiently manage the financial institutions in the holding company.

Furthermore, during 1430H, ICD assisted in the development of IFSI through the establishment of a leasing company, lines of financing to various member countries' financial institutions as well as the development of a real estate management and development company.

Similarly, providing financing to SMEs, including in least developed member countries, continues to be one of the highest priorities for the International Islamic Trade Finance Corporation (ITFC). Hence, in an attempt to improve access to international financial markets, ITFC applies the Two-Step *Murabaha* Financing scheme to domestic financial institutions and commercial banks to reach a larger number of SMEs in member countries. By easing access to financing, ITFC also aims at reassuring markets; enhancing member countries' export capabilities; and contributing to alleviating poverty. In 1430H, ITFC increased its support to SMEs by extending 12 lines of financing with an aggregate amount of $169.1 million, compared to $98.5 million in 1429H.

Sukuk for Development: In June 2005, IDB established a Medium-Term Note (MTN) Program of $1 billion under which *Sukuk* notes of $500 million were issued, leaving a balance of $500 million to be mobilized on needs basis. However, based on the resource mobilization projections for the next five years, which indicated that approximately ID3.6 billion would be required during 1429-1433H, the MTN Program was enhanced from $1 billion to $1.5 billion to meet the funding requirements of the planned 15 percent growth in OCR for the current year.

In this regard, IDB launched its latest capital markets offering, an $850 million fixed-rate *Sukuk* under its $1.5 billion MTN issuance program. The issuance was 2.4 times oversubscribed with 90 orders in the order book run by the mandated lead arrangers HSBC, Deutsche Bank, BNP Paribas and the two co-lead arrangers-CIMB of Malaysia and Bank Islam Brunei Darussalam.

Moody's, Standard & Poor's and Fitch Ratings confirmed the assigning of a *AAA* rating to IDB's proposed *Sukuk* MTN program, which is similar to the long-term foreign currency rating assigned to IDB's Ordinary Capital Resources (OCR). The 5-year *Sukuk* as such was eventually priced at par with a 3.172 percent semi-annual profit rate and a yield of 40 basis points (bps) over 5-year mid-swaps and 77 bps over 5-year benchmark US Treasuries respectively.

The geographic distribution for the subscription to IDB *Sukuk* is also revealing. Over 60 percent of the paper was placed outside the GCC region. In terms of geographic split, Asian investors accounted for 37 percent, European investors 24 percent, GCC region 37 percent and others 2 percent.

KNOWLEDGE BUILDING IN ISLAMIC FINANCE

In conformity with its mandate to generate and disseminate knowledge in the area of Islamic banking and finance, the Islamic Research and Training Institute (IRTI) undertook a number of activities during 1430H[6]. The knowledge building activities of IRTI focused on the thematic areas of financial stability; inclusive Islamic financial services as well as sustainable and comprehensive human development. Throughout the year, IRTI also successfully conducted 34 seminars and conferences and organized 37 training programs in key areas.

Knowledge Building for Financial Stability

During 1430H, IRTI continued its cooperation with three major Islamic financial infrastructure institutions: Islamic Financial Services Board (IFSB) for developing and operationalizing its standards; International Islamic Financial Market (IIFM) for Islamic capital market development; and General Council for Islamic Banks and Financial Institutions (CIBAFI) for human resource development for the Islamic financial industry. They are all designed to contribute *inter alia* to Islamic financial architecture and infrastructure development.

Realizing the importance of Islamic financial services industry for member countries, IRTI, during 1430H, organized a seminar on Islamic Banking and Finance in Sarajevo, Bosnia Herzegovina. In collaboration with CIBAFI, IRTI organized the Islamic Financial Services Industry Development Forum 2009 (*Islamic Finance: Challenges and Opportunities for CIS Countries*) in Ashgabat, Turkmenistan, which addressed the innovations and improvements in the global financial industry. IRTI, in collaboration with AAOIFI, organized a conference on "*Annual Shariah Conference 2009*" in Bahrain in May 2009.

Regarding the global financial crisis, IRTI was involved in some prominent seminars and forums such as "*The Impact of Financial Crisis on Islamic Financial Institutions, Instruments and Markets*" held in Tokyo; "*Assets Management from Islamic Perspective in the Face of Global Financial Crisis*" held at King Abdul Aziz University, in Saudi Arabia; "*Islamic Finance in the Light of Global Financial Crisis*" held at Islamic & Arabic Sciences Institute, in Indonesia, and "*Conference on Global Financial Crisis and the Capacities of the Islamic Financial System*" organized by Ministry of Economic Affairs and Finance in Tehran.

[6]For more details, see IRTI Annual Report, 1430H, www.irti.org.

Throughout the year, IRTI organized several significant conferences in Malaysia with the collaboration of International Islamic University of Malaysia, titled "*International Conference on Islamic Economics and Economies of OIC Member Countrie*s".

Knowledge Building for Inclusive Financial Services

IRTI accorded high priority to building knowledge for promotion of an inclusive financial system and provision of microfinance as a tool of poverty alleviation. Accordingly, a number of initiatives were undertaken. In 1430H, IRTI developed and published a guiding principle book "*Islamic Capital Markets: Current Products' Regulation and Development*". IRTI has striven to enhance new products and regulations of these products in this volume.

IRTI published the Islamic Economics Journals, "*Islamic Economic Studies (English), Vol. 14 No. 1 & 2 and Vol. 15 No. 1 & 2*" which contain selected assorted research papers presented in various seminars and conferences on Islamic banking and economy, capital markets, *Zakah, Awqaf* and poverty alleviation. In collaboration with the Ministry of Economy and Budget Planning, Republic of Kazakhstan, IRTI completed arrangements to organize the second Astana Economic Forum. In cooperation with the Religious Board of Muslims of European part of Russia, IRTI concluded preparations for an International Conference on Islamic Banking.

A "*Handbook of Islamic Finance*" is also under preparation for use by trainers to assist in human resource development in this key area.

Knowledge Building for Sustainable and Comprehensive Human Development

A further vital subject that is driving activities at IRTI is sustainable and comprehensive human development through public policies in the light of *Maqasid al-Shariah*. The Institute, during 1430H, conducted seminars in this key area, such as "*Presentation on Shariah Supervision and its Role in Protecting the Consumers"* in the training program on *Mudarabah and Musharakah* - The First Seminar of the French Council for Islamic Finance and "*The Meeting of the Shariah Council for AAOIFI*" which provided a framework for achieving comprehensive human development on *Shariah* in Islamic Economics. Furthermore, in collaboration with the University of Ilorin, in Nigeria, IRTI organized an International Conference on "*Islamic Financial Services: Emerging Opportunities for Law/ Economic Reforms of the Development Nations*" in Nigeria. The papers presented during the Conference examined the current developmental status in member countries in view of contemporary global changes; identified the role of Islamic value-based exchange model in the development paradigm; and exchange of developmental experiences. In collaboration with Insaniah University, IRTI organized an international workshop on "*Islamic Finance and Operationalizing the Comprehensive Concept of Human Development*", in Malaysia.

IMF-IDB Technical Assistance Sub-account: IDB, in addition to financing the development of the industry, also undertakes development of IFSI through it strategic and technical partners. It is in this context that IDB set up a $600,000 Technical Assistance Sub-account with the International Monetary Fund (IMF) in 2007. Through this sub-account, IDB jointly provides its member countries with knowledge and capacity building by using the technical expertise of IMF in certain fields such as central banking. To this end, three technical assistance projects were financed, namely: (i) Strengthening the Islamic banking framework in Kyrgyz Republic; (ii) Developing laws and regulations for the Islamic banking sector in Afghanistan; and (iii) A high level seminar on Islamic Finance in East Africa.

IDB-World Bank Working Group on Islamic Finance: The Working Group on Islamic Finance, during 1430H, made progress in the following two major areas of IFSI:

i. ***Financial Sector Assessment Program of the IMF***: A study titled "*Towards Developing a Template to Assess Islamic Financial Services Industry (IFSI) in the World Bank-IMF Financial Sector Assessment Program (FSAP)*" was assigned to a consultant experienced in the workings of FSAP. The first draft of this study has been received and is under review.

ii. ***Corporate Governance of Islamic Financial Institutions***: A program proposal to help improve the corporate/*Shariah* governance of Islamic financial institutions has been jointly developed by the team. The draft proposal calls for intervention at the macro, mezo and micro levels. The objective of intervention at the macro level is to support the development of an effective corporate governance framework. At the mezo level the objective would be to build sustainable institutional capacity for corporate governance training and advisory services. The objective at the micro level is to build a case for Islamic financial institutions to implement good corporate and *Shariah* governance.

Box 12
IDB-IFSB Taskforce on Islamic Finance and Global Financial Stability

The idea of this Taskforce was floated during the 13th meeting of IFSB Council, held in Dubai, UAE in October 2008. Subsequently, the members were selected and the first meeting of the Taskforce was held in January 2009. The Taskforce has submitted its draft report, which emphasizes among other things that it is important to accelerate the development of the following critical building blocks of the Islamic financial infrastructure and architecture to support orderly financial development and sustained financial stability in IFSI:

i. Effective implementation and enforcement of a set of robust and consistently applied prudential standards for risk management and supervision which take into account the specificities of IFSI.

ii. Development of a robust systemic liquidity infrastructure, which encompasses monetary policy and exchange operations, payment and settlement systems and the microstructure of money, exchange and securities markets.

iii. Strengthening the financial safety net mechanisms, namely liquidity risk management of Islamic financial institutions, lender of last resort facilities and emergency financing mechanisms as well as deposit insurance, all of which need to be compatible with *Shariah* principles.

iv. Reliable crisis management and resolution framework, which includes, in addition to financial safety nets, bank insolvency laws and arrangements for dealing with non-performing assets, asset recovery and bank restructuring.

v. Close cooperation among policymakers and financial supervisors with different mandates and in different jurisdictions to enhance the resilience and stability of IFSI.

vi. Implementing accounting, auditing and disclosure standards for IFSI and their counterparties, supported by adequate governance arrangements.

vii. Implementing macro-prudential surveillance and financial stability analysis, which is an integral part of the strategy to help strengthen the resilience of the Islamic financial system and to limit the risks of financial fragility.

viii. Strengthening international Islamic infrastructure institutions, which provide a forum for cooperation among countries and IFSI to develop best practice standards, facilitate policy development, and contribute technical assistance and training in the design and implementation of standards and policy frameworks

STRENGTHENING DEVELOPMENT ASSISTANCE
CROSS-CUTTING AREAS

Besides the four Strategic Focus Areas, the IDB Group has also identified two Cross-cutting Areas for the realization of its 1440H Vision, namely Private Sector Development and Capacity Development. For each of this area, various activities were undertaken during 1430H.

ENHANCING PRIVATE SECTOR DEVELOPMENT

To stimulate strong and sustainable economic growth in member countries, investments from both the public and private sectors need to be enhanced. Financial and budgetary constraints of the public sector limit the ability of member countries to increase the development expenditure. Public Private Partnerships (PPPs) have evolved as the preferred mode of investment globally, especially for major infrastructure projects requiring sizeable investment, as they help shift a part of the burden of financing from the public to the private sector, thereby, addressing the issues of budgetary constraints of the public sector. Accordingly, IDB Group continued to support PPPs during 1430H. It also continued supporting the SME sector in its member countries.

SUPPORTING PUBLIC-PRIVATE PARTNERSHIPS

Recognizing the growing importance of the PPP projects as the preferred mode of financing infrastructure projects and its potential impact on member countries, a new division with PPP focus was setup within the Infrastructure Department during 1430H as part of IDB reform. The role of the new PPP Division includes supporting infrastructure PPP projects through direct participation as well as acting as a catalyst in attracting PPP investments flows into member countries.

During 1430H, IDB contributed $338 million to three infrastructure related projects supporting investment flows of about $1.80 billion. These projects consisted of a Leasing Financing for Al-Qatrana Electricity Company Project in Jordan, Leasing Financing for Société Nationale Industrielle et Minière (SNIM) in Mauritania (Box 13), and establishment of an Islamic Infrastructure Fund in cooperation with Asia Development Bank (ADB) for twelve common member countries of ADB and IDB (Box 14). Details of IDB financed PPP projects approved during 1430H are provided in Table 12.

The two projects earlier financed under the PPP scheme by IDB (Expansion & Rehabilitation of Hajj Terminal at King Abdulaziz International Airport, Saudi Arabia, and the Djibouti Container Terminal, Djibouti) achieved technical completion during 1430H and are now contributing to the development of the respective economies.

Box 13
PPP Support to Infrastructure in Africa

Most of the member countries in Africa are precluded from obtaining non-concessional financing due to HIPC conditionality. Furthermore, the private sector in these countries is nascent and slowly developing. PPP structures are, therefore, the most suited for IDB intervention to facilitate the development of infrastructure in Africa. The Bank is committed to scaling- up its efforts in this area recognizing the high developmental and economic impact generated by infrastructure development.

Société Nationale Industrielle et Minière (SNIM), majority owned by the Government of Mauritania, is in the business of exploration, production, marketing and sale of iron ore and is the 7th largest supplier of iron ore in the world.

Historically, SNIM's operations have an extraordinary social and economic impact on Mauritania's macro-economic stability. Positioned as the principal industry and employer in Mauritania, SNIM contributes up to 14 percent of the country's GDP and 60 percent of the country's total export earnings.

The expansion of SNIM's mining operations was key for SNIM to sustain its competitive edge globally. IDB, together with eight other commercial banks and multilateral agencies made a significant contribution in assisting SNIM to raise $648 million of the financing required for this critical and vital infrastructure expansion and upgrade, at a time when the global steel market was declining due to the financial crisis and long-term debt was extremely difficult to raise.

Securing the financing required for a sizable project such as this was indeed a challenge under complex conditions. However IDB's role as a financier and facilitator was key in overcoming this challenge. The Bank's aim is to assume similar roles for other projects in its African member countries.

The completion of the Hajj Terminal project is a landmark achievement for the Kingdom of Saudi Arabia. To date, the Terminal has managed three *Hajj* seasons successfully. The presence of this Terminal has contributed to the comfort of pilgrims during their arrival/departure for *Hajj/Umrah*.

As part of the medium-term strategy for infrastructure initiatives, IDB will scale-up its financing in all four core areas of infrastructure i.e. Transport, Water, Energy and ICT, and PPP is likely to play a significant role in this.

Table 12
IDB Financed PPP Projects during 1430H

(Amount in $ million)

Project Name	Country	Mode	Total Project Cost	IDB Contribution
Al-Qatrana Electricity Company Project	Jordan	Lease Financing	460	80
Lease Financing to Société Nationale Industrielle et Miniere (SNIM)	Mauritania	Lease Financing	840	108
ADB - IDB Islamic Infrastructure Fund	Regional	Equity	500	150
Total			**1,800**	**338**

IDB plans to enhance its efforts at assisting its member countries to create an enabling environment for private sector participation in infrastructure through flexible and innovative PPP schemes and capacity development programs. To achieve this, IDB will work closely with other national, regional and international donors and financiers as well as specialized PPP and private sector initiatives such as the Public-Private Infrastructure Advisory Facility. Furthermore, IDB will develop and deploy new products and risk mitigation instruments to attract and facilitate private sector participation in infrastructure.

PROMOTING AND FINANCING THE PRIVATE SECTOR

Financing Private Sector Operations by ICD

During 1430H, the Islamic Corporation for the Development of the Private Sector (ICD) approved $391.4 million which accounted for twenty-eight private sector operations, representing 10.5 percent growth rate in approved amounts compared to the previous year.

Since inception in 1421H, ICD approvals targeted thirty two member countries and seven regional projects mainly related to industry (31.8 percent), financial services (28.4 percent), real estate (12.6 percent), oil & gas (6.9 percent), and transportation (6.9 percent). ICD cumulative approvals amounted to $1,562.7 million for one hundred and eighty four projects, including cancelled projects. In terms of investment type, ICD's portfolio is composed of:

- $669.8 million (42.9 percent) in Term Finance (investment loan);
- $480.1 million (30.7 percent) in Equity;
- $262.0 million (16.8 percent) in Line of Financing; and
- $150.8 million (9.6 percent) in Corporate Finance (working capital loan).

Unit Investment Fund (UIF): To consolidate private sector activities under a single entity within the IDB Group, the resources and activities of UIF were transferred to ICD effective from 1429H. Under the new arrangement, ICD would now act as a *sub-Mudarib* for the Fund, while IDB would remain the *Mudarib*. At the same time, it would extend the facility of full redemption guarantee to the Fund.

During 1430H (2009), ICD increased its financing to the private sector by more than 10 percent.

UIF mobilizes resources through the securitization of its Lease and Installment Sale assets and complements IDB's financing of projects and trade financing operations. To further strengthen the secondary market trading of *Shariah*-compliant facility, UIF is encouraging institutional investors to actively trade units as principals rather than as agents or brokers. In 1430H, UIF approved nineteen operations totaling $173 million. Cumulatively, UIF committed $2,317 million for two hundred and forty four operations since it began operations in 1412H (1989).

Providing Trade Solutions to Private Sector by ITFC

The International Islamic Trade Finance Corporation (ITFC) continues to play a catalyst role for the development of trade among member countries and with the rest of the world, and envisions to become the recognized provider of trade solutions, including for private sector needs. In 1430H, ITFC's strong commitment to support the private sector development was reflected by its $901.4 million (or 42 percent of total gross approved trade operations) directed to the private sector.

Hence, during the course of 1430H (2009), as a catalyst in the enhancement of trade through a variety

Hajj Terminal completed during 1430H (2009) - with part financing from IDB, Jeddah, Saudi Arabia

Box 14
Catalyzing PPP Infrastructure Investment through Strategic Partnerships

In many member countries especially the LDMCs availability of liquidity is limited. This situation has prompted IDB and other development institutions to work in partnership to mobilize equity investment flows.

The ADB - IDB Islamic Infrastructure Fund was created with the objective of facilitating mobilization of public and private sector equity funds and attracting foreign investment in twelve common member countries of ADB and IDB. The twelve common member states to be targeted by the Fund are Afghanistan, Azerbaijan, Bangladesh, Indonesia, Kazakhstan, Kyrgyz Republic, Malaysia, Maldives, Pakistan, Tajikistan, Turkmenistan and Uzbekistan.

The Fund is a fully *Shariah* compliant and targets infrastructure projects at all stages (Greenfield, Brownfield, Buyouts etc). The total Fund size at final closing is expected to be $500 million and the Fund will support investments to the tune of approximately $6 billion through its multiplier effect. IDB's commitment and that of ADB is $150 million and $100 million respectively. The Managing Partner, a consortium of CIMB Private Equity and Standard Bank has contributed $12 million to the Fund. The balance will be mobilized from the global capital market and to this end, the Fund Manager together with IDB and ADB representatives will be marketing the Fund to Middle Eastern financial institutions and funds.

Looking ahead, IDB is envisaging similar Islamic Funds for Africa and the Middle East in partnership with other reputed regional and international institutions.

of programs, ITFC's achievements drew worldwide recognition by receiving four awards. At the corporate level, ITFC was nominated as the "*Best Islamic Trade Finance Bank/Institution*" by the Global Trade Review (GTR)'s Annual Leaders in Trade Readers' Poll. At the operational level, ITFC received three awards from the Islamic Finance News, GTR and Euromoney for the best deal of the year 2009 achieved in favor of a private sugar refinery in Indonesia.

Supporting and Promoting Private Sector Development by ICIEC

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was established with the objective of increasing trade transactions among OIC member countries, facilitating foreign direct investments into these countries and providing reinsurance facilities to national export credit agencies. ICIEC fulfills these objectives by providing *Shariah*-compliant investment and export credit insurance products.

As a reflection of its strong commitment to private sector development in member countries, the aggregate insurance commitment for the period 1417H-1430H reached $7.9 billion, while total business insured over the same period stood at $6 billion.

During 1430H, ICIEC covered a $10 million transaction involving exports of internet equipment from Malaysia to Pakistan. The transaction involves repayment terms of five years, and will allow the Pakistani buyer to provide broadband internet access services in the country. The goods are manufactured in Malaysia, and the exporter is part of a large, multinational conglomerate involved in the telecom infrastructure sector.

ICIEC also provided coverage for a $75 million, transaction on electricity transmission line equipment. The exports in this case were headed from Egypt, a member country of ICIEC, to Ethiopia. ICIEC's insurance allowed the exporter to provide a seven-year repayment tenor to the buyer, which was a significant factor in ensuring that the Egyptian exporter won the contract tender.

ITAP Activities in Support of the Private Sector: In association with the Union of Chambers & Commodity Exchanges of Turkey (TOBB), ITAP organized a program on "*Private Sector Operated Industrial Zones*", in Istanbul, Turkey in October 2009. Thirty two participants from over twenty nine member countries attended the one week capacity building program.

Furthermore, ITAP and the Malaysian Industrial Development Authority (MIDA), in partnership with the United Nations Conference for Trade and Development (UNCTAD), held their fourth training program on Investor's Aftercare-Post Approval Facilitation of Project Implementation, in November 2009. Twenty-five participants from member countries attended the program.

ITAP-MIDA Program, Malaysia

Extending Lines of Financing by IDB

The Lines of Financing extended by the Bank, managed by the PPP Division, are essentially targeted at the development of the Small and Medium Enterprise (SME) Sector in member countries. This sector is considered as the backbone of any country's economy, specifically in terms of creating employment opportunities and thus contributing towards poverty reduction, adding to the tax revenue of the government and its significant contribution towards a country's GDP.

For example, IDB approved a Line of Financing to Uganda Development Bank Limited which is predominantly engaged in financing the SME sector of the economy. This sector accounts for 67 percent of the country's GDP. While most of the consumption and corporate sector has been hit significantly by the current and previous financial crises, the micro and SME sectors have been resilient.

Currently, IDB is managing 11 Lines of Financing with various National Development Finance Institutions (NDFIs) and commercial banks in member countries for an aggregate amount of $300 million, of which approximately 30 percent has been utilized. During 1430H, IDB approved 3 new Lines of Financing at a total amount of $50 million for the Uganda Development Bank Limited for $10 million, Kazagrofinance (Kazakhstan) and Nurbank (Kazakhstan) for $30 million and $10 million respectively.

The modes of financing deployed under the Lines of Financing are Leasing, Installment Sale and *Istisna* targeting several vital sectors such as manufacturing, agribusiness, transportation and energy. Aside from enhancing the SME sector, the Lines of Financing are also a means of promoting Islamic Financing in member countries.

Looking ahead, IDB plans to expand and diversify its Lines of Financing portfolio by forging and enhancing partnerships with regional and national development institutions as well as commercial banks in Africa and Asia.

ITAP-TOBB Program, Turkey

SUPPORTING CAPACITY DEVELOPMENT

Capacity development refers to a long-term and continuing process through which individuals, organizations and societies obtain, strengthen and maintain abilities to perform specific functions, as well as set and achieve objectives. Capacity development, more particularly its narrower concepts of institution building and capacity building, has always been accorded special attention by IDB. This is reflected by the establishment of several organizational units and programs by the Bank to provide assistance. These include the Technical Assistance for Capacity Building, the Technical Cooperation Program, the IDB Scholarship Programs, the Science and Technology Program, the WTO-related Technical Assistance Program and the IDB Statistical Capacity Building Initiative.

TECHNICAL ASSISTANCE FOR CAPACITY BUILDING

The Bank defines technical assistance as the provision of technical expertise, means and/or know-how to assist in the preparation or implementation of a policy or a project, or to help develop the capacity of institutions, organizations and the human resources which will have the responsibility of executing such policies and projects. Some of these operations are fully devoted to capacity building.

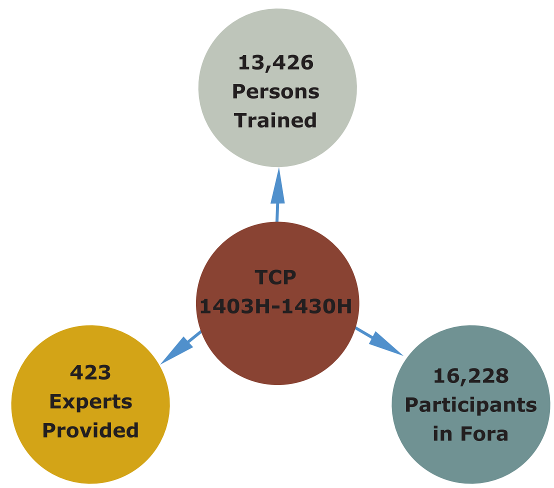
In 1430H, 43 technical assistance initiatives for capacity building amounting to $7 million were approved by the Bank and benefited 25 member countries. These operations were cross-sectoral and took the form of either a component of a project or of a stand-alone project. They reinforced the capacities of various stakeholders in member countries including ministries, executing agencies, non-governmental organizations, community groups and others.

TECHNICAL COOPERATION PROGRAM

The Technical Cooperation Program (TCP) is one of the main arms of IDB for human resource development in member countries. It is a South-South program focusing on transfer and exchange of skills, knowledge and know-how amongst member countries. Built around a tripartite scheme, this program involves three partners in each of its activities; namely: a technical donor, a beneficiary and IDB as a facilitator. The TCP finances the recruitment of experts, the provision of on-the-job training and the organization of seminars.

Since its inception in 1403H up to 1430H, 1,721 operations amounting to $39.2 million have been approved under the program: 298 operations ($5.5 million) of which were for recruitment of experts; 764 operations ($14.5 million) for on-the-job training; and 659 operations ($19.2 million) for seminars. In terms of the numbers of people involved since its launch, the TCP has facilitated the training of 13,426 persons and enabled more than 423 experts to be fielded in member countries and 16,228 specialists to share their knowledge and experiences in various fora (Chart 7).

Chart 7
TCP Beneficiaries, 1403H - 1430H



In 1430H, 99 operations amounting to $2.6 million were approved and benefitted 33 member countries and 21 regional organizations. The main technical expertise and training providers with which the Bank partnered were: Egypt, Malaysia, Morocco, Pakistan, Tunisia and Turkey.

Some 13 contract agreements amounting to $0.3 million have been signed under TCP, enabling more than 30 experts and technicians to work in various major fields in member countries. An interesting example is an operation under which Pakistan offers expertise in water and sewerage systems development to Maldives, where the Government is endeavoring to provide better sustainable sanitation facilities in the islands affected by the Tsunami, thereby improving the living conditions of the affected population.

In 1430H, IDB financed 45 training courses amounting to $1.2 million under TCP. It exerted efforts to develop regional courses besides the study visits and the on-the-job training supported by this program on regular basis. It strengthened its partnerships with centers of excellence in member countries to enable them to benefit from their own experiences and to offer a wide range of specialized training courses. Particular attention was paid to maternal health. The Bank collaborated with the National Center for Reproductive Health of the Ministry of Health of Morocco and the Suzanne Mubarak Regional Center for Women's Health and Development in Egypt to organize four regional training courses. In addition to hands-on experience in clinics, specific modules on safe motherhood and the management of obstetric as well as neonatal emergencies were delivered to about 60 doctors, midwives and nurses from 15 member countries.

Further contribution to human resource development and knowledge instilling activities in member countries was made through support towards the organization of 41 seminars and conferences with an amount of $1.1 million. The purpose of these operations was to disseminate best practices in key sectors, thus enabling member countries to address some of the emerging challenges facing them.

IDB SCHOLARSHIP PROGRAMS

The IDB Scholarship Programs aim to build science-based human capital in member countries as well as in Muslim communities in non-member countries. There are three types of scholarship programs: the Scholarship Program for Muslim Communities in Non-Member Countries; the M.Sc. Program for the Least Developed Member Countries; and the Merit Scholarship Program for High Technology for Member Countries.

Under the first category of the scholarship program, meritorious Muslim students with limited financial means are granted scholarships to pursue their first degree-level education in non-member countries. The approved disciplines under this program are Medicine, Engineering, Dentistry, Pharmacy, Nursing, Veterinary Sciences, Agriculture and Computer Science. For Muslim communities in CIS and East European countries, the program also covers Banking, Finance, Administration, Management, Accountancy and Marketing. In 1429H, the quota was doubled to

Prof. Ms. Alison Richard, Vice-Chancellor, Cambridge University and President of IDB at MoU Signing Ceremony

900 students compared to 475 students in 1428H. In 1430H, out of this quota, 754 students were selected from 38 Muslim communities in non-member countries. Students' applications from the rest of the 18 Muslim communities in non-member countries under the program are yet to be received due to their different academic calendars, but will be processed once received under the annual quota for 1430H. At the end of 1430H, a cumulative number of 10,618 students out of a quota of 11,500 received the award (Annex 16).

The M.Sc. Program for Science and Technology aims at developing intermediate level science-based human capital in the least developed member countries (LDMCs). This program allows students from LDMCs to qualify for the IDB Merit Scholarship Program for High Technology. The annual intake of students has, since 1429H, increased from 20 to 50. In 1430H, 50 scholarships were granted. The cumulative number of students awarded scholarships under this program as at the end of 1430H reached 304 (Annex 17).

The Merit Scholarship Program for High Technology provides an outright grant to scholars, who intend to undertake doctoral or post-doctoral research in designated universities. The program aims to develop scientific human capital and strengthen the capacity of research institutions in member countries. As a way of enhancing the quality of the program and attracting high potential scholars, the IDB signed, in 1430H, Memoranda of Understanding with the Universities of Cambridge and Nottingham by which these universities will not only provide places for IDB-sponsored scholars but also share the tuition fee. Similar Memoranda are being negotiated with other high ranking universities in the UK, USA, Europe and Australia. The annual intake of students has, since 1429H, increased from 50 to

Prof. Nidal Hilal, Nottingham University, at the MoU Signing with Vice-President, IDB (Operations)

100. In 1430H, 90 scholars were awarded scholarships under this program. Thus, a cumulative number of 558 persons had benefitted from this program as at the end of 1430H (Annex 17).

So far, the cumulative number of graduates from non-member and member countries under the three programs has exceeded six thousand. Ninety eight percent of graduates from non-member countries are in gainful employment bringing prosperity to their families, society and the community at large. Seventy percent of the M.Sc graduates are engaged in employment in their countries, filling LDMCs need for intermediate level human resources in the science and technology sectors. Over 300 academic/research institutions in 48 member countries have benefited from the Merit Scholarship Program.

To help students prepare themselves for their future leading role in the development of their communities and countries, IDB also provides them with extra-curricular activities under a special program called Guidance and Counseling Activities during their course of study and later follows them through Post Study Activities that include activities for the development of their respective communities. Until 1429H, these activities were restricted to the students and graduates of the program for Muslim communities in non-member countries. Since 1430H, however, these activities have also been introduced in a limited way for the graduates of the other two programs.

As part of the capacity building program, up to six Community Development Workshops are held annually in different countries for IDB beneficiary organizations and IDB graduates under the Special Assistance and Scholarship Programs. In 1430H, these workshops took place in India, Kenya, Malaysia and Saudi Arabia.

SCIENCE AND TECHNOLOGY PROGRAM

IDB considers it a necessity to incorporate science and technology (S&T) in the development process and has acknowledged the importance of its positive impact on priority sectors and areas, such as agriculture, food security, education and health. Under its S&T financing activities, IDB paid particular attention to human and institutional capacity enhancement. The Bank's S&T capacity building program focuses on South-South cooperation for knowledge and technology transfer and partnership in scientific research among member countries. It encourages forging collaboration and exchanging knowledge through activities such as short-term assignments of experts and organization of on-the-job training as well as conferences.

From 1425H up to 1430H, 122 operations or sub-programs amounting to $4.8 million were approved under the S&T capacity building program. These include supporting cooperation between centers of excellence in member countries, co-financing S&T events, and short-term assignments of consultants.

In 1430H, 24 operations amounting to $0.9 million were approved under the S&T capacity building program. This helped to build the capacity of about 460 individuals in different scientific sectors and facilitated the organization of workshops/seminars involving some 2,800 participants. In particular, the Bank continued to support the "*Inter-Islamic S&T Networks*" established by the OIC Standing Committee for Scientific and Technological Cooperation (COMSTECH). It organized a regional training course on advanced technology for water treatment and reuse in collaboration with the Inter-Islamic Network on Water Resources Development and Management; a workshop on integrated coastal zone management with the Inter-Islamic Network on Oceanography; a workshop on synthetic aperture radar and optical data for natural resources and environment management with the Inter-Islamic Network on Space Sciences and Technology; and a conference on the diffusion of information & communication technologies in academics in collaboration with the Inter-Islamic Network on Information Technology.

In 1430H, the seventh edition of IDB Prizes for Science & Technology was processed. These prizes were established as a special program to promote excellence in research and development (R&D), and in scientific education. The amount of each prize is $100,000. Three prizes are awarded on annual basis to reward achievements in the following three categories: (i) outstanding science & technology contribution to social and economic development; (ii) excellence in a given scientific speciality; and (iii) best performing R&D centre in a least developed member country. In 1430H, the prize winners were: the University Putra Malaysia, Selangor-Malaysia; the Department of Physics, Middle East Technical University, Ankara-Turkey; and the International Center for Diarrheal Disease Research, Dhaka-Bangladesh, bringing the total number of institutions beneficiaries of IDB Prizes for Science and Technology to 21, and the total amount of the financial awards to $2.1 million (Box 15).

In 1430H, IDB continued to implement its special programs for "*Self Reliance in Vaccine Production (SRVP)*" the aim of which is to enhance cooperation among vaccine producers in member countries in the areas of research, development, production, and marketing.

WTO-related Technical Assistance Program

IDB continued to implement its WTO-related Technical Assistance Program which was launched in 1997 to help member countries to build their human and institutional capacity and assist them in coping with the challenges presented by the multilateral trading system. The objectives of this Program are to: (i) assist member countries that are in the process of acceding to WTO to negotiate the best possible terms of accession; (ii) upgrade the human and institutional capacities of

Box 15
IDB Prizes for Science & Technology 7th Edition (1430H - 2009)

The winners of the IDB Prizes for Science & Technology in 1430H (2009) are:

University Putra Malaysia, Winner of the 1st Category

In Category-1, the University Putra Malaysia (UPM), Selengor, Malaysia received the highest score of an institution having made outstanding scientific and technological contribution to the development of a member country. UPM is noted for its outstanding contribution in terms of both graduate and undergraduate degrees awarded (e.g., 454 PhD degrees in years 2003-08), the number of journal publications appearing in citation indices and with a high total impact factor, high research funding from both national and international sources that had resulted in 22 research patents and 16 commercialized research products.

Department of Physics of Middle East Technical University, Turkey Winner of the 2nd Category

In Category-2, the Department of Physics of Middle East Technical University, Ankara, Turkey, (METU) received the highest score as an institution having achieved outstanding contribution to a given scientific field based on the research undertaken over the past six years which has resulted in an impressive number of publications in the field of Physics, most of them in reputable international journals and frequently cited in scientific literature. The Department of Physics in METU also made substantial contribution to thin films, photovoltaics, spectroscopy and high power lasers. Most noticeable, it has awarded 68 PhD degrees in the areas of solid state physics, nuclear physics, laser physics and optronics.

International Center for Diarrheal Disease Research, Bangladesh, Winner of the 3rd Category

In Category -3 of the prize for Science & Technology which rewards noted scientific research institutions in IDB Least Developed Member Countries (LDMCs), the International Center for Diarrheal Disease Research (ICDDR), Dhaka, Bangladesh received the highest score as an international health research institution guided by specific values such as excellence in research and service, high ethical standards, fostering partnerships, among others. The ICDDR is addressing some of the most critical global health needs. The centre's work encompasses a full spectrum of issues related to child health, infectious diseases, especially those causing diarrhea, cholera as well as several other diseases. ICDDR has contributed extensively to improvements in child health services. Its research findings provide guidelines for policy makers in International agencies, implementing agencies and health professionals in developing countries. The ICDDR has demonstrated a stronger scientific productivity, with 688 research publications, 3 International awards and 740 citations, for the last 6 years.

member countries that are already members of WTO to implement the Uruguay Round Agreements and undertake the necessary economic restructuring so as to take maximum advantage of the new opportunities; and (iii) assist member countries in harmonizing their positions and to be well prepared for negotiations on new trade-related issues likely to emerge in future Ministerial Conferences of the WTO.

The key elements of this capacity building program include organizing training courses on trade policy; holding consultative meetings of member countries; conducting analytical studies aimed at assessing the implications of specific Uruguay Round Agreements for IDB member countries; providing advisory services to member countries through financing of experts/consultants; sponsoring officials from member countries to take part in relevant training courses offered by various institutions such as the WTO; and strengthening member countries negotiation skills to prepare for future negotiations on trade-related issues.

Three-week trade policy courses are designed for government officials of member countries. They are organized in collaboration with WTO and primarily explain WTO agreements and the functioning of the multilateral trading system, including the latest developments in the Doha Work Program. The consultative meetings which are organized in preparation for WTO Ministerial Conferences, take stock of the developments in WTO negotiations by the OIC member countries. These meetings provide a good opportunity for member countries to exchange views and coordinate their positions on WTO-related matters.

The technical assistance and capacity building activities undertaken under this Program in 1430H include 6 seminars, 2 workshops, 3 trade policy courses, one consultative meeting, and a study on the "*Impact of Tariff Reductions in NAMA and Agriculture WTO Negotiations on GCC Common External Tariff*". The seminars covered a wide range of issues including Rules of Origin, Preference Erosion, Trade Negotiations under the GATS, Trade in Services, Non-Tariff Barriers, and Trade and Environment. The two workshops focused on Trade Negotiations Skills and Preparation for the 7th WTO Ministerial Conference. The Trade Policy Courses were organized in the three official languages of the Bank, one each for Arabic, English, and French speaking member countries in Cairo, Egypt, Indonesia, and Burkina Faso respectively.

The study on the "*Impact of Tariff Reduction in NAMA and Agriculture WTO Negotiations on GCC Common External Tariff*" was undertaken in response to a request by a member country. It examined the implications of tariff reduction in the ongoing Non-Agriculture Market Access (NAMA) and agriculture negotiations on the Gulf Cooperation Council (GCC) bound rates and GCC common external tariffs. It also carried out a detailed assessment of the impact of adopting or sponsoring some sectoral initiatives on GCC bound and applied rates. The study was geared to assisting the GCC negotiators to be better equipped to understand the implications of the ongoing negotiations in their respective countries and regions.

The Consultative Meeting of OIC Ministers was organized on the eve of the 7th WTO Ministerial Conference held in Geneva in November 2009. The meeting came up with concrete recommendations for the attention of IDB Group, mainly covering: (i) the need for more IDB proactive role in initiating activities that help OIC member countries in creating their own pool of experts and from which OIC member countries could benefit more in the WTO negotiations; (ii) the need for targeted technical assistance from IDB in OIC member countries' priority sectors; (iii) the need for building the capacity of the private sector to understand the implications of WTO Agreements; (iv) the need for IDB continued support to OIC member countries acceding to WTO; (v) the need for IDB support towards enhancing intra-OIC trade; (vi) the need for more trade financing by IDB; and (vii) the need for IDB Group's continued and enhanced support to the Aid For Trade initiative.

IDB STATISTICAL CAPACITY BUILDING INITIATIVE

IDB in 1428H launched a statistical capacity-building initiative, known as IDB-STATCAP . Its aim is to assist member countries with weak statistical capacities to overcome the vicious cycle of under performance and under funding of their national statistical systems. The initiative, in turn, would enable member countries with weak statistical capacities to produce reliable, timely, consistent and accurate economic, financial, socio-demographic and other data (in accordance with international good practice and frameworks) for policy formulation and decision-making. Such data would be vital for monitoring development and poverty reduction, which constitutes the cornerstone of IDB's strategic objective.

In addition to granting scholarships to statisticians working in national agencies to obtain a Masters degree in statistics and other related fields, the main feature of STATCAP is to provide technical assistance to support member countries and regional statistical institutions to attend and organize training, workshops, and conferences, and exchange staff between various national statistical offices. The initiative also offers financial support towards improvements in the following four components: (i) physical infrastructure and equipment, (ii) statistical infrastructure, (iii) statistical operations, and (iv) institutional framework for national statistics.

Since its launch, STATCAP has provided financial support of over $1.5 million for statistical capacity activities in member countries such as Afghanistan, Djibouti, Guinea-Bissau and Morocco. It worked closely with regional and international institutions including the Arab Institute for Training and Research in Statistics, the Statistical, Economic and Social Research and Training Centre for Islamic Countries, the World Bank, the African Development Bank and UNCTAD.

In 1430H, IDB and the Asian Development Bank (ADB) co-organized statistical training courses twice for the staff of Afghanistan's Central Statistics Organization. The first training course was on basic statistics, while the second was on intermediate statistics. The trainers were the statisticians from both IDB and ADB. They provided theoretical and practical statistical knowledge and shared their experiences with the participants. Furthermore, this year, the Bank signed a Memorandum of Understanding on STATCAP for MENA member countries with the Government of the United Kingdom of Great Britain and Northern Ireland (Box 16).

Box 16
DFID and IDB Signed an MoU on STATCAP for MENA Member Countries

On 14 November 2009, the Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department for International Development (DFID) and the Islamic Development Bank signed an MoU on STATCAP program. Under the MoU, DFID will contribute a sum of £2 million to support IDB-STATCAP activities in Palestine, Yemen, Iraq and some regional statistical activities. The implementation of the MoU which commenced in November 2009 will end in November 2012

The goal of the fund is for countries in the MENA region to use evidence to formulate policies and make informed decisions for development. Its purpose is for countries benefiting from it to have a sustained improvement in the production and availability of quality statistics. In particular, the fund will:

- Support the implementation of the Yemen Statistical Master Plan 2006-2010.
- Support implementation of the Palestinian National Strategy for the Development of Statistics currently being developed for 2009 to 2013.
- Support the Central Organisation for Statistics and Information Technology and other statistical work in Iraq. As there is no statistical strategy in Iraq, the fund will help in conducting a needs assessment of statistical capacity requirements and to coordinate in identifying suitable projects/programs for STATCAP.
- Support regional activities such as training, workshops and seminars.

In addition, the fund will support four components of statistical capacity building:

- Physical infrastructure and equipment to facilitate production and dissemination of data;
- Statistical infrastructure to support collection and processing of data and leveraging best practices, including development of business registers and household sampling frames.
- Statistical operations to upgrade and develop new methodologies for collecting and compiling data from surveys and administrative systems.
- Institutional framework for national statistics including developing new legislation to support the collection of statistics.

The purpose of the fund is to:

- Help governments improve their policies and investments, and to be more accountable to their parliaments and citizens.
- Support countries to produce essential data to measure progress towards the MDGs and other development goals.
- Help donors, including DFID, to access better data to monitor and evaluate policies and programs.

LEVERAGING DEVELOPMENT PARTNERSHIPS

The importance of building and strengthening partnerships, especially amongst funding agencies, to collectively address daunting development challenges such as poverty reduction, food security, water scarcity and climate change, which could not be effectively tackled by one institution alone, cannot be overstated. This principle of collective and concerted action was clearly articulated in the 8th Millennium Development Goal (MDG8), which calls for a global partnership for development with a special focus on least developed and land-locked countries as well as small islands. Internalising MDG8 led the IDB Group to adopt partnering as one of the main pillars of its long-term strategy (Vision 1440H), which, *inter alia*, emphasised (i) the institution's catalytic role; (ii) the paradigm shift from finance provider to development facilitator and partner; and (iii) stronger engagement with the international donor community, development partners and the civil society. As a result, in the year 1430H, IDB undertook various partnership activities with a special focus on co-financing operations with a wide spectrum of aid and funding agencies.

EXPANDING CO-FINANCING

Cooperation with development finance partners covers a wide array of development activities. Transaction-based collaboration, for example, may be in the form of co-financing and sharing of market and country intelligence. Other forms of cooperation include staff exchange, joint field visits, and joint advocacy and outreach activities (e.g., hosting of conferences and workshops). Participation in donor consultation meetings, roundtables and similar fora also provide an opportunity to further strengthen partnership and dialogue amongst donors, governments, the civil society and other stakeholders. Of all these modes of cooperation, co-financing remains one of the main, and perhaps most effective, collaboration mechanisms, especially at the operational level, as it also helps to strengthen institutional cooperation over the long run.

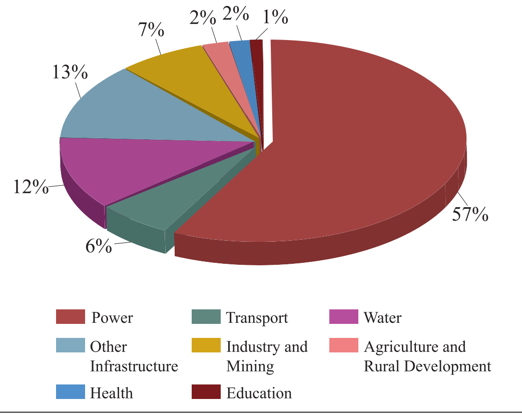
Co-financing with National Development Funds and Multilateral Development Banks

During 1430H, as many as 23 operations in 16 countries were co-financed with other institutions. The total cost of these projects was $7,133 million, of which IDB contributed $1,213 million (or 17 percent), while the contribution of other financiers reached $2,766 million (or 39 percent) of the total cost - around half of this amount ($1,400 million) was contributed by multilateral co-financiers and the rest came from national (bilateral) development funds. In financing volume terms, co-financed operations represent 37 percent of the total amount approved by IDB for project financing and technical assistance operations in 1430H.

In 1430H (2009), co-financing increased by more than 40 percent.

Co-financed operations focused primarily on infrastructure projects[1], which attracted a total amount of $1,073 million of IDB financing, representing 88 percent of the total co-financing volume. This allocation includes an amount of $150 million which IDB is allocating to the ADB-IDB Islamic Infrastructure Fund launched in 1430H, while the power sector attracted $707 million (see Box 17), or 58 percent of total co-financing, the water sector $146 million, or 12 percent, and the transport sector $69 million, or 6 percent (Chart 8).

Chart 8
Sectoral Distribution of Co-financed Operations in 1430H



Geographically, 78 percent of IDB co-financing, or $945 million, targeted member countries in Asia, while the remaining 22 percent, or $268 million,

[1]This type of projects usually lend themselves more easily to co-financing arrangements given their size and scope which often dictate the pooling of donor resources to spread risk.

targeted member countries in Africa. This geographical distribution may be explained by the fact that IDB assistance to member countries in Africa is mainly through concessional financing, which often targets relatively small social sector and poverty reduction projects, whereas assistance to member countries in Asia (including West Asia), many of which are middle-income countries, is largely driven by the growing demand for investment in infrastructure services.

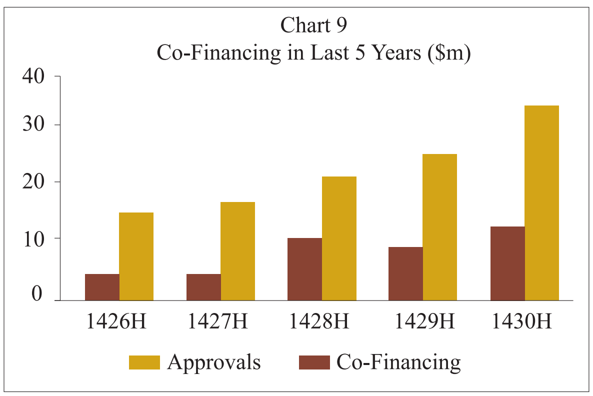
The renewed focus on partnership and co-financing is clearly reflected in Table 13, which provides co-financing data for the five-year period 1426-1430H, which coincides with the five-year IDB strategic plan. Table 13 also shows that over the five-year period 1426-1430H about a third (35 percent) of the Bank's cumulative financing was on co-financing basis—co-financing for multilateral development banks typically represents, on average, around a quarter of commitments on annual basis. During 1426-1430H, IDB provided, on the average, around 17 percent of the combined total cost of co-financed projects, while co-financiers provided an additional 41 percent, which is more than twice the IDB contribution (1:2.4 ratio). The picture for the year 1430H, which registered a 1:2.3 leveraging ratio, is highly consistent with this recent historical pattern.

Table 13
Evolution of Co-financing over the Period 1426-1430H

(Amount in $ million)

Year	OCR Approvals	Co-financing $ (% OCR)	No. Ops	No. MCs	Co-financiers	of which CG	Projects[1] Cost
1430	3,359*	1,213 (37%)	23	16	2,766	1,479	7,133
1429	2,498*	856 (34%)	21	18	2,151	540	5,218
1428	2,087*	1,014 (49%)	31	20	2,818	786	6,925
1427	1,652	368 (22%)	8	7	793	437	1,802
1426	1,464	368 (25%)	15	12	745	311	1,688
Cumulative	11,060	3,819 (35%)	98	-	9,273	3,553	22,766

Source: IDB Annual Reports 1426H (2005-2006), 1427H (2006-2007), 1428H (2007-2008) and1429H (2008).
[1]Ordinary Capital Resources (OCR) approvals shown here are as reported at year-end in related IDB Annual Report and may subsequently be adjusted upwards or downwards due to understating or cancellation in subsequent years.



Co-financing with the Coordination Group

As a member of the Coordination Group[2], IDB has developed a very close working relationship with this forum and its bilateral and multilateral members. With 35 years of experience, the Coordination Group remains an exemplary model of aid coordination, predating by at least a couple of decades the current harmonization drive, which may be said to basically replicate this model on a global scale, admittedly, with a much stronger policy focus. The Coordination Group members share the same philosophy and approach to development, which stem from their shared values and principles. Coordination Group members provide untied aid with no conditionality and are generally focused on transactions rather than policy issues. With a strong focus on "*complementarity*", the Coordination Group enables its members to better conjugate their efforts in order to increase the impact of their collective assistance to developing countries. This is usually achieved through coordinated country-level programming and implementation and the harmonization of procedures (e.g., procurement) to reduce transactional costs.

[2]Established in 1975, the Coordination Group is an aid coordination forum of Arab bilateral and multilateral development aid institutions, in addition to two institutions where Arab states are the main shareholders. The current members of the Coordination Group are (in alphabetical order): the Abu Dhabi Fund for Development, the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa (BADEA), the Arab Gulf Program for United Nations Development Organizations (AGFUND), the Arab Monetary Fund (AMF), the Islamic Development Bank (IDB), the Kuwait Fund for Arab Economic Development, the OPEC Fund for International Development (OFID), and the Saudi Fund for Development.

Co-financing with members of the Coordination Group almost tripled during 1430H.

Out of the 23 operations co-financed with other donors in 1430H, 14 were actually co-financed with members of the Coordination Group, who, collectively, provided financing to the tune of $1,479 million, or 28 percent, of the total cost of those co-financed projects, while IDB contributed a total amount of $878 million, or 16 percent, of the total cost of the projects co-financed with the Coordination Group.

As a member of the Coordination Group, IDB also plays an important role in the new strategic partnership between the Coordination Group and the World Bank Group, particularly in the framework of the Arab World Initiative, which aims to bolster World Bank Group engagement and support to Arab member countries. Following extensive discussions both at the technical and managerial levels, the Coordination Group and the World Bank agreed, at a high level meeting between the President of the World Bank Group and the Heads of Coordination Group Institutions held during the World Bank-IMF Annual Meetings in Istanbul in October 2009, to undertake joint work primarily in the areas of: (i) water and food security; (ii) addressing the education-employment nexus; (iii) energy services to the poor (including renewable energy); (iv) financial sector development (including Islamic finance); and (v) knowledge-sharing and research. It was further agreed to develop well-targeted regional and cross-border initiatives in infrastructure as well as trade facilitation, and to pay special attention to fragile and conflict-affected States such as Palestine, especially Gaza, Iraq and Somalia.

With regard to harmonization, IDB and the Coordination Group are taking part in the ongoing high-level dialogue with OECD-DAC, with a view to improving aid effectiveness through better coordination and information-sharing between the two aid coordination fora, as agreed at the joint-meeting of the Heads of Institutions of the Coordination Group and OECD-DAC, which was held in Kuwait in May 2009. Furthermore, in 1430H, IDB and some members of the Coordination Group became founding members of the newly established OIC-Development Coordination Committee (OIC-DCC). OIC-DCC, which is modelled on OECD-DAC, aims to enhance coordination and cooperation amongst OIC Development Cooperation Institutions. OIC-DCC will provide a new forum for OIC member states' aid coordination with support from the OIC General Secretariat, the Turkey-based Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), OIC member states and affiliated institutions.

IDB and Abu Dhabi Fund for Development: Cumulatively, co-financing between IDB and Abu Dhabi Fund covered 27 projects worth around $10 billion in 19 countries in Africa, the Middle East & North Africa and, more recently, Central Asia. Co-financing focused mainly on infrastructure projects, with IDB providing some $0.9 billion and Abu Dhabi Fund $0.7 billion. Interestingly, about 80 percent of co-financing volume was registered in the five-year period 1426-1430H, clearly demonstrating a revitalised cooperation in recent years. Over this five-year period, the two partners co-financed 9 operations mainly in the power and transport sectors in Central Asia and the Middle East & North Africa, with IDB providing a total of $745 million and Abu Dhabi Fund $410 million. The year 1430H witnessed a sharp increase in co-financing activities between the two institutions, as they co-financed no less than 7 operations in this year alone, including three power generation projects in Azerbaijan, Pakistan and Syria (see Box 17), a power transmission project in Bahrain, two road projects in the Kyrgyz Republic (Bishkek-Toru Gart Road) and Tajikistan (Kulyab-Kalaikhum Road) and Mali's Taoussa Dam, a major hydraulics infrastructure investment in the Niger Basin.

IDB and Kuwait Fund: As at the end of 1430H, total co-financing between IDB and Kuwait Fund stood at around $4 billion, with IDB providing $1.9 billion and Kuwait Fund $2.1 billion. This co-financing covered 89 operations worth about $19 billion in member countries in Africa, Asia and the Middle East & North Africa. It targeted primarily infrastructure and industrial projects. As much as 62 percent of co-financing, in terms of volume, occurred in the five-year period 1426-1430H, targeting 20 projects in water, transport and power sectors mainly in Africa and the Middle East & North Africa, with IDB providing a total of $1.1 billion and Kuwait Fund $0.7 billion. In 1430H, the two institutions co-financed 7 operations, including a power plant in Pakistan (see Box 17), a power transmission project in Bahrain, four road projects in Benin (Kandi-Segbana-Nigeria Border Road), the Kyrgyz Republic (Bishkek-Toru Gart Road), Tajikistan (Kulyab-Kalaikhum Road) and Togo's Bassar-Katchamba Road, a water supply project in Syria (Expansion of Damascus Water Supply) and Mali's Taoussa Dam.

IDB and Saudi Fund for Development: Cumulatively, IDB and the Saudi Fund co-financed some 75 operations valued at around $14 billion in member countries in Africa, Asia and the Middle East & North Africa. These operations focused mainly on infrastructure, agriculture & rural development, health and education, with IDB providing about $1.1 billion and Saudi Fund $1.8 billion. Around 39 percent of co-financing occurred in the five-year period leading up to the end of 1430H. This co-financing targeted 14 operations in the transport, water and human development sectors basically evenly distributed between Africa, Asia and the Middle East & North Africa, with IDB providing $420 million and Saudi Fund $204 million. In 1430H, the two partners co-financed 4 operations, including three road projects in Benin (Kandi-Segbana-Nigeria Border Road), the Kyrgyz Republic (Bishkek-Toru Gart Road) and Tajikistan (Kulyab-Kalaikhum Road) and Mali's Taoussa Dam.

IDB and Arab Fund for Economic and Social Development: As multilateral institutions, these two partners have been collaborating closely for 35 years, during which they co-financed no less than 75 operations worth around $18 billion in Arab member countries. Co-financed operations focused mainly on power and transport projects, with IDB providing around $2 billion and Arab Fund $3.7 billion. More than half of co-financing (54 percent) took place over the five-year period 1426-1430H, targeting 11 projects in the power, transport and water sectors, with IDB providing $1.1 billion and Arab Fund $1.5 billion. In the year 1430H, the two institutions co-financed two projects, namely, a power transmission project in Bahrain and Syria's Dier Ali Phase II Combined-Cycle Power Plant (see Box 17).

IDB and Arab Bank for Economic Development in Africa (BADEA): Cumulatively, co-financing between IDB and BADEA covered 54 operations valued at around $3.7 billion in African member countries. Co-financing focused mainly on transport and agriculture & rural development, with IDB and BADEA providing similar contributions of $550 million and $521 million, respectively. Around a third (35 percent) of co-financing volume was registered in the five-year period leading up to the end of 1430H, and targeted 12 projects in the transport, agriculture & rural development and power sectors, with IDB providing a total of $196 million and BADEA $121 million. In 1430H, IDB and BADEA co-financed four operations, including Benin's Kandi-Segbana-Nigeria Border Road, Togo's Bassar-Katchamba Road and Mali's Taoussa Dam, in addition to grant financing in favour of the Program for Infrastructure Development in Africa (PIDA).

IDB and OPEC Fund for International Development (OFID): As at the end of 1430H, total co-financing between IDB and OFID reached around $2.5 billion, with IDB contributing $1.7 billion and OFID $0.8 billion. This co-financing covered 102 operations valued at about $11 billion mainly in the least developed member countries. Co-financing focused primarily on power, transport, agriculture & rural development and health sector. Around two thirds (65 percent) of co-financing, in terms of volume, occurred in the five-year period 1426-1430H, suggesting a renewed focus on co-financing activities. This co-financing targeted 26 projects in power, transport and water mainly in Africa, the Middle East & North Africa and Central Asia, with IDB providing a total of $1,089 million and OFID $355 million. In 1430H, the two partners co-financed 7 operations, including two power plants in Azerbaijan and Pakistan (see Box 17), three road projects in Benin (Kandi-Segbana-Nigeria Border Road), the Kyrgyz Republic (Bishkek-Toru Gart Road) and Tajikistan (Kulyab-Kalaikhum Road), Mali's Taoussa Dam and a vocational literacy program in favour of Yemen.

FORGING STRATEGIC PARTNERSHIPS AND ALLIANCES

Recent years have witnessed a stronger corporate and operational focus on building new partnerships, as well as strengthening existing ones with traditional partners, especially with funding agencies both multilateral and bilateral. In addition to pooling resources and skills, partnerships provide an ideal platform for improving aid effectiveness and knowledge-sharing. Recognizing this, IDB is one of the signatories of the so-called Paris Declaration on Aid Effectiveness, which aims to translate MDG8 and the Monterrey Consensus into specific time-bound targets for both the donor community and recipient countries. Similarly, IDB has become a member of the Common Performance Assessment System (COMPAS), which aims to provide a unified performance assessment platform for multilateral development banks (African Development Bank, Asian Development Bank, International Fund for Agricultural Development, Inter-American Development Bank, European Bank for Reconstruction and Development and the World Bank Group, in addition to IDB) through a set of commonly agreed performance indicators. Launched in 2005, COMPAS provides a framework through which the multilateral development banks could track their capacities to manage for development results. COMPAS has since become an established and recognized report for constructive dialogue within and among multilateral development banks and partners to sharpen their focus on

Box 17
IDB and CG Partners Support Power Services' Expansion in Member Countries

Neelum-Jhelum Hydropower Plant Project in Pakistan: Power consumption by domestic consumers in Pakistan rose by 7.5 percent annually during the five-year period 2002-2007. Similar growth by industrial customers (6.8 percent annually) was also registered over the same five-year period. However, due to limited increase in installed generation capacity, especially since 2004, Pakistan is currently facing a power deficit of around 4,000 MW in generation capacity compared to a total installed capacity of around 20,000 MW. As a result, planned blackouts are fairly common in many parts of the country, affecting people's welfare and economic growth. To address this problem the Government of Pakistan has initiated a number of power generation projects, with a special focus on tapping its hydropower potential. The Neelum-Jhelum Hydropower Project, which is the third power project being financed by IDB in as many years, involves the construction of a 969 MW hydropower plant by diverting the Neelum River at Nauseri to the lowest reach of the Jhelum River at Zaminabad through a 32 km long underground tunnel system. The total cost of the project is estimated at around $1.6 billion. IDB is providing $138 million to finance part of the component for civil works (*Istisna*) with further financing towards at component being provided by the Abu Dhabi Fund ($100 million), Kuwait Fund ($40 million), OFID ($31 million) and the Saudi Fund ($81 million). The project is expected to be completed in December 2015.

Janub Power Plant Project in Azerbaijan: In 2008, Azerbaijan's total installed power generation capacity reached 6,200 MW generated by 11 thermal plants, with a combined capacity of 5,230 MW, and 6 hydropower plants providing 970 MW. Recent tariff increases resulted in a sharp drop in domestic demand, which fell by more than 12 percent in 2007 and by around 3 percent in 2008. However, overall demand growth is expected to average around 4.7 percent annually through 2015. This means that Azerbaijan will require an installed capacity of around 7,000 MW by 2015. Some of the existing plants, some of which were built in 1960s, however, will require major retrofitting and upgrading or will simply have to be decommissioned altogether. One of those plants scheduled for decommissioning is the Shirvan power plant, a facility built in 1968 which currently operates at two thirds of its original designed capacity with 25 percent efficiency. Instead, AzerEnerji, the state-owned sole power generation provider, is to build a new state-of-the-art gas-fired combined-cycle plant, the Janub plant, which will have a design capacity of 780 MW and twice the efficiency of the Shirvan power plant. The total cost of the project is estimated at around $637 million. This is the third power project financed by IDB in Azerbaijan. IDB is providing $134 million through *Istisna* financing, with the Abu Dhabi Fund and OFID providing $41 million and $30 million, respectively. Furthermore, AzerEnerji aims to generate carbon finance credits through the Kyoto Protocol's Clean Development Mechanism. The plant is expected to be commissioned in December 2011.

Dier Ali Combined-Cycle Power Plant (Phase II) Project in Syria: Syria's total installed power generation capacity reached around 7,500 MW at the end of 2008. Demand growth is forecast to average 7 percent annually, requiring a total installed generation capacity of about 14,500 MW by 2020. For this reason, the government of Syria is planning to expand the country's generation capacity through retrofitting and upgrading as well as the construction of new power plants such as the Dier Ali combined-cycle power project. The plant, which is located in Dier Ali some 35km south of Damascus, will have a capacity of 750 MW. It is expected to cost around Euro 676 million. IDB is providing a leasing facility of Euro 100 million for the acquisition of one gas turbine generation unit and ancillary equipment. The European Investment Bank is providing Euro 275 million of financing, while the Arab Fund and Abu Dhabi Fund are providing Euro 130 million and Euro 93 million, respectively. In 2005, IDB and almost the same consortium of financiers (Arab Fund and the European investment Bank) funded the first phase of this project, which was completed in 2009 at a cost of around Euro 410 million. The second phase of the project is scheduled for completion in 2012.

managing for development results (MfDR). COMPAS focuses on measuring capacities to apply and improve operational processes toward achieving results on the ground. As a self-reporting exercise, COMPAS aims to measure MfDR capacity and progress consistently through the analysis of key performance indicators consolidated into a concise and convenient format, and comparable within each participating institution. COMPAS is not designed to make direct comparisons across institutions, although the matrix format of the report does provide opportunities for partners to learn from one another. COMPAS reports data on eight categories relevant for partner's implementation of an improved MfDR agenda: country capacity to manage for development results, country strategies, allocation of concessional resources, projects, institutional learning from operational experience, results-focused human resource management, harmonization and the use of country systems among development agencies, and private sector operations[3] IDB, for its part, joined COMPAS in 2008 and is featured in the COMPAS 2007, 2008 and 2009 editions.

Similarly, IDB is actively pursuing the development and implementation of strategic partnerships with UN and non-UN specialized agencies with significant diagnostic and implementation capability, in order to assist in the design and delivery of well-targeted IDB assistance, especially in the framework of multiyear special programs such as the Special Program for the Development of Africa (SPDA) and the Jeddah Declaration Initiative on agriculture and food security.

Strengthening Cooperation with Multilateral Development Banks

IDB and the World Bank: Cooperation between IDB and the World Bank began in earnest immediately after IDB started its operations in 1976. This cooperation was given a new impetus, in 2002, with the signing of a new Memorandum of Understanding, which set out the overall framework for cooperation between the two institutions. It was further strengthened following the visit to IDB Headquarters of the World Bank President and several Executive Directors in May 2008 and subsequent visits of World Bank Senior Management that took place in late 2009. Similar cooperation agreements have also been concluded between MIGA and its IDB counterpart, namely, ICIEC, and between IFC and ICD. Cumulatively, co-financing targeted over 60 operations worth around $15 billion in 24 common member countries in Africa, MENA and Asia, in which the two institutions collectively provided over $3.3 billion of assistance, just over a fifth of which was provided by IDB.

Recent joint transactions include rural electrification (Box 18) and social protection in Yemen; education in Iraq; health and urban development in Djibouti; Kazakhstan's Western Europe-Western China International Transit Corridor ($2.1 billion from the World Bank and $414 million of combined IDB financing); Albania's Durres-Morina Road Project ($30 million of IDB financing). Similarly, IDB recently worked with IFC on four transactions, namely: (i) Jordan's $681 million Queen Alia Airport Expansion Project ($100 million from IDB, $120 million from IFC and $160 million from IFC syndication); (ii) Saudi Arabia's $321 million *Hajj* Terminal Expansion Project ($105 million from IDB and advisory services from IFC); (iii) Egypt's Saudi-German Hospital ($15 million from IDB and $17 million from IFC); and (iv) a $2 million IDB contribution towards PEP-MENA-II, an IFC administered multi-donor trust fund dedicated to supporting private entrepreneurship and private sector development in MENA countries through, *inter alia*, capacity development and advisory services. Furthermore, MIGA is providing political risk cover, part of which is being reinsured by ICIEC, for IDB-financed ($65 million leasing facility) Doraleh Container Seaport Terminal in Djibouti, a $396 million BOT project sponsored by Dubai Ports World.

Box 18
IDB, World Bank, France and Germany Support Rural Electrification in Yemen

It is estimated that only 40 percent of the population of Yemen has access to electricity. The situation is even worse in rural areas, where only 20 percent of the population has access to power services. This is despite the fact that the Government of Yemen invested between 2003 and 2008 about $97 million to provide access to an additional 1.3 million people. To address this massive coverage deficit, the Government of Yemen launched in 2009 a new three-phase national rural electrification program to be implemented over the 10-year period 2009-2019. The aims are to increase rural coverage from 20 percent to 46 percent by providing access to additional 3.5 million rural dwellers. Estimated to cost around $259 million, this program also focuses on off-grid solutions using renewable energy sources such as solar and wind power. As support to the first phase of this program, which costs $117 million, IDB and the World Bank are providing $23 million and $25 million of loan financing, respectively. Other co-financiers supporting this program are the French Agency for Development, which is providing a loan of $50 million and Germany's BMZ with a $3 million grant financing. IDB financing will be used to provide access to 72,300 inhabitants in 606 villages in the Governorates of Al-Hodaida-3, Al-Dahle-1 and Al-Baida-2. Once implemented, the first phase of this program, which is expected to last four years, will enable an additional 1.3 million rural dwellers living in 12 Governorates to have access to electricity.

Thematic cooperation includes, for example, the water sector, as both IDB and the World Bank recently supported the establishment of the Arab Water Academy, a regional capacity development program officially hosted by the International Centre for Biosaline Agriculture (ICBA), in partnership with the Abu Dhabi Environment Agency, under the umbrella of the Arab Water Council. Another thematic area of cooperation is Islamic finance, as a joint IDB-World

[3] Adapted from MfDR webpage at http://www.mfdr.org/Compas/index.html

President, IDB, addressing a Conference on Emerging Financial Stability Framework organized by IDB, IRTI and IFSB in London

Bank Working Group on Islamic Finance was formally established in early 1430H. The Working Group is currently focusing on two main areas: (i) corporate governance, and (ii) FSAP[4], the objective being to develop a toolkit for assessing the Islamic financial sector. This Working Group, which may eventually include other multilateral development banks could be the precursor of a future donor forum on Islamic finance. Other areas of cooperation include liquidity management and other treasury-related matters and Islamic microfinance. Furthermore, following the IFC *Hilal* $100 million *Sukuk* issue, in which IDB is also participating, IDB and the World Bank/IFC are exploring the possibility of a joint *Sukuk* issuance.

In November 2009, IDB and the World Bank signed a cooperation note, which identified new partnership areas. These included: (i) agriculture and food security, with special focus on low-income countries, and FDI (corporate farming) principles in the agriculture sector spearheaded by FAO and IFAD; (ii) Africa; (iii) climate change and development; (iv) Islamic finance; (v) bilingual education and gender issues; (vi) joint upstream planning and country programming work; and (vi) staff exchange and knowledge-sharing.

IDB and the Asian Development Bank: Joint work with the Asian Development Bank started in the very early years of IDB's establishment and has steadily grown since then. Cumulatively, the two institutions have co-financed 20 operations in 7 common member countries mainly in South and Southeast Asia. These operations supported a total investment of over $5 billion with IDB and the Asian Development Bank contributing $400 million and $1,078 million, respectively. The past few years have witnessed a clear focus of these joint transactions on infrastructure services, especially the power sector. This ultimately led the two institutions to establish in 1430H a joint Islamic Infrastructure Fund.

[4]FSAP is a joint IMF-World Bank Financial Sector Assessment Program.

The Fund will offer *Shariah*-compliant instruments and will invest mainly in equity and equity-related instruments. Investments in common member countries will focus mainly on transport, telecommunications, energy, water supply and sanitation, and waste management. The Fund aims to mobilize up to $500 million, including $150 million and $100 million already invested by IDB and ADB, respectively. It will be externally managed by a specialized fund management firm, which will be required to invest $10 million in the Fund. This new co-financing vehicle is another strong manifestation of IDB-ADB strategic partnership, as articulated in their framework co-financing agreement, which provides for $4 billion of co-financing, to be equally shared between the two institutions, over the three-year period 2009-2011. Targeted common member countries include Afghanistan, Azerbaijan, Bangladesh, Brunei Darussalam, Indonesia, Kazakhstan, Kyrgyz Republic, Malaysia, Maldives, Pakistan, Tajikistan, Turkmenistan and Uzbekistan.

IDB and the African Development Bank: As with the Asian Development Bank, cooperation with the African Development Bank began more than 30 years ago. Collectively, the two institutions have supported 46 projects valued at more than $9 billion in 14 common member countries, with IDB and the African Development Bank providing $596 million and $1,502 million, respectively. Historically, co-financing primarily targeted the infrastructure sector (mainly water, power and transport), but has become more diversified in recent years. In 1430H, three projects were co-financed by IDB and the African Development Bank. These included a health sector project in Benin (health system development support) where IDB provided $20 million and the African Development Bank $35.2 million; a mining interest in Mauritania, the Guelb II expansion project to which IDB extended a lease financing facility of $80 million, while the

African Development Bank provided $92 million of financing; and a rural income and employment enhancement program in Uganda where IDB and the African Development Bank are providing $10 million and $15 million, respectively.

IDB and the European Investment Bank: The European Investment Bank may be considered as one of IDB's earliest co-financing partners, given that it co-financed IDB's very first operation, Cameroun's Song-Loulou hydropower scheme, which was approved in 1396H (1976). Since then cooperation has increased steadily, rising sharply in the past five years. Together, IDB and the European Investment Bank have supported 24 projects worth around $11 billion in 12 countries in Africa and Asia, and provided $1,145 million and $2,169 million, respectively. Clearly demonstrating a revitalized cooperation, as indicated above, more than 70 percent of co-financing volume was actually registered during the six-year period 1425-1430H (2004-2009) alone. This co-financing targeted 8 operations and focused essentially on infrastructure and industrial projects in the Middle-East and North Africa. In 1430H, two major projects were co-financed by IDB and the European Investment Bank. The first of these is Syria's Dier Ali combined-cycle power plant where the European Investment Bank is providing $359 million and IDB $130 million in lease financing. The second project is Mauritania's Guelb II expansion project which has attracted $99 million from the European Investment Bank (see Box 19). The total cost of this project, which is being financed by both debt and equity, is $840 million.

Box 19
IDB, European Investment Bank and Partners Support Iron Ore Production Boost in Mauritania

Mauritania's Société Nationale Industrielle & Minière (SNIM) is the world's 7th largest supplier of iron ore. It accounts for up to 14 percent of Mauritania's GDP and provides around 60 percent of its total export earnings. Established in 1978, SNIM is majority owned by the Government of Mauritania, in addition to several Mauritanian and foreign shareholders, including IDB. Widely considered as one of Africa's best success stories, SNIM has embarked on an ambitious, forward-looking expansion program, which aims to double its annual output by adding 6 million tons of iron ore annually, with a price tag of $840 million in new investment. A strong consortium of official and commercial financiers, including IDB, the European Investment Bank and the African Development Bank will finance the $650 million debt component of this program, with the remaining balance to be financed through equity. IDB is to initially extend lease financing facility of $80 million, with the European Investment Bank and the Africa Development Bank providing $99 million and $92 million in loan financing, respectively. IDB's financing will be used to fund part of the Guelb II Expansion Project.

Strengthening Partnership with the UN System

Cooperation between IDB and the UN System dates back to over thirty years; it began in earnest with the inception of IDB operations in 1976. This strategic partnership has since grown steadily, as reflected by the numerous cooperation arrangements and MoUs concluded and implemented with several UN agencies, Economic and Social Commissions and programs such as FAO, IFAD, UNIDO, WHO, UNDP, UNESCWA, UNECA, UNESCAP, UNCTAD and WTO, to name but a few. In 2007, IDB was granted observer status with the UN General Assembly.

The year 1430H witnessed renewed activity with UN-affiliated entities, especially in the area of agriculture and food security within the framework of the Jeddah Declaration Initiative. For example, on the eve of the World Summit on Food Security, which was held in Rome in November 2009, IDB and IFAD reached a groundbreaking framework co-financing agreement that cemented their thirty-year cooperation in the field of agriculture and rural development. Under this agreement, IDB and IFAD expect to jointly extend up to $1.5 billion financing to priority agriculture and rural development projects in their common member countries over the three-year period 2010-2012. These projects will mainly focus on increasing productivity, yields, processing capacities and market access. Similarly, IDB and FAO also announced at the World Summit on Food Security, a joint work worth $1 billion within the framework of the Jeddah Declaration.

In the water sector, IDB and UNSGAB (the United Nations Secretary General's Advisory Board on Water and Sanitation), agreed to collaborate in the area of water supply and sanitation within the framework of the Hashimoto Action Plan[5] , which spells out six specific actions to help achieve MDG targets in water and sanitation with which international financial institutions need to be concerned: (i) water operators' partnerships, (ii) financing of water and sanitation projects, (iii) focus on sanitation, (iv) monitoring and reporting, (v) integrated water resources management, and (vi) water and disaster. In the area of regional transport infrastructure, IDB, ECO (Economic Cooperation Organization) and UNESCAP concluded a tripartite MoU to jointly promote the development of an international integrated intermodal transport and

[5]UNSGAB Compendium of Actions (March 2006).

Ugrading of Dakar Expressway Project in Senegal, 2009

logistics system for their member countries by working together on further development of the Asian Highway and Trans-Asian railway networks, two major building blocks of this system, as well as the implementation of ECO Transit Transport Framework Agreement.

Similarly, in the health sector, IDB has concluded an MoU with the Global Fund[6] to fight AIDS, tuberculosis and malaria in a joint support to IDB member countries' activities aimed at achieving the Millennium Development Goals, especially MDG6 to combat HIV/AIDS, malaria and other communicable diseases.

Strengthening Partnership and Networking with NGOs

Partnerships and Networking are key elements of the Islamic Solidarity Fund for Development (ISFD) Strategy, and one of the best ways of leveraging resources and scaling-up projects and programs. A number of partnership avenues were identified and developed by ISFD. These partnerships emphasize the need to develop projects that aim to enhance human development, especially those that offer improvements in health care and education, and provide financial support to enhance the productive capacity and sustainable means of income for the poor. Below are examples of some of the partnerships which have been developed with NGOs:

- ***IDB-Grameen Social Business Initiative***: ISFD is in the process of developing an IDB-Grameen Social Business initiative proposed by Grameen Bank in Bangladesh. Social Business is a cause driven concept, whereby the investments are made in key sectors with a clear social objective and profits are generated and ploughed back into the business. There is no dividend for the investors but they can recoup their investment.

- ***International Islamic Charitable Organization (IICO)***: IDB has forged partnership with IICO, headquartered in Kuwait. This partnership is aimed at directly supporting needy women in a number of countries, including Uganda, Sudan, Egypt, Jordan, Bahrain, Pakistan and Bangladesh. The initial cost of the program is estimated at $15 million to which IICO will provide $4.0 million. Consultation is on going with a proposal for ISFD to extend a loan financing to part finance the program in collaboration with local banks and microfinance institutions in the beneficiary countries. Moreover, ISFD in collaboration with IRTI will organize a workshop on Capacity Building and Islamic Micro-finance as part of a capacity building program for IICO.

- ***Initiative in Favor of Disabled Persons – Saudi Arabia***: IDB has signed a Framework Agreement with Prince Salman Centre for Disability Research and the Saudi Credit and Saving Bank in September 2008 with a view to assisting the disabled in Saudi Arabia to get engaged in income-generating activities in their communities. The Saudi Credit and Saving Bank has committed $44.0 million to the program which will be extended to small enterprises and vocational occupations of the disabled persons. The initiative will be implemented through the two ISFD Vocational Literacy (VOLIP) and Microfinance programs.

[6]The Global Fund's international Board includes representatives of donor and recipient governments, non-governmental organisations, the private sector (including businesses and foundations) and affected communities. Key international development partners also participate, including WHO, the Joint United Nations Program on HIV/AIDS (UNAIDS), public-private partnerships (Roll Back Malaria, Stop TB, UNITAID) and the World Bank. The latter also serves as the Fund's trustee.

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Annex 1

ASSOCIATED ACCOUNTANTS
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ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

FINANCIAL STATEMENTS
30 Dhul Hijjah 1430H (17 December 2009)

with

AUDITORS' REPORT

DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.
P.O. Box 442
Jeddah 21411
Saudi Arabia

ASSOCIATED ACCOUNTANTS
P.O. Box 60930
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AUDITORS' REPORT

Your Excellencies the Chairman and Members of the Board of Governors
Islamic Development Bank

We have audited the accompanying statement of financial position of Islamic Development Bank - Ordinary Capital Resources (the "Bank") as of 30 Dhul Hijjah 1430H (17 December 2009) and the related statements of income, cash flows and changes in members' equity for the year then ended. These financial statements and the Bank's undertaking to operate in accordance with Islamic Shari'ah are the responsibility of the Bank'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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Islamic Development Bank - Ordinary Capital Resources as of 30 Dhul Hijjah 1430H (17 December 2009), and the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank.

We also note that the Bank has followed other accounting standards as disclosed in note 2(a) with respect to accounting measurement, recognition, presentation and disclosure matters not covered by the AAOIFI standards.

For : DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.

Al-Mutahhar Y. Hamiduddin
Registration No. 296

For : ASSOCIATED ACCOUNTANTS

Hamoud Ali Rubian
Registration No. 222

28 Rabi'I, 1431H
March 14, 2010G

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As of 30 Dhul Hijjah 1430H (17 December 2009)

(In Thousands of Islamic Dinars)

	Notes	1430H	1429H
ASSETS			
Cash at banks	3	64,041	74,370
Commodity placements with banks, net	4	1,575,344	1,270,561
Murabaha financing, net	5	580,399	537,010
Accrued income and other assets	6	313,769	267,188
		2,533,553	2,149,129
Istisna'a assets, net	7	1,325,604	912,112
Installment sales financing, net	8	739,638	669,138
Loans, net	9	1,320,094	1,171,485
Ijarah Muntahia Bittamleek, net	10	1,354,098	1,119,080
		4,739,434	3,871,815
Investments in equity capital, net	12	742,219	659,952
Investments in subsidiaries and trust funds:			
Islamic Corporation for the Development of the Private Sector	13	191,940	191,940
Awqaf Properties Investment Fund	14	14,629	14,629
International Islamic Trade Finance Corporation	16	168,735	168,735
Other investments, net	17	277,681	178,812
Property and operating equipment, net	18	57,172	55,382
TOTAL ASSETS		8,725,363	7,290,394
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Accruals and other liabilities	19	1,813,448	1,452,796
Sukuk liability	20	1,021,710	379,675
Total liabilities		2,835,158	1,832,471
MEMBERS' EQUITY			
Paid-up capital	22	3,639,867	3,299,009
Capital reserve	23	22,672	22,672
General reserve	24	1,677,938	1,590,120
Fair value reserve		424,965	351,932
Net income for the year		124,763	194,190
Total members' equity		5,890,205	5,457,923
TOTAL LIABILITIES AND MEMBERS' EQUITY		8,725,363	7,290,394

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive Directors on 28 Rabi Awwal 1431H (March 14, 2010G).

The Notes from 1 through 30 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME
For the Year Ended 30 Dhul Hijjah 1430H (17 December 2009)
(In Thousands of Islamic Dinars)

	Notes	1430H	1429H
Income from:			
Commodity placements with banks	4	17,507	28,658
Investment in Sukuks	17	6,865	8,501
Murabaha financing	5	18,066	28,375
Istisna'a assets	7	49,842	42,430
Installment sales financing	8	32,063	28,100
Loan service fees	9	18,976	23,305
Ijarah Muntahia Bittamleek	10	165,247	143,702
Investments in equity capital	12	31,488	36,450
Mudarib fees & others	14,61	23,695	8,361
		363,749	347,882
Foreign exchange (loss)/gain, net		(10,621)	6,243
Financing cost	19, 20	(31,572)	(43,023)
		321,556	311,102
Administrative expenses:			
Staff costs		(49,638)	(47,922)
Other		(16,842)	(15,030)
		(66,480)	(62,952)
Depreciation:			
Ijarah Muntahia Bittamleek	10	(110,064)	(93,019)
Property and operating equipment	18	(1,860)	(1,600)
		(111,924)	(94,619)
Provision for impairment of assets	11	(18,389)	(13,377)
Net income before gain on liquidation of subsidiaries		124,763	140,154
Gain on liquidation of subsidiaries	15	-	54,036
Net Income		124,763	194,190

The Notes from 1 through 30 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the Year Ended 30 Dhul Hijjah 1430H (17 December 2009)
(In Thousands of Islamic Dinars)

	1430H	1429H
CASH FLOWS FROM OPERATIONS		
Net income	124,763	194,190
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	111,924	94,619
Provision for impairment of assets	18,389	13,379
Gain from liquidation of subsidiaries	-	(54,036)
Changes in operating assets and liabilities:		
Murabaha financing	(53,443)	139,089
Istisna'a assets	(421,441)	(138,751)
Installment sales financing	(71,296)	(132,207)
Loans	(150,065)	(104,183)
Accrued income and other assets	(46,581)	(61,862)
Accruals and other liabilities	353,527	437,651
Net cash (used in) / from operating activities	(134,223)	387,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Commodity placements with banks	(133,397)	(307,426)
Ijarah Muntahia Bittamleek, net	(344,180)	(244,769)
Investments in equity capital	(10,707)	(8,144)
Investment in Islamic Corporation for the Development of the Private Sector	-	-
Investment in International Islamic Trade Finance Corporation	-	(168,735)
Proceeds from liquidation of subsidiaries	-	168,735
Other investments	(97,407)	(29,153)
Purchase of property and operating equipment, net	(1,790)	(3,083)
Net cash used in investing activities	(587,481)	(592,575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in paid-up capital	340,858	233,827
Technical assistance and scholarship program grants	(13,593)	(11,445)
Contribution to the principal of Islamic Solidarity Fund for Development	(67,903)	(62,840)
Payment of ICD capital on behalf of member countries (note 13)	(17,751)	(16,977)
Sukuks	642,035	-
Net cash from financing activities	883,646	142,565
Increase/(decrease) in cash and cash equivalents	161,942	(62,121)
Cash and cash equivalents at the beginning of the year	1,033,076	1,095,197
Cash and cash equivalents at the end of the year (note 25)	1,195,018	1,033,076

The Notes from 1 through 30 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended 30 Dhul Hijjah 1430H (17 December 2009)
(In Thousands of Islamic Dinars)

	Note	Paid-up Capital	Capital reserve	General reserve	Fair value reserve	Net income for the year	Total
Balance at 30 Dhul Hijjah 1428H		3,065,182	22,672	1,523,897	538,121	163,508	5,313,380
Increase in paid-up capital	22	233,827	-	-	-	-	233,827
Net unrealized losses from investments in equity capital	12	-	-	-	(186,189)	-	(186,189)
Increase in the actuarial losses relating to retirement & medical plans	21	-	-	(6,023)	-	-	(6,023)
Payment of ICD share capital on behalf of member countries	13	-	-	(16,977)	-	-	(16,977)
Contribution to the principal amount of ISFD	27			(62,840)			(62,840)
Net income		-	-	-	-	194,190	194,190
Transfer to general reserves		-	-	163,508	-	(163,508)	-
Allocation for grants*		-	-	(11,445)	-	-	(11,445)
Balance at 30 Dhul Hijjah 1429H		3,299,009	22,672	1,590,120	351,932	194,190	5,457,923
Increase in paid-up capital	22	340,858	-	-	-	-	340,858
Net unrealized gains from investments in equity capital	12	-	-	-	73,033	-	73,033
Increase in the actuarial losses relating to retirement & medical plans	21	-	-	(7,125)	-	-	(7,125)
Payment of ICD share capital on behalf of member countries	13	-	-	(17,751)	-	-	(17,751)
Contribution to the principal amount of ISFD	27	-	-	(67,903)	-	-	(67,903)
Net income		-	-	-	-	124,763	124,763
Transfer to general reserves		-	-	194,190	-	(194,190)	-
Allocation for grants*		-	-	(13,593)	-	-	(13,593)
Balance at 30 Dhul Hijjah 1430H		3,639,867	22,672	1,677,938	424,965	124,763	5,890,205

* According to the Board of Governors' resolution No. BG/2-430, and the Board of Executive Directors' resolution No. BED/BG/3-430, 5% of the Bank's 1429H net income but not less than US$ 5 million was allocated to finance Technical Assistance Operations in the form of grants during the year 1430H.

According to the Board of Governors' resolution No. BG/3-430, and the Board of Executive Directors' resolution No.BED/BG/4-430, an amount equivalent to 2% but not less than US Dollars 2 million of the net income for 1429H was allocated for the Merit Scholarship Programme in the form of grants for the year 1430H.

The Notes from 1 through 30 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.
P.O. Box 442
Jeddah 21411
Saudi Arabia

Annex 2

ASSOCIATED ACCOUNTANTS
P.O. Box 60930
Riyadh 11555
Saudi Arabia

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

FINANCIAL STATEMENTS
30 Dhul Hijjah 1430H (17 December 2009)

with

AUDITORS' REPORT

DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.
P.O. Box 442
Jeddah 21411
Saudi Arabia

ASSOCIATED ACCOUNTANTS
P.O. Box 60930
Riyadh 11555
Saudi Arabia

AUDITORS' REPORT

Your Excellencies the Chairman and Members of the Board of Governors
Islamic Development Bank

We have audited the accompanying statement of financial position of Islamic Development Bank - Special Account Resources Waqf Fund (the "Waqf Fund") as of 30 Dhul Hijjah 1430H (17 December 2009) and the related statements of activities and cash flows for the year then ended. These financial statements and the Waqf Fund's undertaking to operate in accordance with Islamic Shari'ah are the responsibility of the Waqf 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Islamic Development Bank - Special Account Resources Waqf Fund as of 30 Dhul Hijjah 1430H (17 December 2009), and the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Waqf Fund.

We also note that the Waqf Fund has followed other accounting standards as disclosed in note 2 (a) with respect to accounting measurement, recognition, presentation and disclosure matters not covered by the AAOIFI standards.

For DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.

Al-Mutahhar Y. Hamiduddin
Registration No. 296

For ASSOCIATED ACCOUNTANTS

Hamud A. Al Rubian
Registration No. 222

28 Rabi'I, 1431H
March 14, 2010G

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF FINANCIAL POSITION
as of 30 Dhul Hijjah 1430H (17 December 2009)
(In Thousands of Islamic Dinars)

	Notes	1430H	1429H
ASSETS			
Cash at banks		27,401	29,632
Commodity placements with banks		521,149	660,790
Murabaha and other funds – net	3	115,433	111,813
Investments in units	5	77,031	91,792
Investment in Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	6	67,037	66,765
Investment in BBI Leasing and Real Estate Company	7	10,215	9,933
Investment in islamic ijarah sukuk	8	116,596	83,341
Investment in equity capital	9	12,053	8,913
Instalment sales financing–net	10	3,934	5,105
Ijarah muntahia bittamleek–net	11	3,585	4,856
Istisnaa assets-net	12	1,528	-
Accrued income and other assets		30,503	22,070
Other investments	13	58,877	66,461
Property and equipment – net	14	18,817	19,826
Loans – net	15	152,997	147,303
Receivable from IDB – Ordinary Capital Resources	4	41,125	34,432
TOTAL ASSETS		**1,258,281**	**1,363,032**
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accruals and other liabilities	16	362,165	443,014
Specific deposit from IDB – Unit Investment Fund	5	9,313	9,474
Total liabilities		371,478	452,488
NET ASSETS			
Waqf Fund principal amount	17	757,490	756,240
Special assistance	18	(4,288)	22,369
Special account for least developed member countries	20	133,601	131,935
Total net assets		886,803	910,544
TOTAL LIABILITIES AND NET ASSETS		**1,258,281**	**1,363,032**

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive directors on 28 Rabi' I, 1431H (14 March, 2010G).

The Notes from 1 through 29 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF ACTIVITIES
For the Year Ended 30 Dhul Hijjah 1430H (17 December 2009)
(In Thousands of Islamic Dinars)

	Notes	1430H				1429H
		Waqf Fund Principal	Special Assistance	Special Account for LDMC	Total	Total
Income from:						
Commodity placements with banks		-	-	-	11,853	25,504
Murabaha and other funds	3	-	-	-	6,029	4,948
IDB - Investments in units	5	-	-	-	5,870	1,993
Investment in ICIIEC	6	-	-	-	272	1,575
Investment in BBIL	7	-	-	-	282	(583)
Instalment sales financing	10	-	-	-	311	611
Ijarah Muntahia Bittamleek	11	-	-	-	2,566	7,946
Istisnaa Income	12				107	-
Islamic Ijarah Sukuk	8	-	-	-	4,212	4,974
Other Investments	13	-	-	-	7,284	507
Foreign currency exchange loss		-	-	-	(175)	(7,027)
Total income		-	-	-	38,611	40,448
Administrative Expenses:						
Staff costs		-	-	-	(510)	(574)
Finance cost	16	-	-	-	(8,793)	(15,057)
Total administrative expenses		-	-		(9,303)	(15,631)
Depreciation – Ijarah	11	-	-	-	(1,271)	(5,938)
Loss on sale of investment	22	-	-	-	(15,452)	-
Investment risk provision	8	-	-	-	(5,299)	(9,073)
Attributable net income		-	-	-	7,286	9,806
Allocation of attributable net income	2 (o)	1,093	4,736	1,457	-	-
Share of Income transferred from OCR	20	153	662	203	1,018	868
Contributions from IDB-OCR for technical assistance grants and scholarship program		-	13,593	-	13,593	11,445
Income before Grants and Program Expenses		**1,246**	**18,991**	**1,660**	**21,897**	22,119
Grants for causes	18	-	(33,244)	-	(33,244)	(26,192)
Program expenses	18	-	(12,424)	-	(12,424)	(10,977)
Change in net assets		**1,246**	**(26,677)**	**1,660**	**(23,771)**	**(15,050)**
Fair value reserve		4	20	6	30	(14,301)
Net assets at beginning of the year		**756,240**	**22,369**	**131,935**	**910,544**	**939,895**
Net assets at end of the year		**757,490**	**(4,288)**	**133,601**	**886,803**	**910,544**

The Notes from 1 through 29 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF CASH FLOWS
For the Year Ended 30 Dhul Hijjah 1430H (17 December 2009)
(In Thousands of Islamic Dinars)

	1430H	1429H
CASH FLOWS FROM OPERATING ACTIVITIES:		
Attributable net income	7,286	9,806
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	2,297	6,737
Investment risk provision	5,299	9,073
Change in operating assets and liabilities:		
Murabaha and other funds	11,832	(16,881)
Installment sales financing	1,171	(5,105)
Ijarah Muntahia Bittamleek	(24)	(10,794)
Istisnaa	(1,528)	
Accrued income and other assets	(8,432)	(3,165)
Accruals and other liabilities	(80,849)	(27,745)
Loans	(5,694)	(9,023)
Net cash flows used in operations	(68,642)	(47,097)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Placements with banks having maturity more than three months, net	306,273	(319,609)
Investment in specific deposit – UIF		-
Investment in units	14,761	33,490
Investment in ICIIEC, net	(272)	(1,575)
Investment BBIL	(282)	583
Investment equity capital	(3,140)	(3,866)
Investment in islamic ijarah sukuk	(38,501)	31,259
Other investments	7,584	(14,804)
Specific deposit from IDB - Unit Investment Fund	(161)	217
Additions to property and equipment	(17)	(38)
Special assistance program expenses	(12,424)	(10,977)
Net cash flows provided by (used in) investing activities	273,821	(285,320)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in payable to/ receivable from IDB - Ordinary Capital Resources	(6,693)	(20,805)
Income transferred from IDB - Ordinary Capital Resources	1,018	868
Net grants for causes and contribution from Islamic Development Bank for technical assistance grants from Special Assistance Account	(19,651)	(14,747)
Net cash flows used in financing activities	(25,326)	(34,684)
Net increase (decrease) in cash and cash equivalents	179,853	(367,101)
Cash and cash equivalents at beginning of the year (Note 23)	263,124	630,225
Cash and cash equivalents at end of the year (Note 23)	442,977	263,124

The Notes from 1 through 29 form an integral part of these financial statements which are published separately as "Financial Statements -1430H".

Annex 3
IDB Board of Executive Directors

Sl. No.	Executive Directors[1]	Countries Represented[1]	Votes[3]	Total	% of Total
1.	Hon. Ibrahim Mohamed Al-Mofleh (Saudi Arabia)	Saudi Arabia	305,793	305,793	25.76
2.	Hon. Ismail Omar Al Dafa (Qatar)	Qatar	79,906	79,906	6.73
3.	Hon. Bader Abdullah. S. Abuaziza (Libya)	Libya	111,149	111,149	9.36
4.	Hon. Junaidi Hashim (Brunei Darussalam)	Brunei Darussalam	3,896		
		Indonesia	31,524		
		Malaysia	22,275		
		Suriname	1,209	58,904	4.96
5.	Hon. Zeinhom Zahran (Egypt)	Egypt	95,142	95,142	8.02
6.	Hon. Khamdam H. Tagaymurodov (Tajikistan)	Tajikistan	996		
		Albania	1,209		
		Azerbaijan	1,847		
		Kazakhstan	1,928		
		Kyrgyz Republic	1,209		
		Turkmenistan	996		
		Uzbekistan	750	8,936	0.75
7.	Hon. Hassan Hashem Abdul Hussain Al Haidary (Iraq)	Iraq	4,207		
		Bahrain	2,489		
		Djibouti	996		
		Jordan	6,216		
		Lebanon	1,426		
		Maldives	1,209		
		Oman	4,271	20,815	1.75
8.	Hon. Yerima Mashoud Amadou (Togo)	Togo	996		
		Burkina Fasso	2,721		
		Cameroon	3,596		
		Chad	1,272		
		Gabon	4,492		
		Gambia	1,209		
		Mali	1,848		
		Mauritania	1,308		
		Niger	2,449		
		Senegal	3,943	23,835	2.01
9.	Hon. Nailane Mhadji (Comores)	Comoros	857		
		Cote d'Ivoire	858		
		Guinea	3,639		
		Guinea-Bissau	996		
		Morocco	7,291		
		Nigeria	857		
		Sierra Leone	996		
		Somalia	996		
		Sudan	5,928		
		Tunisia	2,353		
		Uganda	2,612	27,384	2.31
10.	Hon. Sibtain Fazal Halim (Pakistan)	Pakistan	33,654		
		Afghanistan	1,267		
		Bangladesh	13,820	48,741	4.11
11.	Hon. Dr. Seyed Hamid Pourmohammadi (Iran)	Iran	106,053	106,053	8.93
12.	Hon. Dr. Selim C. Karatas (Turkey)	Turkey	81,399	81,399	6.86
13.	Hon. Abdul Aziz A. Al-Zaabi (United Arab Emirates)	U.A.E	77,949	77,949	6.57
14.	Hon. Aissa Abdellaoui (Algeria)	Algeria	34,468		
		Benin	1,970		
		Mozambique	1,212		
		Palestine	1,981		
		Syria	1,869		
		Yemen	7,247	48,746	4.11
15.	Hon. Faisal Abdul Aziz Al-Zamil (Kuwait)	Kuwait	92,223	92,223	7.77
	Total		**1,186,972**	**1,186,972**	**100.00**

[1] In Arabic alphabetical order. [2] As on 16.03.1431H (02.03.2010). [3]Differences in totals may arise due to rounding of figures.

Annex 4
Comparative Statement Showing OCR Actual Expenditure for 1429H and 1430H and Approved Budget for 1431H

(ID thousand)

Sl. No.	Description	Actual Expenditure		Approved Budget
		1429H (2008)	1430H (2008-2009)	1431H (2009-2010)
1.	**Annual Meeting and BED Expenses**	**3,411**	**2,862**	**3,636**
	a . Annual Meeting Expenses	2,016	1,494	2,067
	b . Board of Executive Directors Expenses	1,395	1,368	1,569
2.	**Personnel Cost**	**45,633**	**47,788**	**49,847**
	a . Salaries and Benefits	42,409	44,066	45,647
	b . Other Personnel Cost	1,140	2,076	1,174
	c . Young Professional Program	2,084	1,646	3,026
3.	**General Administrative Expenses**	**7,774**	**10,217**	**11,985**
	a. Business Travel	3,210	2,791	3,297
	b. Other General Administrative Expenses	4,564	7,426	8,688
4.	**Contingencies**	**-**	**91**	**336**
5.	**Regional Offices**	**2,502**	**2,309**	**2,485**
6.	**Capital Investment**	**1,563**	**1,431**	**1,604**
7.	**Specifically Approved Programs**	**706**	**557**	**1,123**
	Total	**61,590**	**65,256**	**71,016**
Budget for Reform Initiatives				
8.	**Managing IDB Reform Initiatives**	**743**	**2,880**	**760**
9.	**Reform Related Items:**			**9,000**
	- Personnel Cost for Managerial and Professional Vacant Positions			6,903
	- Leadership Development Program			500
	- Human Capital Competencies Initiatives			745
	- Business Process Reengineering			200
	- Treasury Development Project			652
	Total	**743**	**2,880**	**9,760**

Annex 5 (Part 1)
Islamic Development Bank – Ordinary Capital Resources
Statement of Subscriptions to Capital Stock and Voting Power
As on 30 Dhul Hijja 1430H (December 17, 2009) Expressed in Million Islamic Dinars (ID)

Sl. No.	Country	Amount in Million ID				% of Total	Breakdown of Called-up Capital (ID)			Voting Power	
		No. of Shares	Called-up	Callable	Total		Paid-up	Overdue	Not Yet Due	No. of Votes	Percent of Total
1.	Afghanistan	993	5.000	4.930	9.930	0.06%	2.600	0.133	2.267	1,253	0.11%
2.	Albania	923	2.500	6.730	9.230	0.06%	2.499	0.001	*	1,209	0.10%
3.	Algeria	45,922	124.260	334.960	459.220	2.87%	111.000	0.416	12.844	34,468	2.92%
4.	Azerbaijan	1,819	4.920	13.270	18.190	0.11%	4.411	0.001	0.508	1,847	0.16%
5.	Bahrain	2,588	7.000	18.880	25.880	0.16%	7.000	0.000	0.000	2,489	0.21%
6.	Bangladesh	18,216	49.290	132.870	182.160	1.14%	42.489	0.000	6.801	13,820	1.17%
7.	Benin	2,080	6.040	14.760	20.800	0.13%	3.998	0.414	1.628	1,934	0.16%
8.	Brunei	4,585	12.410	33.440	45.850	0.29%	11.127	0.000	1.283	3,896	0.33%
9.	Burkina Faso	2,463	12.410	12.220	24.630	0.15%	9.988	1.139	1.283	2,721	0.23%
10.	Cameroon	4,585	12.410	33.440	45.850	0.29%	8.133	2.996	1.281	3,596	0.30%
11.	Chad	977	4.920	4.850	9.770	0.06%	2.873	1.539	0.508	1,272	0.11%
12.	Comoros	465	2.500	2.150	4.650	0.03%	0.560	1.940	0.000	857	0.07%
13.	Côte d'Ivoire	465	2.500	2.150	4.650	0.03%	2.508	0.000	(0.008)	858	0.07%
14.	Djibouti	496	2.500	2.460	4.960	0.03%	1.625	0.875	0.000	996	0.08%
15.	Egypt	127,867	346.000	932.670	1,278.670	7.99%	309.669	0.000	36.331	95,142	8.05%
16.	Gabon	5,458	14.770	39.810	54.580	0.34%	12.742	0.501	1.527	4,492	0.38%
17.	Gambia	923	2.500	6.730	9.230	0.06%	2.500	0.000	0.000	1,209	0.10%
18.	Guinea	4,585	12.410	33.440	45.850	0.29%	8.564	2.563	1.283	3,639	0.31%
19.	Guinea Bissau	496	2.500	2.460	4.960	0.03%	2.212	0.288	0.000	996	0.08%
20.	Indonesia	40,648	124.260	282.220	406.480	2.54%	107.932	3.484	12.844	31,524	2.67%
21.	Iran	149,120	432.900	1,058.300	1,491.200	9.32%	313.805	0.000	119.095	106,053	8.98%
22.	Iraq	4,824	13.050	35.190	48.240	0.30%	13.051	0.000	(0.001)	4,207	0.36%
23.	Jordan	7,850	22.156	56.344	78.500	0.49%	17.828	0.006	4.322	6,216	0.53%
24.	Kazakhstan	1,929	5.290	14.000	19.290	0.12%	4.744	0.033	0.513	1,928	0.16%
25.	Kuwait	98,588	496.640	489.240	985.880	6.16%	427.988	0.209	68.443	92,223	7.81%
26.	Kyrgyz Republic	923	2.500	6.730	9.230	0.06%	2.500	0.000	0.000	1,209	0.10%
27.	Lebanon	977	4.920	4.850	9.770	0.06%	4.242	0.170	0.508	1,409	0.12%
28.	Libya	147,824	400.000	1,078.240	1,478.240	9.24%	370.349	11.864	17.787	111,149	9.41%
29.	Malaysia	29,401	79.560	214.450	294.010	1.84%	71.334	0.002	8.224	22,274	1.89%
30.	Maldives	923	2.500	6.730	9.230	0.06%	2.501	0.000	(0.001)	1,209	0.10%
31.	Mali	1,819	4.920	13.270	18.190	0.11%	4.414	0.000	0.506	1,847	0.16%
32.	Mauritania	977	4.920	4.850	9.770	0.06%	3.230	1.182	0.508	1,308	0.11%
33.	Morocco	9,169	24.810	66.880	91.690	0.57%	22.251	0.000	2.559	7,291	0.62%
34.	Mozambique	923	2.500	6.730	9.230	0.06%	2.526	0.000	(0.026)	1,212	0.10%
35.	Niger	2,463	12.410	12.220	24.630	0.15%	7.273	3.854	1.283	2,449	0.21%
36.	Nigeria	465	2.500	2.150	4.650	0.03%	2.498	0.002	(0.000)	857	0.07%
37.	Oman	5,092	13.780	37.140	50.920	0.32%	12.363	0.000	1.417	4,271	0.36%
38.	Pakistan	45,922	124.260	334.960	459.220	2.87%	102.849	8.567	12.844	33,654	2.85%
39.	Palestine	1,955	9.850	9.700	19.550	0.12%	5.106	3.726	1.018	1,981	0.17%
40.	Qatar	129,750	354.610	942.890	1,297.500	8.11%	147.890	1.668	205.052	79,736	6.75%
41.	Saudi Arabia	424,960	1,233.660	3,015.940	4,249.600	26.56%	904.826	34.356	294.478	302,358	25.60%
42.	Senegal	5,280	15.330	37.470	52.800	0.33%	8.171	2.963	4.196	3,943	0.33%
43.	Sierra Leone	496	2.500	2.460	4.960	0.03%	1.812	0.368	0.320	996	0.08%
44.	Somalia	496	2.500	2.460	4.960	0.03%	2.501	0.000	(0.001)	996	0.08%
45.	Sudan	8,321	24.160	59.050	83.210	0.52%	12.903	4.752	6.505	5,928	0.50%
46.	Suriname	923	2.500	6.730	9.230	0.06%	2.501	0.000	(0.001)	1,209	0.10%
47.	Syria	1,849	5.000	13.490	18.490	0.12%	4.296	0.179	0.525	1,851	0.16%
48.	Tajikistan	496	2.500	2.460	4.960	0.03%	2.644	0.000	(0.144)	996	0.08%
49.	Togo	496	2.500	2.460	4.960	0.03%	2.636	0.000	(0.136)	996	0.08%
50.	Tunisia	1,955	9.850	9.700	19.550	0.12%	8.496	0.335	1.019	2,320	0.20%
51.	Turkey	116,586	315.470	850.390	1,165.860	7.29%	217.524	65.298	32.648	80,310	6.80%
52.	Turkmenistan	496	2.500	2.460	4.960	0.03%	2.500	0.000	0.000	996	0.08%
53.	U.A.E.	104,596	283.030	762.930	1,045.960	6.54%	243.963	9.812	29.255	76,983	6.52%
54.	Uganda	2,463	12.410	12.220	24.630	0.15%	8.895	2.232	1.283	2,612	0.22%
55.	Uzbekistan	250	2.500	0.000	2.500	0.02%	1.751	0.000	0.749	750	0.06%
56.	Yemen	9,238	24.810	67.570	92.380	0.58%	21.276	0.970	2.564	7,247	0.61%
Shortfall / (Overpayment), Net		0	0.000	0.000	0.000	0.00%	0.000	(0.388)	0.388	0	0.00%
Sub-Total		**1,586,349**	**4,706.40**	**11,157.09**	**15,863.49**	**99.15%**	**3,639.867**	**168.450**	**898.079**	**1,181,193**	**100.00%**
Uncommitted		13,651	28.68	107.83	136.51	0.85%	0.000	0.000	0.000	0	0.00%
Grand Total		**1,600,000**	**4,735.08**	**11,264.92**	**16,000.00**	**100.00%**	**3,639.867**	**168.450**	**898.079**	**1,181,193**	**100.00%**

Notes:

1. The Subscribed Capital consists of total capital subscriptions under the Initial, 1st Additional, 2nd General Capital Increase (GCI), 3rd GCI and 4th GCI of the Bank (See Table on Part 2 for more details). The Callable Capital comprises 100% of the 3rd GCI and 100% of the 4th GCI. 100% of the 3rd GCI and 50% of the 4th GCI are collateral for raising funds from the market and for providing guarantees for its operations. The remaining 50% of the 4th GCI is callable in cash. The callable capital will only be called if the Bank fails to meet its obligations to investors. The nominal value per share is ID 10,000. One Islamic Dinar (ID) is equivalent to one SDR (Special Drawing Right) of the IMF.
2. The Bank Agreement stipulates that each member shall have five hundred (500) basic votes plus one vote for every paid-in share plus one vote for every share subscribed under the 3rd General Capital Increase and 50% of the 4th General increase.
3. It is to be noted that percentage shareholding reflect actual percentage of IDB's member countries indicated above after implementing the confirmation from countries as per the Resolution No.BG/11-429 adopted during the 33rd Annual Meeting of the IDB Board of Governors held on 30 J. Awwal 1429H (4 June 2008).

Annex 5 (Part 2)
Islamic Development Bank - Ordinary Capital Resources Statement of IDB Share Capital Subscription
As at 30 Dhul Hijja 1430H (December 17, 2009)

Authorized Capital: ID30 billion. (Amount in million ID)

	Country	No. of Shares	Amount	% of Total
1.	Afghanistan	993	9.930	0.06%
2.	Albania	923	9.230	0.06%
3.	Algeria	45,922	459.220	2.87%
4.	Azerbaijan	1,819	18.190	0.11%
5.	Bahrain	2,588	25.880	0.16%
6.	Bangladesh	18,216	182.160	1.14%
7.	Benin	2,080	20.800	0.13%
8.	Brunei	4,585	45.850	0.29%
9.	Burkina Faso	2,463	24.630	0.15%
10.	Cameroon	4,585	45.850	0.29%
11.	Chad	977	9.770	0.06%
12.	Comoros	465	4.650	0.03%
13.	Côte d'Ivoire	465	4.650	0.03%
14.	Djibouti	496	4.960	0.03%
15.	Egypt	127,867	1,278.670	7.99%
16.	Gabon	5,458	54.580	0.34%
17.	Gambia	923	9.230	0.06%
18.	Guinea	4,585	45.850	0.29%
19.	Guinea Bissau	496	4.960	0.03%
20.	Indonesia	40,648	406.480	2.54%
21.	Iran	149,120	1,491.200	9.32%
22	Iraq	4,824	48.240	0.30%
23.	Jordan	7,850	78.500	0.49%
24.	Kazakhstan	1,929	19.290	0.12%
25.	Kuwait	98,588	985.880	6.16%
26.	Kyrgyz Republic	923	9.230	0.06%
27.	Lebanon	977	9.770	0.06%
28.	Libya	147,824	1,478.240	9.24%
29.	Malaysia	29,401	294.010	1.84%
30.	Maldives	923	9.230	0.06%
31.	Mali	1,819	18.190	0.11%
32.	Mauritania	977	9.770	0.06%
33.	Morocco	9,169	91.690	0.57%
34.	Mozambique	923	9.230	0.06%
35.	Niger	2,463	24.630	0.15%
36.	Nigeria	465	4.650	0.03%
37.	Oman	5,092	50.920	0.32%
38.	Pakistan	45,922	459.220	2.87%
39.	Palestine	1,955	19.550	0.12%
40.	Qatar	129,750	1,297.500	8.11%
41.	Saudi Arabia	424,960	4,249.600	26.56%
42.	Senegal	5,280	52.800	0.33%
43.	Sierra Leone	496	4.960	0.03%
44.	Somalia	496	4.960	0.03%
45.	Sudan	8,321	83.210	0.52%
46.	Suriname	923	9.230	0.06%
47.	Syria	1,849	18.490	0.12%
48.	Tajikistan	496	4.960	0.03%
49.	Togo	496	4.960	0.03%
50.	Tunisia	1,955	19.550	0.12%
51.	Turkey	116,586	1,165.860	7.29%
52.	Turkmenistan	496	4.960	0.03%
53.	U.A.E.	104,596	1,045.960	6.54%
54.	Uganda	2,463	24.630	0.15%
55.	Uzbekistan	250	2.500	0.02%
56.	Yemen	9,238	92.380	0.58%
Sub-Total		**1,586,349**	**15,863.49**	**99.15%**
Uncommitted		13,651	136.51	0.85%
Grand Total		**1,600,000**	**16,000.00**	**100.00%**

Annex 6
Meetings of Board of Executive Directors During 1430H

Date of B.E.D. Meeting	No.	Projects	Waqf Fund operations	Policy items	Other Items	IFS Items	Follow-up Reports	Items Approved by the President and submitted to B.E.D for information	Total No. of Agenda items	Resolutions Adopted
Sunday-Monday, 13-14 Safar 1430H (8-9 February 2009)	257	5*	4	4	11	-	3	12**	39	18
Sunday, 02 Rabi' Thani 1430H (29 March 2009)	258	5	6	5	12	1	3	10	42	23
Sunday, 07 Jumad Thani 1430H (31 May 2009)	259	8	8	4	8	-	3	7	38	22
Sunday-Monday, 12-13 Rajab 1430H (5-6 July 2009)	260	10	7	5	11	1	3	7	44	22
Wednesday, 28 Sha'baan 1430H (19 August 2009)	261	9	7	2	9	1	3	11	42	19
Sunday-Monday, 29-30 Shawwal 1430H (18-19 October 2009)	262	8	7	10	12	2	3	10	52	30
Sunday, 26 Dhul Hijja 1430H (13 December 2009)	263	14	3	5	13	-	3	9	47	20
Total		**59**	**42**	**35**	**76**	**5**	**21**	**66**	**304**	**154**

* Projects + TAs.

** This column also includes TA Projects approved by the President, IDB.

Note: Out of 304 items considered by the Board, Resolutions were adopted on 154 items while 66 items were approved by the President, as indicated in the 2nd footnote. The remaining 76 items which were considered by the Board on which no Resolution was required, pertain to Reports of B.E.D. Committees, Standing Items such as Adoption of Agenda, Approval of Minutes, Brief Oral Report of the President, Executive Sessions, and other items for information.

Annex 7
Selected Basic Indicators

No.	Country	Total Population (million)	Annual Population Growth	Life Expectancy at Birth (Years)	Real GDP Growth (%)	GDP (current, $ billion)	GDP per Capita (current $)	PPP GDP (current, $ billion)	Exchange Rate (National Currency per $)
		2008	2008	2008	2008	2008	2008	2008	2009
1	Afghanistan	28.1	2.6	44	3.4	11.7	416	21.4	48.74
2	Albania	3.1	0.3	77	6.8	12.3	3,911	24.3	95.81
3	Algeria	34.4	1.5	72	3.0	173.9	5,060	276.0	72.73
4	Azerbaijan	8.7	1.1	67	11.6	46.3	5,330	76.1	0.80
5	Bahrain	0.8	1.9	76	6.1	21.2	27,690	27.0	0.38
6	Bangladesh	160.0	1.4	66	6.0	79.0	494	213.5	69.27
7	Benin	8.7	3.2	62	5.0	6.7	771	12.7	455.34
8	Brunei	0.4	1.9	77	-1.5	14.6	36,686	19.7	1.40
9	Burkina Faso	15.2	2.9	52	5.0	7.9	523	17.7	455.34
10	Cameroon	18.9	2.0	50	2.9	23.4	1,238	41.9	455.34
11	Chad	11.1	2.8	51	-0.2	8.4	755	16.1	455.34
12	Comoros	0.6	2.4	65	1.0	0.5	824	0.8	341.50
13	Côte d'Ivoire	20.6	2.3	58	2.3	23.4	1,137	34.0	455.34
14	Djibouti	0.8	1.8	55	5.8	0.9	1,032	1.8	177.72
15	Egypt	81.5	1.8	70	7.2	162.8	1,997	441.6	..
16	Gabon	1.4	1.8	61	2.3	14.4	9,968	21.0	455.34
17	Gambia	1.7	2.7	56	6.1	0.8	471	2.3	..
18	Guinea	9.8	2.2	58	4.9	4.3	434	11.8	..
19	Guinea-Bissau	1.6	2.2	48	3.3	0.4	273	0.8	455.34
20	Indonesia	228.2	1.2	71	6.1	514.4	2,254	907.3	9,400.00
21	Iran	72.0	1.3	71	2.5	385.1	5,352	839.4	9,984.00
22	Iraq	30.4	2.8	68	9.5	91.5	3,007	105.7	1,170.00
23	Jordan	5.9	3.2	73	7.9	20.0	3,389	31.2	0.71
24	Kazakhstan	15.7	1.2	66	3.2	132.2	8,436	177.4	148.46
25	Kuwait	2.7	2.4	78	6.3	158.1	57,950	137.4	0.29
26	Kyrgyz Republic	5.3	0.8	68	7.6	4.4	837	11.5	44.09
27	Lebanon	4.1	1.0	72	8.5	28.7	6,924	47.9	1,507.50
28	Libya	6.3	1.9	74	3.4	99.9	15,920	96.7	1.23
29	Malaysia	27.0	1.7	74	4.6	194.9	7,221	383.7	3.42
30	Maldives	0.3	1.7	68	5.8	1.3	4,059	1.7	12.80
31	Mali	12.7	3.0	54	5.1	8.7	688	14.3	455.34
32	Mauritania	3.2	2.5	64	2.2	2.9	893	6.2	..
33	Morocco	31.2	1.2	71	5.6	86.3	2,764	137.0	7.86
34	Mozambique	21.8	1.9	42	6.8	9.7	447	18.6	24.35
35	Niger	14.7	3.3	57	9.5	5.4	365	10.0	455.34
36	Nigeria	151.3	2.2	47	6.0	212.1	1,402	315.0	..
37	Oman	2.8	2.1	76	7.8	59.9	21,522	68.3	0.38
38	Pakistan	166.0	2.2	65	2.0	168.3	1,013	439.0	84.26
39	Palestine	3.8	3.4	73	..	..	..	..	..
40	Qatar	1.3	11.9	76	16.4	102.3	79,870	94.4	3.64
41	Saudi Arabia	24.6	2.0	73	4.4	467.6	18,973	589.5	3.75
42	Senegal	12.2	2.6	56	2.5	13.2	1,082	21.6	455.34
43	Sierra Leone	5.6	2.5	48	5.5	2.0	351	4.3	..
44	Somalia	9.0	2.9	48	..	..	..	..	..
45	Sudan	41.3	2.2	58	6.8	58.4	1,413	89.0	..
46	Suriname	0.5	0.9	69	6.0	2.9	5,593	3.9	2.75
47	Syria	21.2	3.5	74	5.2	55.2	2,601	94.2	..
48	Tajikistan	6.8	1.6	67	7.9	5.1	751	13.0	4.37
49	Togo	6.5	2.5	63	1.1	2.8	437	5.4	455.34
50	Tunisia	10.3	1.0	74	4.6	40.2	3,891	82.6	1.32
51	Turkey	73.9	1.2	72	0.9	794.2	10,745	1,028.9	1.49
52	Turkmenistan	5.0	1.3	63	10.5	18.3	3,633	33.4	..
53	Uganda	31.7	3.3	53	9.0	14.5	459	36.9	..
54	U.A.E.	4.5	2.7	79	7.4	262.2	58,461	185.3	3.67
55	Uzbekistan	27.3	1.6	67	9.0	27.9	1,022	72.5	..
56	Yemen	23.1	3.0	63	3.6	26.6	1,153	55.3	..
	IDB-56 MCs	**1,517.8**	**1.9**	**64.1**	**4.6**	**4,690.1**	**3,090**	**7,419.3**	**..**

.. Data not available.
Sources: - World Bank, World Development Indicators online database, accessed on 3 March 2010.
- IMF, World Economic Outlook, online database, accessed in October 2009.
- IMF, International Financial Statistics, online database, accessed on 2 March 2010.

Annex 8
Inflation and Money Supply

Sl. No.	Country	Inflation (based on Consumer Price Index) (%)			Narrow Money (M1) (Annual Percentage Change)			Broad Money (M2) (Annual Percentage Change)		
		2006	2007	2008	2006	2007	2008	2006	2007	2008
1	Afghanistan	5.1	13.0	26.8	..	32.8	24.1	..	46.0	27.8
2	Albania	2.4	2.9	3.4	17.1	4.8	18.6	16.0	13.7	7.7
3	Algeria	2.5	3.6	4.5	34.1	36.0	17.0	20.6	22.8	15.7
4	Azerbaijan	8.4	16.6	20.8	145.2	96.9	41.0	86.9	73.2	44.3
5	Bahrain	2.0	3.3	3.5	21.0	23.2	19.8	14.9	39.3	19.7
6	Bangladesh	7.1	9.1	7.7	32.1	16.8	10.6	20.2	13.6	16.6
7	Benin	3.8	1.3	8.0	11.9	17.3	27.2	14.5	19.6	26.6
8	Brunei	0.2	0.3	2.7	10.8	-2.8	13.9	2.1	6.7	9.6
9	Burkina Faso	2.4	-0.2	10.7	4.2	27.7	7.5	11.0	23.8	12.3
10	Cameroon	4.9	1.1	5.3	12.4	24.5	16.5	10.3	14.9	13.7
11	Chad	7.7	-7.4	8.3	54.2	9.0	13.1	52.3	9.8	13.6
12	Comoros	3.4	4.5	4.8	31.6	13.1	10.9	15.0	8.7	12.8
13	Côte d'Ivoire	2.5	1.9	6.3	11.0	27.9	0.8	10.3	23.6	5.7
14	Djibouti	3.5	5.0	12.0	20.0	17.9	21.8	11.2	8.6	20.6
15	Egypt	4.2	11.0	11.7	20.0	25.1	14.9	15.0	19.1	10.5
16	Gabon	-1.4	5.0	5.3	17.0	11.6	12.3	16.4	6.9	9.1
17	Gambia	2.1	5.4	4.5	26.0	0.6	..	26.2	6.7	..
18	Guinea	34.7	22.9	18.4	..	..	..	..	..	..
19	Guinea-Bissau	0.7	4.6	10.4	3.1	19.2	27.1	4.4	24.9	29.5
20	Indonesia	13.1	6.0	9.8	28.1	29.7	1.5	14.9	19.3	15.0
21	Iran	11.9	18.4	25.4	25.9	30.5	..	29.1	30.6	..
22	Iraq	53.2	30.8	2.7	31.4	46.7	33.8	33.8	37.1	35.2
23	Jordan	6.3	5.4	14.9	12.4	6.2	15.0	12.8	12.4	21.1
24	Kazakhstan	8.6	10.8	17.2	60.3	19.6	27.1	78.1	25.9	35.4
25	Kuwait	3.1	5.5	10.5	-3.6	18.1	5.0	21.7	19.3	15.6
26	Kyrgyz Republic	5.6	10.2	24.5	51.9	40.2	..	51.5	33.2	..
27	Lebanon	5.6	4.1	10.8	12.5	7.7	19.3	7.8	12.4	14.8
28	Libya	1.4	6.2	10.4	15.5	42.4	51.4	14.1	38.0	49.2
29	Malaysia	3.6	2.0	5.4	12.2	18.7	9.0	11.5	10.5	11.3
30	Maldives	3.6	7.6	11.9	22.2	18.8	38.1	20.6	23.7	23.6
31	Mali	1.5	1.5	9.1	8.1	1.4	4.4	6.0	13.7	-1.5
32	Mauritania	6.2	7.3	7.3	..	..	..	..	..	..
33	Morocco	3.3	2.0	3.9	16.2	19.1	7.9	17.0	16.1	10.8
34	Mozambique	13.2	8.2	10.3	21.3	24.6	19.4	21.4	26.2	23.9
35	Niger	0.1	0.1	11.3	17.3	19.5	8.1	14.8	24.7	11.9
36	Nigeria	8.2	5.4	11.6	19.7	73.6	47.8	36.4	64.2	52.5
37	Oman	3.4	5.9	12.6	8.9	45.5	4.0	24.4	34.7	23.2
38	Pakistan	7.9	7.8	12.0	17.1	19.6	..	14.6	19.5	..
39	Palestine*	..	..	..	-3.5	..	..	5.6	..	..
40	Qatar	11.8	13.8	15.0	24.7	26.9	22.8	37.9	32.7	19.8
41	Saudi Arabia	2.3	4.1	9.9	10.0	22.7	10.9	20.4	20.1	18.0
42	Senegal	2.1	5.9	5.8	14.1	15.3	-1.1	12.5	13.1	1.8
43	Sierra-Leone	9.5	11.7	14.8	15.4	12.3	21.3	21.4	22.6	22.5
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	7.2	8.0	14.3	29.4	8.1	19.9	29.7	10.3	16.3
46	Suriname	11.3	6.4	14.6	22.7	26.3	16.4	23.7	29.1	21.1
47	Syria	10.4	4.7	15.2	-4.0	10.7	..	7.3	12.4	-37.2
48	Tajikistan	10.0	13.2	20.4	56.8	129.2	1.7	65.4	108.7	-3.6
49	Togo	2.2	1.0	8.4	33.0	12.1	20.6	22.6	16.8	18.2
50	Tunisia	4.5	3.1	5.0	13.1	12.0	12.2	11.6	12.4	14.8
51	Turkey	9.6	8.8	10.4	6.6	11.2	9.0	22.2	15.2	24.9
52	Turkmenistan	8.2	6.3	14.5	..	..	..	..	..	..
53	Uganda	6.6	6.8	7.3	17.7	21.0	26.8	16.9	22.0	31.0
54	U.A.E	9.3	11.1	12.3	14.9	51.4	14.6	23.2	41.7	19.2
55	Uzbekistan	14.2	12.3	12.7	..	..	..	..	..	..
56	Yemen	10.8	7.9	19.0	26.2	9.9	10.8	26.1	17.0	13.2
	IDB-56 MCs	**8.4**	**8.4**	**11.9**	**19.8**	**26.0**	**13.8**	**21.7**	**22.9**	**19.4**

* Refers to Gaza and West Bank.
.. Data not available.

Sources: - IMF, World Economic Outlook, online database, accessed on 14 October 2009.
- World Bank, World Development Indicators, online database, accessed on 3 March, 2010.

Annex 9
Balance of Payments Indicators

Sl. No.	Country	Current Account Balance ($ billion)			Overall Balance ($ million)			Gross Reserves in months of imports		
		2006	2007	2008	2006	2007	2008	2006	2007	2008
1	Afghanistan	-0.4	0.1	-0.2	..	..	..	..	..	..
2	Albania	-0.5	-1.0	-1.8	269.2	19.7	-393.2	7.1	6.2	5.4
3	Algeria	29.0	30.6	37.1	..	..	..	45.6	49.9	45.4
4	Azerbaijan	3.7	9.0	16.5	1,342.6	1,781.3	2,459.5	5.7	8.5	10.8
5	Bahrain	2.2	2.9	2.3	822.0	1,414.7	-294.2	..	..	..
6	Bangladesh	0.8	0.8	1.6	865.3	1,372.8	1,069.5	2.9	3.4	2.9
7	Benin	-0.3	-0.5	-0.6	-1,127.4	-176.2	..	8.9	9.1	7.6
8	Brunei	6.5	6.2	7.4	30.2	11.4	44.3	3.7	3.8	3.6
9	Burkina Faso	-0.6	-0.6	-0.9	..	..	..	5.0	7.6	6.2
10	Cameroon	0.1	-0.2	-0.2	1,616.6	819.4	114.6	6.6	9.6	8.6
11	Chad	-0.6	-0.7	-1.0	..	..	..	5.6	7.6	9.6
12	Comoros	0.0	0.0	-0.1	..	..	..	9.8	10.1	7.1
13	Côte d'Ivoire	0.5	-0.1	0.6	223.3	320.7	229.8	4.0	4.9	3.8
14	Djibouti	-0.1	-0.2	-0.4	4.7	-26.3	-9.3	4.3	3.4	..
15	Egypt	1.8	2.5	0.9	2,936.8	3,686.9	931.5	11.4	10.4	8.5
16	Gabon	1.0	1.6	2.5	..	..	..	7.8	6.6	9.1
17	Gambia	-0.1	-0.1	-0.1	-0.1	-25.2	-9.8	5.6	5.3	..
18	Guinea	-0.1	-0.4	-0.5	..	190.2	-49.3	..	..	..
19	Guinea-Bissau	0.0	0.0	0.0	..	..	..	7.8	10.0	9.3
20	Indonesia	10.9	10.5	0.3	14,957.8	12,705.8	-1,918.2	6.4	7.4	4.9
21	Iran	20.4	34.1	22.5	..	..	..	..	..	..
22	Iraq	8.0	6.3	12.2	1,532.8	5,795.1	..	11.3	..	..
23	Jordan	-1.6	-2.9	-2.4	1,441.7	890.0	1,197.1	7.3	6.9	6.3
24	Kazakhstan	-2.0	-8.2	7.0	11,074.6	-3,028.7	2,188.8	9.7	6.5	6.3
25	Kuwait	50.6	50.0	70.6	3,583.6	3,218.6	647.4	9.9	10.7	9.2
26	Kyrgyz Republic	-0.1	0.0	-0.4	176.7	293.1	53.2	5.7	5.8	3.6
27	Lebanon	-1.2	-1.7	-3.4	145.5	-664.8	7,336.5	23.9	20.2	20.2
28	Libya	25.2	29.1	36.6	19,446.7	20,044.3	12,947.5	123.6	128.9	100.5
29	Malaysia	25.1	28.7	39.6	6,863.8	13,143.7	-3,450.3	7.6	8.3	7.0
30	Maldives	-0.3	-0.4	-0.7	45.0	76.8	-65.3	3.0	3.4	2.1
31	Mali	-0.3	-0.6	-0.7	-2,035.0	-19.7	..	6.4	6.0	5.0
32	Mauritania	0.0	-0.3	-0.5	..	..	..	2.0	1.6	..
33	Morocco	1.4	-0.1	-4.8	628.0	-840.1	-5,704.0	10.4	9.3	6.5
34	Mozambique	-0.6	-1.0	-1.2	-1,642.6	137.1	159.4	5.1	5.5	..
35	Niger	-0.3	-0.3	-0.7	-75.0	-3.0	..	4.7	6.8	5.8
36	Nigeria	38.6	31.2	42.3	13,894.5	8,960.2	1,553.0	23.5	21.1	15.4
37	Oman	5.7	3.4	5.5	2,205.8	6,250.5	1,827.0	5.5	7.1	6.0
38	Pakistan	-5.0	-6.9	-13.7	1,386.6	2,516.8	-9,395.7	5.2	5.8	2.6
39	Palestine*	..	..	..	22.3	91.3	..	..	..	..
40	Qatar	16.1	21.6	28.6	..	..	..	3.9	5.3	4.5
41	Saudi Arabia	99.1	93.5	134.2	70,910.4	79,818.8	137,043.0	5.2	5.0	3.7
42	Senegal	-0.9	-1.3	-1.6	-122.4	-130.8	..	4.7	4.5	3.4
43	Sierra-Leone	0.0	-0.1	-0.2	60.4	-29.9	-164.8	5.7	5.8	..
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	-5.5	-5.8	-5.2	-590.9	-423.8	70.8	2.5	1.9	1.8
46	Suriname	0.1	0.0	0.0	94.1	176.9	52.4	2.8	4.4	4.2
47	Syria	-0.9	-1.4	-2.2	-732.0	543.6	..	..	..	..
48	Tajikistan	-0.1	-0.3	-0.4	-10.1	-13.8	-111.0	1.4	..	..
49	Togo	-0.1	-0.1	-0.2	157.8	24.7	..	3.6	3.8	4.5
50	Tunisia	-0.6	-0.9	-1.7	2,082.4	688.7	1,666.8	5.6	5.1	4.4
51	Turkey	-31.9	-37.7	-41.3	10,621.4	12,052.0	-2,764.5	5.4	5.4	4.4
52	Turkmenistan	3.4	4.0	3.6	..	..	..	..	..	..
53	Uganda	-0.3	-0.4	-0.5	3,774.5	669.2	-68.2	8.5	8.8	5.8
54	U.A.E	37.1	29.0	41.1	..	..	..	3.3	7.0	2.4
55	Uzbekistan	1.6	1.6	3.6	..	..	..	..	..	..
56	Yemen	0.2	-1.5	-1.2	1,111.7	-201.3	353.9	14.9	10.9	10.5
	IDB-56 MCs	**334.4**	**321.0**	**427.5**	**167,993**	**172,131**	**..**	**8.1**	**8.6**	**6.9**

*Refers to Gaza and West Bank

.. Data not available.

Sources: - IMF: World Economic Outlook, online database, accessed on 14 October 2009.
- IMF: International Financial Statistics, online database, accessed on 4 March 2010.
- World Bank: World Development Indicators, online database, accessed on 4 March 2010.

Annex 10
International Trade Indicators

SI. No.	Country	Merchandise Exports (f.o.b.) Value ($million)	Merchandise Exports Annual Growth Rate (%)	Merchandise Exports Ten-Year Growth (%)	Merchandise Imports (c.i.f.) Value ($million)	Merchandise Imports Annual Growth Rate (%)	Merchandise Imports Ten-Year Growth (%)	Trade Balance ($million)	Terms of Trade (2000=100)	
		2008	2008	1999-2008	2008	2008	1999-2008	2008	2003	2008
1	Afghanistan	680	36.8	24.0	3,350	18.8	12.2	-2,670	111	111
2	Albania	1,353	26.2	19.3	5,230	24.6	19.3	-3,877	95	89
3	Algeria	78,233	30.0	21.2	39,156	41.7	17.5	39,077	107	239
4	Azerbaijan	31,500	48.1	45.6	7,200	19.1	26.4	24,300	95	186
5	Bahrain	18,865	38.4	16.0	12,530	9.1	15.6	6,335	98	132
6	Bangladesh	15,369	23.4	12.0	23,860	28.3	12.3	-8,490	92	58
7	Benin	1,050	20.0	11.5	1,990	24.4	12.8	-940	100	69
8	Brunei	11,100	44.8	15.1	2,520	20.0	7.5	8,580	110	253
9	Burkina Faso	620	-0.5	14.8	1,800	11.1	13.6	-1,180	111	72
10	Cameroon	4,350	20.7	12.1	4,360	18.5	13.6	-10	110	138
11	Chad	4,800	31.1	54.8	1,700	11.8	18.6	3,100	100	177
12	Comoros	15	15.4	-0.2	190	35.7	16.8	-175	66	69
13	Côte d'Ivoire	10,100	19.2	11.2	7,150	16.1	12.3	2,950	140	139
14	Djibouti	69	18.4	9.9	580	22.6	12.5	-512	96	80
15	Egypt	25,483	32.6	24.2	48,382	30.4	14.2	-22,898	98	144
16	Gabon	8,350	35.8	15.3	2,550	13.3	12.6	5,800	100	215
17	Gambia	14	11.2	-0.1	329	2.6	8.7	-315	101	83
18	Guinea	1,300	13.5	8.1	1,600	33.3	11.1	-300	112	169
19	Guinea-Bissau	98	15.3	6.6	160	17.6	14.1	-62	102	69
20	Indonesia	139,281	18.0	11.1	126,177	36.0	15.2	13,104	..	..
21	Iran	116,350	31.1	22.4	57,230	27.3	18.5	59,120	97	175
22	Iraq	59,800	51.0	16.6	31,200	45.0	14.7	28,600	101	201
23	Jordan	7,790	36.7	17.3	16,888	23.2	18.6	-9,098	88	118
24	Kazakhstan	71,184	49.1	31.6	37,889	15.7	30.5	33,295	100	211
25	Kuwait	93,180	49.4	24.6	25,125	18.9	15.7	68,055	101	166
26	Kyrgyz Republic	1,642	44.6	13.6	4,058	67.9	24.5	-2,416	113	114
27	Lebanon	4,454	24.6	23.7	16,754	36.8	10.5	-12,300	105	92
28	Libya	63,050	34.2	25.6	11,500	48.4	11.0	51,550	97	205
29	Malaysia	199,516	13.2	10.3	156,896	6.7	10.3	42,620	102	104
30	Maldives	335	46.9	13.7	1,388	26.6	16.3	-1,053	99	97
31	Mali	1,650	8.3	13.8	2,550	16.7	14.1	-900	126	140
32	Mauritania	1,750	22.4	22.1	1,750	15.1	20.5	0	102	191
33	Morocco	20,065	32.4	11.6	41,699	31.0	16.9	-21,634	105	..
34	Mozambique	2,600	-3.7	30.1	4,100	24.2	16.6	-1,500	94	108
35	Niger	820	22.6	13.2	1,450	38.1	16.1	-630	113	233
36	Nigeria	81,900	24.0	22.5	41,700	41.4	19.4	40,200	97	210
37	Oman	37,670	52.6	16.6	23,095	44.1	17.4	14,575	117	..
38	Pakistan	20,375	14.2	11.1	42,326	29.9	18.9	-21,951	89	58
39	Palestine*	..	..	..	..	..	..	..	94	85
40	Qatar	63,830	51.9	25.3	26,850	22.0	31.4	36,980	104	249
41	Saudi Arabia	328,930	40.0	22.3	111,870	24.0	17.2	217,060	114	..
42	Senegal	2,390	43.1	9.8	5,702	28.1	15.8	-3,312	99	94
43	Sierra Leone	220	-10.3	50.4	560	25.9	19.6	-340	84	64
44	Somalia	..	..	..	..	..	..	..	100	101
45	Sudan	12,450	40.2	31.5	9,200	4.8	27.0	3,250	102	232
46	Suriname	1,730	12.2	22.1	1,350	13.9	13.9	380	101	132
47	Syria	14,300	23.9	15.6	18,320	25.0	20.7	-4,020	98	145
48	Tajikistan	1,406	-4.2	9.8	3,270	33.2	20.0	-1,864	96	82
49	Togo	790	12.9	9.7	1,540	10.0	13.7	-750	24	..
50	Tunisia	19,319	28.5	13.9	24,612	29.7	11.9	-5,293	97	95
51	Turkey	131,975	23.0	20.9	201,960	18.8	20.9	-69,985	97	91
52	Turkmenistan	10,780	38.0	23.2	4,680	29.3	11.0	6,100	123	271
53	Uganda	2,180	29.3	19.5	4,800	37.4	14.1	-2,620	96	106
54	U.A.E.	231,550	28.0	22.8	158,900	19.9	20.8	72,650	99	148
55	Uzbekistan	10,360	29.0	15.4	5,260	8.5	7.9	5,100	107	149
56	Yemen, Rep.	9,270	30.0	14.0	9,300	9.2	19.4	-30	97	165
	IDB-56 MCs	**1,978,240**	**30.8**	**18.6**	**1,396,584**	**23.4**	**16.7**	**581,655**	**99**	**128**

*Refers to Gaza and West Bank. ..Data not available.

Sources: - World Bank, World Development Indicators, online database, accessed in December 2009.
- UNCTAD, Handbook of Statistics, online database, accessed on 4 March 2010.

Annex 11
External Debt Indicators

SI. No.	Country	Total Debt: Value ($ billion)	Total Debt: % of Merchandise Exports	Total Debt: % of GNI	Total Debt Service: Value ($ billion)	Total Debt Service: % of Merchandise Exports	Total Debt Service: % of GNI	Interest Payments % of Merch. Exports	Concessional Debt % of Total Debt
		2008	2008	2008	2008	2008	2008	2008	2008
1	Afghanistan	2.2	323.5	17.9	0.01	1.7	0.1	1.2	90.2
2	Albania	3.2	235.7	25.2	0.17	12.4	1.3	5.7	48.2
3	Algeria	5.5	7.0	3.2	1.28	1.6	0.7	0.2	34.7
4	Azerbaijan	4.3	13.7	10.5	0.30	0.9	0.7	0.4	34.1
5	Bahrain	..	..	..	..	..	..	..	..
6	Bangladesh	23.6	153.8	27.7	1.05	6.8	1.2	1.7	84.5
7	Benin	1.0	93.9	14.8	0.10	9.3	1.5	4.1	88.5
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	1.7	271.2	21.2	0.05	7.5	0.6	2.8	87.7
10	Cameroon	2.8	64.2	12.1	0.38	8.7	1.6	2.7	71.7
11	Chad	1.7	36.4	26.1	0.14	2.9	2.1	0.4	91.9
12	Comoros	0.3	1,875.3	53.0	0.01	81.9	2.3	28.2	96.1
13	Côte d'Ivoire	12.6	124.4	56.0	1.05	10.4	4.7	2.2	48.9
14	Djibouti	0.7	996.3	72.0	0.03	38.0	2.8	10.6	93.8
15	Egypt	32.6	128.0	19.9	3.13	12.3	1.9	3.7	63.8
16	Gabon	2.4	28.3	19.4	0.58	7.0	4.8	2.0	20.0
17	Gambia	0.5	3,250.8	61.5	0.02	178.5	3.4	72.8	89.6
18	Guinea	3.1	237.9	73.2	0.15	11.3	3.5	2.9	84.0
19	Guinea-Bissau	1.2	1,180.4	274.1	0.02	17.2	4.0	3.9	84.0
20	Indonesia	150.9	108.3	30.4	22.15	15.9	4.5	4.0	27.9
21	Iran	13.9	12.0	4.1	2.79	2.4	0.8	0.5	7.3
22	Iraq	..	..	..	..	..	..	..	..
23	Jordan	6.6	84.4	31.4	2.70	34.7	12.9	3.0	54.6
24	Kazakhstan	107.6	151.2	95.0	33.43	47.0	29.5	6.2	1.1
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	2.5	150.1	56.9	0.33	20.0	7.6	2.7	79.2
27	Lebanon	24.4	547.7	90.6	4.54	102.0	16.9	36.3	6.5
28	Libya	..	..	..	..	..	..	..	..
29	Malaysia	66.2	33.2	35.1	8.77	4.4	4.7	1.3	6.5
30	Maldives	1.0	294.6	81.7	0.06	19.3	5.4	6.3	26.4
31	Mali	2.2	132.7	25.8	0.07	4.1	0.8	1.5	93.5
32	Mauritania	2.0	112.0	58.5	0.06	3.6	1.9	1.5	72.7
33	Morocco	20.8	103.8	24.4	4.20	21.0	4.9	3.7	34.5
34	Mozambique	3.4	132.0	39.4	0.04	1.6	0.5	1.0	77.6
35	Niger	1.0	117.7	18.1	0.03	3.3	0.5	0.9	90.1
36	Nigeria	11.2	13.7	5.7	0.61	0.7	0.3	0.3	25.3
37	Oman	..	..	..	..	..	..	..	..
38	Pakistan	49.3	242.1	28.7	2.94	14.4	1.7	5.2	60.6
39	Palestine*	..	..	..	..	..	..	..	..
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	..	..	..	..	..	..	..	..
42	Senegal	2.9	119.7	21.8	0.18	7.6	1.4	2.3	76.7
43	Sierra Leone	0.4	176.7	20.3	0.01	2.6	0.3	1.5	81.6
44	Somalia	2.9	..	..	0.00	..	..	..	54.6
45	Sudan	19.6	157.7	37.5	0.39	3.1	0.7	0.7	35.2
46	Suriname	..	..	..	..	..	..	..	..
47	Syria	..	..	..	..	..	..	..	..
48	Tajikistan	1.5	104.3	29.2	0.14	9.6	2.7	2.1	91.6
49	Togo	1.6	199.1	56.1	0.20	24.9	7.0	6.8	78.0
50	Tunisia	20.8	107.5	58.5	2.12	11.0	6.0	4.9	19.9
51	Turkey	277.3	210.1	35.3	54.41	41.2	6.9	9.9	2.7
52	Turkmenistan	0.6	5.9	3.7	0.17	1.6	1.0	0.3	72.9
53	Uganda	2.2	103.2	15.8	0.07	3.4	0.5	1.0	71.8
54	U.A.E.	..	..	..	..	..	..	..	..
55	Uzbekistan	4.0	38.6	14.3	0.69	6.7	2.5	1.3	44.3
56	Yemen	6.3	67.5	25.6	0.28	3.1	1.2	0.8	90.4
	IDB-56 MCs	**902.2**	**45.6**	**21.3**	**149.85**	**7.6**	**3.5**	**1.7**	**22.5**

*Refers to Gaza and West Bank. ..Data not available.

Sources: - World Bank, Global Development Finance, online database, accessed on 22 February 2010.
- World Bank, World Development Indicators, online database, accessed on 22 February 2010.

Annex 12
Resource Flows

SI. No.	Country	Total Receipt[1] ($ million)				Total ODA Commitments ($ million)			
		2000	2006	2007	2008	2000	2006	2007	2008
1	Afghanistan	157	3,001	3,972	4,926	121	3,022	4,281	6,143
2	Albania	231	503	672	858	325	409	286	488
3	Algeria	-402	-3,823	2,118	255	260	398	432	256
4	Azerbaijan	672	1,623	2,625	2,548	173	191	249	157
5	Bahrain	1,480	..	..	..	117	..	..	..
6	Bangladesh	1,234	1,328	1,724	2,790	1,167	1,840	2,012	2,536
7	Benin	229	388	508	652	318	743	417	582
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	345	969	895	1,035	371	488	532	1,105
10	Cameroon	218	820	589	578	366	2,108	1,963	1,105
11	Chad	-226	296	409	436	322	279	403	488
12	Comoros	-2	31	-41	39	19	30	43	38
13	Côte d’Ivoire	715	563	185	247	235	394	325	302
14	Djibouti	91	182	133	155	72	109	142	118
15	Egypt	3,222	5,365	7,963	16,865	1,779	1,828	1,705	1,789
16	Gabon	76	166	582	-366	79	139	151	118
17	Gambia	45	81	107	96	39	61	65	63
18	Guinea	329	163	232	224	200	205	300	371
19	Guinea-Bissau	84	74	102	116	88	63	125	117
20	Indonesia	2,357	3,610	1,580	4,130	1,986	3,058	2,641	3,358
21	Iran	21	2,059	-714	-1,351	153	121	113	1,082
22	Iraq	106	7,170	5,149	5,168	83	8,293	9,176	12,661
23	Jordan	574	585	390	504	574	552	658	918
24	Kazakhstan	750	5,964	6,824	3,287	303	183	314	178
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	223	274	297	417	276	294	266	284
27	Lebanon	49	532	819	1,115	162	1,002	1,117	1,128
28	Libya	..	-401	1,898	1,548	..	38	19	75
29	Malaysia	-307	7,443	10,177	1,139	1,190	126	70	134
30	Maldives	11	142	121	75	35	47	35	55
31	Mali	385	832	929	938	459	732	1,218	1,147
32	Mauritania	216	182	216	309	240	281	176	185
33	Morocco	601	1,548	2,854	3,207	693	1,378	1,213	2,909
34	Mozambique	1,172	1,615	1,779	1,929	1,118	1,418	1,580	2,735
35	Niger	183	-415	323	578	304	412	328	767
36	Nigeria	-1,994	-3,099	901	2,683	311	11,764	1,916	985
37	Oman	167	2,174	1,669	201	151	7	3	21
38	Pakistan	167	3,860	4,993	2,714	1,188	1,840	1,856	2,551
39	Palestine*	507	1,444	1,864	2,596	681	992	1,473	2,344
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	-979	10,383	5,790	..	18	22	27	..
42	Senegal	475	829	979	1,350	561	800	657	1,175
43	Sierra Leone	185	429	373	377	311	244	550	359
44	Somalia	100	399	391	766	80	426	414	862
45	Sudan	315	2,115	2,145	2,404	285	1,798	1,968	2,699
46	Suriname	23	38	71	117	22	57	153	95
47	Syria	210	125	442	398	123	197	333	382
48	Tajikistan	117	258	235	313	152	216	229	388
49	Togo	60	155	194	313	53	59	198	273
50	Tunisia	659	29	1,468	1,681	578	504	724	1,153
51	Turkey	8,722	17,326	30,199	14,428	688	1,019	1,012	3,697
52	Turkmenistan	286	96	-466	-80	20	33	81	39
53	Uganda	819	1,554	1,788	1,891	848	1,074	1,384	2,007
54	U.A.E.	..	..	..	..	..	..	..	..
55	Uzbekistan	448	-167	131	104	95	195	154	139
56	Yemen	287	872	322	1,271	429	234	321	564
	IDB-56 MCs	**25,416**	**81,688**	**108,909**	**87,972**	**20,220**	**51,721**	**45,808**	**63,124**

*Refers to Gaza and West Bank. ..Data not available.

[1]Total Receipt or “*Net Resource Flows*” is the sum of net ODA, and net private flows. ODA refers to Official Development Assistance.

Source: OECD, Development Assistance Committee (DAC), Statistics Online, accessed on 11 October 2009.

Annex 13
Social Development Indicators of IDB Member Countries

No.	Country	Human development index (2007)			Human poverty index (2007)		Public Expenditure on Health (Latest available year) (% of GDP)	Public Expenditure on Education (Latest available year) (% of GDP)
		Rank	Value (Index)	Status	Value (%)	Rank		
1	Afghanistan	181	0.352	Low	59.8	135	5.4	1.9
2	Albania	70	0.818	High	4.0	15	6.2	2.9
3	Algeria	104	0.754	Medium	17.5	71	3.6	..
4	Azerbaijan	86	0.787	Medium	10.7	50	3.4	1.9
5	Bahrain	39	0.895	High	8.0	39	3.8	3.6
6	Bangladesh	146	0.543	Medium	36.1	112	3.1	2.4
7	Benin	161	0.492	Low	43.2	126	5.3	3.6
8	Brunei	30	0.920	Very High	..	..	1.8	3.7
9	Burkina Faso	177	0.389	Low	51.8	131	6.4	3.7
10	Cameroon	153	0.523	Medium	30.8	95	5.2	3.9
11	Chad	175	0.392	Low	53.1	132	3.6	1.9
12	Comoros	139	0.576	Medium	20.4	78	3.2	3.8
13	Côte d'Ivoire	163	0.484	Low	37.4	119	3.8	4.6
14	Djibouti	155	0.520	Medium	25.6	86	6.7	8.7
15	Egypt	123	0.703	Medium	23.4	82	6.3	3.7
16	Gabon	103	0.755	Medium	17.5	72	3.7	3.8
17	Gambia	168	0.456	Low	40.9	123	4.3	2.0
18	Guinea	170	0.435	Low	50.5	129	5.7	1.7
19	Guinea-Bissau	173	0.396	Low	34.9	107	6.2	5.2
20	Indonesia	111	0.734	Medium	17.0	69	2.2	3.5
21	Iran	88	0.782	Medium	12.8	59	7.8	4.8
22	Iraq	..	..	..	19.4	75	3.8	5.1
23	Jordan	96	0.770	Medium	6.6	29	9.9	4.9
24	Kazakhstan	82	0.804	High	7.9	37	3.7	2.8
25	Kuwait	31	0.916	Very High	..	..	2.2	3.8
26	Kyrgyz Republic	120	0.710	Medium	7.3	31	6.4	6.6
27	Lebanon	83	0.803	High	7.6	33	8.9	2.0
28	Libya	55	0.847	High	13.4	60	2.9	2.7
29	Malaysia	66	0.829	High	6.1	25	4.3	4.7
30	Maldives	95	0.771	Medium	16.5	66	10.1	8.1
31	Mali	178	0.371	Low	54.5	133	6.0	4.6
32	Mauritania	154	0.520	Medium	36.2	115	2.2	2.9
33	Morocco	130	0.654	Medium	31.1	96	5.1	5.5
34	Mozambique	172	0.402	Low	46.8	127	4.7	5.0
35	Niger	182	0.340	Low	55.8	134	4.0	3.3
36	Nigeria	158	0.511	Medium	36.2	114	4.1	0.8
37	Oman	56	0.846	High	14.7	64	2.3	4.0
38	Pakistan	141	0.572	Medium	33.4	101	2.0	2.9
39	Palestine	110	0.737	Medium	6.0	24	..	..
40	Qatar	33	0.910	Very High	5.0	19	4.3	3.3
41	Saudi Arabia	59	0.843	High	12.1	53	3.4	6.8
42	Senegal	166	0.464	Low	41.6	124	5.4	4.8
43	Sierra Leone	180	0.365	Low	47.7	128	3.5	3.8
44	Somalia	..	..	..	..	..	..	0.4
45	Sudan	150	0.531	Medium	34.0	104	3.8	12.1
46	Suriname	97	0.769	Medium	10.1	46	7.4	9.0
47	Syria	107	0.742	Medium	12.6	56	3.9	3.2
48	Tajikistan	127	0.688	Medium	18.2	74	5.0	3.4
49	Togo	159	0.499	Low	36.6	117	5.5	3.8
50	Tunisia	98	0.769	Medium	15.6	65	5.3	7.1
51	Turkey	79	0.806	High	8.3	40	5.6	3.1
52	Turkmenistan	109	0.739	Medium	..	..	4.8	4.3
53	Uganda	157	0.514	Medium	28.8	91	7.2	3.8
54	U.A.E.	35	0.903	Very High	7.7	35	2.6	1.3
55	Uzbekistan	119	0.710	Medium	8.5	42	4.7	7.4
56	Yemen	140	0.575	Medium	35.7	111	4.6	9.6
	IDB-56 MCs		**0.628**		**26.9**		**4.1**	**3.7**

Sources: - UNDP, Human Development Report, 2009.
- UNESCO Institute of Statistics, online database, accessed on 3 Janaury 2010.
- WHO, World Health Statistics, online database, accessed on 4 March 2010.

Sl. No.	Country	1990	2007	2008	2009	Status of Hunger (2009)
Annex 14	**Global Hunger Index**					
1	Afghanistan	..	..	..	..	..
2	Albania	10.5	7.2	6.3	<5	Low Hunger
3	Algeria	7.4	6.5	6.0	<5	Low Hunger
4	Azerbaijan	..	8.6	10.4	7.9	Moderate Hunger
5	Bahrain	..	..	..	..	..
6	Bangladesh	32.3	28.4	25.2	24.7	Alarming Hunger
7	Benin	22.8	17.4	15.1	17.2	Serious Hunger
8	Brunei	..	..	..	..	..
9	Burkina Faso	25.1	24.6	23.5	20.4	Alarming Hunger
10	Cameroon	22.0	19.3	18.7	17.9	Serious Hunger
11	Chad	37.5	29.9	29.9	31.3	Extremely Alarming Hunger
12	Comoros	26.4	31.5	29.1	26.9	Alarming Hunger
13	Côte d'Ivoire	19.4	17.4	15.3	14.5	Serious Hunger
14	Djibouti	30.7	17.1	20.9	22.9	Alarming Hunger
15	Egypt	8.6	4.3	<5	<5	Low Hunger
16	Gabon	11.3	8.7	7.6	6.9	Moderate Hunger
17	Gambia	18.4	18.8	17.3	18.9	Serious Hunger
18	Guinea	29.3	21.8	20.9	18.2	Serious Hunger
19	Guinea Bissau	23.0	27.4	27.5	23.1	Alarming Hunger
20	Indonesia	16.0	11.6	11.3	14.8	Serious Hunger
21	Iran	8.3	4.7	<5	<5	Low Hunger
22	Iraq	..	..	..	..	..
23	Jordan	4.8	4.7	<5	<5	Low Hunger
24	Kazakhstan	..	5.9	<5	<5	Low Hunger
25	Kuwait	12.6	3.1	<5	<5	Low Hunger
26	Kyrgyz Republic	..	7.3	<5	<5	Low Hunger
27	Lebanon	5.1	3.5	<5	<5	Low Hunger
28	Libya	2.7	0.8	<5	<5	Low Hunger
29	Malaysia	9.5	6.5	6.5	<5	Low Hunger
30	Maldives	..	..	..	..	..
31	Mali	29.6	27.7	26.9	19.5	Serious Hunger
32	Mauritania	25.3	18.1	17.6	15.0	Serious Hunger
33	Morocco	7.7	6.8	6.5	5.8	Moderate Hunger
34	Mozambique	40.9	28.0	26.3	25.3	Alarming Hunger
35	Niger	38.0	32.7	32.4	28.8	Alarming Hunger
36	Nigeria	23.7	19.1	18.4	18.4	Serious Hunger
37	Oman	..	..	..	..	..
38	Pakistan	25.3	22.7	21.7	21.0	Alarming Hunger
39	Palestine	..	..	..	..	..
40	Qatar	..	..	..	..	..
41	Saudi Arabia	6.9	6.9	<5	<5	Low Hunger
42	Senegal	22.1	18.0	15.4	17.3	Serious Hunger
43	Sierra Leone	32.4	35.2	32.2	33.8	Extremely Alarming Hunger
44	Somalia	..	..	..	..	..
45	Sudan	24.5	25.6	20.5	19.6	Serious Hunger
46	Suriname	10.7	9.0	7.5	5.6	Moderate Hunger
47	Syria	9.6	4.2	<5	5.2	Moderate Hunger
48	Tajikistan	..	29.9	25.9	18.5	Serious Hunger
49	Togo	23.0	20.4	18.2	23.1	Alarming Hunger
50	Tunisia	5.2	2.5	<5	<5	Low Hunger
51	Turkey	6.2	4.2	<5	<5	Low Hunger
52	Turkmenistan	..	10.1	6.4	6.3	Moderate Hunger
53	U.A.E.	..	..	..	..	..
54	Uganda	19.9	18.6	17.1	14.8	Serious Hunger
55	Uzbekistan	..	13.6	11.2	7.5	Moderate Hunger
56	Yemen	30.7	31.5	29.8	27.0	Alarming Hunger

Source: Welthungerhilfe, "*Global Hunger Index, Challenge of Hunger*" (1990 and 2009).

Annex 15
List of Projects and Projects related Technical Assistance Approved During 1430H

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
1	Afghanistan	Doshi - Pol-e-Khomri Road Project - Supplementary Financing	Loan	05/07/09	80.74	10.20	6.80	Originally IDB had approved a Loan financing of $10 million in 2004 to reconstruct 50 km road between Doshi and Pol-e-Khomri. Due to increase in quantities and substantial increase in the prices of construction materials world-wide, the supplementary financing of $10.2 million was approved to complete the project. When completed, the road will restore connection between Kabul and the Northern Province as well as with the neighboring land-locked countries along Afghanistan's Northern border, namely, Tajikistan, Uzbekistan and Turkmenistan.
2	Albania	Reconstruction of Secondary Local Roads Project	Istisna	18/10/09	44.00	30.00	18.87	The IDB-financed part covering reconstruction of 173 km of roads is a portion of a multi-donor financed program for the overall improvement of about 1,500 km of secondary and rural roads in Albania. The project aims at improving the living conditions of people and alleviating poverty by providing them access to the essential services and economic opportunities.
			Loan			10.00	7.00	
3	Azerbaijan	Janub Power Plant Project	Istisna	18/10/09	956.03	201.53	125.56	The project aims at constructing 780 MW Gas-fired combined cycle power plant at Janub to ensure reliable power supply and increase the efficiency of the power generation system in Azerbaijan.
4	Bahrain	IDB's Participation in the Equity Capital of the Gulf Finance House (Additional Financing-III)	Equity	21/10/09	300.00	15.00	10.00	The financing represents IDB's participation in the increase of Equity Capital of the Gulf Finance House, to support its efforts in providing broad range of Islamic Financing Services.
5	Bahrain	220/66 kV Electric Transmission Development (Phase-IV) Project	Leasing	05/07/09	895.00	180.00	117.60	The project aims at meeting the increasing demand for electricity through reinforcing the 220 KV and 66 KV electrical transmission network within the national grid. The expansion and upgrade of the electricity network is required to deliver the increasing power capacity from the new generation plant to the load centers.
6	Bahrain	IDB's Participation in the Equity Capital of the Al-Umaar Bank	Equity	05/07/09	500.00	50.00	32.26	The Al-Umaar Bank aims to be the front-runner in developing an Islamic Interbank Market which is liquid and where *Shariah* compliant financial papers are traded. The initial Paid-up Capital will be $500 million, which will be increased to $1 billion in two years. IDB contributed by 10% ($50 million) of the initial Paid-up capital of the bank.
7	Bangladesh	Enhancement of Supply of Quality Seeds Project	Loan	31/05/09	43.68	10.00	6.67	The project is within the framework of "*Jeddah Declaration*" and the focus is on food security. The project aims to enhance the capacity of three concerned agriculture institutions, namely, Bangladesh Rice Research Institute, Bangladesh Agriculture Research Institute, and Bangladesh Development Corporation.
			Istisna			25.00	16.67	
8	Bangladesh	Rural Micro, Small and Medium Enterprises Services (MSME) Project	TA	17/03/09	0.36	0.30	0.20	The TA aims at improving the performance of sustainability of Micro, Small and Medium Enterprises (MSMEs) in six districts of Bangladesh. This is to be achieved through the development of ICT-based MSME support services delivered via tele- community centers, equipped with simple ICTs, such as computers, telephones/faxes and radio, which would allow the poor and the marginalized communities to overcome the digital divide by providing them access to beneficial knowledge and services.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
9	Benin	Small Scale Irrigation Development Project	Loan	31/05/09	16.85	5.90	4.00	The project aims at developing the agricultural production through crop intensification. This would contribute to the country's efforts for food self-sufficiency and food security, protect the environment and open up new production area, and develop water resources. The project would also develop capacity of the executing agency to support the production and marketing of agricultural produce. This would result in improved food security, and alleviate from poverty the rural population.
			Istisna			8.84	5.90	
10	Benin	Kandi-Segbana-Nigeria Border Road Project	Loan	18/10/09	76.38	20.00	12.63	Through construction of the road, the project intends to improve access to the Northern part of Benin (agricultural areas), facilitate transportation of goods and passengers, and contribute to the regional integration between Benin, Nigeria and the neighboring landlocked Burkina Faso.
11	Benin	Health System Development Support Project	Loan	13/12/09	64.50	20.00	12.50	The project contributes to achieve the health-related Millennium Development Goals (MDGs) in Benin, especially to reduce child mortality, improve maternal health and combat STI/HIV/AIDS, malaria and other diseases, through constructing and equipping three rural hospitals.
12	Burkina Faso	University of Bobo-Dioulasso Students Hostel Construction and Equipping Project	Loan	18/10/09	13.58	8.97	5.93	The project aims at constructing and equipping a hostel for 552 students of the Polytechnic University of Bobo-Dioulasso. The new hostel would provide the students with better living conditions with the objectives of (i) reducing dropout rate caused by difficult living conditions, and (ii) increase pass rates of students, particularly of girls, as indicated in the Government's 10-year development plan for higher education.
			LDMC Loan			3.12	1.97	
13	Cameroon	Sangmelima-Djoum Road Section of Sangmelima-Ouesso Road Project	Istisna	18/08/09	126.78	64.00	40.12	The project contributes to improving the transfer of goods and services between rural areas and economic centers. This would ensure national integration, through the construction of the 103 km road linking two major cities of Sangmelima to Djoum in the Southern Cameroon.
			Loan			11.17	7.00	
14	Chad	Malaria Prevention and Control Project	Loan	08/02/09	6.80	6.38	4.34	The project contributes to reducing by half malaria morbidity and mortality rates by 2012, through prevention measures and by providing facilities to the National Malaria Control Program. The project also extends support to the Project Management.
			TA			0.30	0.20	
15	Comoros	Health Sector (Phase-II) Project	TA	30/01/09	0.48	0.30	0.20	The TA contributes to the improvement of health status through increased access to quality health services. The project involves constructing a new operating theater in the National Hospital of El Maarouf in Moroni. This would improve the working conditions of the medical personnel and also improve the quality of surgical treatment.
16	Côte d'Ivoire	Singrobo-Yamoussoukro Highway (Phase-I) Project (Supplementary Financing)	Istisna	13/12/09	27.50	23.99	15.00	Through the supplementary financing the remaining portion (12 km) of Phase-I of the Singrobo-Yamoussoukro Highway will be upgraded from a paved road of 2 lanes single carriageway to a dual carriageway highway. Moreover, the project would contribute to promoting regional integration between Côte d'Ivoire and its neighbouring landlocked countries, namely, Burkina Faso, Mali and Niger and also provide them better access to the Abidjan seaport.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost	IDB Financing (in million)		Brief Description
					$	$	ID	
17	Côte d'Ivoire	Post-Conflict Program for the Central, Northern and Western Zones for Financial Year 1430H	Loan	21/12/08	36.30	10.00	6.76	The project aims at increasing access and improves the quality of urban infrastructure sectors such as roads, water and education. The project would be implemented in four main cities in the central, northern and western regions which were the worst hit during the conflict in Côte d'Ivoire.
18	Djibouti	Development of a Regulatory and Supervisory Framework for Islamic Banking - Central Bank of Djibouti	TA	12/07/09	0.08	0.07	0.05	The TA assists the Central Bank of Djibouti in setting up a legal framework to effectively regulate and supervise the activities of the Islamic Banks and financial institutions in the country.
19	Egypt	Implementation of Rural Micro, Small and Medium Enterprises (MSMEs) Services using ITC	TA	14/04/09	0.42	0.30	0.20	The TA assists in improving the performance and sustainability of Micro, Small and Medium Enterprises (MSMEs) in eight governorates of Egypt. This would be achieved through the development of ICT-based MSME support services delivered via telecenters.
20	Egypt	Hollow Fine Fibers Development Project	TA	18/08/09	4.30	1.00	0.65	The TA aims at helping in overcoming the problem of scarcity of water in Egypt, in particular, and in other member countries in general through improving the technology used in water desalination, and building the overall know-how and technology chain for producing the desalination membranes used in the modules of Reverse Osmosis desalination process.
21	Indonesia	IDB PNPM-Integrated Community-Driven Development Project (ICDD)	Istisna	10/01/09	126.96	68.00	42.50	The IDB PNPM - ICDD project aims at reducing poverty in the project areas through the process of community empowerment. The overall objectives of the project are to (i) improve the socio-economic conditions of communities in the targeted areas, especially women and the poorest, through (a) improving community infrastructure, both physical and social; (b) social services for the dependent/vulnerable segments of the communities; (c) facilitating economic growth and livelihoods development, and (ii) building capabilities and skills of communities and their local institutions.
			Loan			15.00	9.38	
22	Indonesia	Belawan Port Development (Phase-II) Project	Istisna	29/03/09	139.31	87.55	58.76	The project aims at increasing the capacity of the container terminal at Belawan port in order to accommodate a larger number of container vessels with higher loading capacity, thus contributing to increase trade as well as the overall economic growth of North Sumatra Province.
23	Indonesia	Development of Medical Education Research Center and Two University Hospitals Project	Istisna	18/10/09	129.79	31.26	19.66	The project aims at contributing to the improvement of medical teaching, research and service delivery. The Medical Research Centre will act as advanced medical referral institution through knowledge sharing, research, case studies and advanced training. The project also aims to establish and strengthen collaboration among the Research and Teaching Center and two university hospitals.
			Inst. Sale			32.71	20.57	
24	Indonesia	Consultancy Services of M/s Ernest & Young Advisory Services for Corporate Governance Assessment and the Earning Asset Review of the Bank Muakalat of Indonesia	TA	28/12/08	0.75	0.30	0.20	IDB engaged the services of Ernst & Young Indonesia to carry out the Corporate Governance Assessment and the Earning Asset Review of the Bank Muamalat Indonesia (BMI). This is in the context of the BMI's request to IDB to make a $50 million fund placement with BMI, for an unspecified time, with the aim of supporting the liquidity and business continuity of the Bank.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost	IDB Financing		Brief Description
					(in million)			
					$	$	ID	
25	Indonesia	Research Study on Enhancement of Carbon Sequestration Through Reforestation	TA	24/08/09	0.39	0.31	0.20	The TA enables to conduct a study on carbon sequestration through reforestation. The outcome of the study would include (a) a feasibility study for the establishment of a reforestation entity focusing on carbon sequestration, and (ii) a model to demonstrate the benefits of carbon sequestration from nation-wide reforestation with the aim to lessen the negative impacts of climate change.
26	Iran	Hamadan Sewerage Network and Treatment Plant Project	Istisna	07/07/09	68.68	7.14	4.58	The project aims at constructing a wastewater treatment plant, approach road, main trunk line, main and sub-main sewer lines in order to improve public health and improve irrigation systems in the surrounding areas.
27	Iran	Khoshkhab Novin Ansar Project - Utilization of Line of Financing extended to the Bank of Industry and Mine	Inst. Sale	24/05/09	6.50	6.50	4.20	The project aims at procuring equipment for the production of quilts, mattresses and pillows.
28	Iran	Kahir Storage Dam Project	Istisna	31/05/09	236.00	97.54	63.00	The project aims at providing the people of Chahbahar and Konarak cities a dependable and sustainable source of potable water for domestic and industrial uses and for irrigation of 5,000 hectares through the construction of a multipurpose dam on Kahir seasonal river to regulate the flow of the river. The dam would also provide protection against seasonal floods.
29	Iran	Qom Water Supply Project	Istisna	05/07/09	483.00	128.72	85.00	The project aims at improving the quality of life by securing and supplying 142.5 MCM of safe drinking water to the city of Qom and the neighbouring villages. The water would be supplied through a 175-km long pipeline system from Kouchery dam to Qom through Qom Water Treatment Plant. The project includes construction of the expansion of Qom Water Treatment Plant and a main distribution pipeline system.
30	Iran	Workshop on Competitiveness Strategies and Technology Access and Adoption by SMEs in OIC Countries	TA	03/10/09	0.04	0.03	0.02	The objective of the workshop is to review the ways and means for enhancing the competitiveness of SMEs in domestic, regional and global markets through the process of access, adoption and utilization of technologies.
31	Jordan	New Al-Zarqa Hospital Project	Inst. Sale	18/08/09	65.60	18.67	12.53	The project aims at improving secondary health care and contributing to achieving the Millennium Development Goals (MDGs) on health at the national level through construction of a 400-bed hospital in Al-Zarqa Directorate.
32	Jordan	Al Qatrana Independent Power Plant Project	Leasing	29/09/09	457.00	80.00	50.70	The Project aims at constructing a 373 MW Combined Cycle Gas Turbine Independent Power Plant at Al-Qatrana town - 90 km from Amman City. The power generated from plant would be sold to National Electric Power Co under a 25-year Power Purchase Agreement. The project would be established on BOO (Build, Own and Operate) concept on the basis of a 25-year concession given by the Government of Jordan.
33	Jordan	Capacity Building of Small Farmers in Al-Mudawara Area	TA	11/02/09	0.37	0.30	0.20	The project aims at building the capacity of the small farmers in Al-Mudawara area - a poverty pocket in Jordan - for enabling them to produce seasonal and off-season organic vegetables to improve their incomes in a sustainable way. This would be achieved through the provision of expert services for technical advice and supervision for applied methods on the use of organic farming, equipping and supplying inputs required for on-farm demonstrations, and providing training, such as workshops and familiarization visits.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
34	Jordan	Capacity Building of the Local Communities in Ajlun and Al-Balqa Governorates	TA	31/10/09	0.50	0.30	0.19	The TA builds and strengthens the institutional capacity of two Community Development Centers in two selected Governorates of Ajlun and Al-Balqa, with the aim of sustainably developing the vulnerable women and youth. The intervention would constitute Phase-I of a Community Driven Development Program in Jordan, and if proved successful, it would be replicated in other Governorates.
35	Kazakhstan	Reconstruction of 58-km Road Section of "Border of South Kazakhstan Oblast to Taraz Road" Project	Istisna	08/02/09	213.88	186.00	124.12	The project aims at constructing 58 km long highway section in Zhambyl Oblast and improving road operations and maintenance system of the road corridor linking Western Europe to Western China through Kazakhstan. This would improve transport efficiency and safety and promote development along one of Kazakhstan's main strategic road transport corridors.
36	Kazakhstan	Bartogay Water Reservoir and Greater Almaty Canal Rehabilitation and Modernization Project	TA	01/09/09	0.44	0.31	0.20	The TA prepares a feasibility study for the rehabilitation and modernization of the Bartogay Water Reservoir and Greater Almaty Canal irrigation system.
37	Kazakhstan	Line of Financing Extended to Kazagrofinance	Line	18/08/09	30.00	30.00	19.32	The line of financing aims at enhancing production capacity of Kazakhstan farmers, within the framework of Jeddah Declaration, through financing of modern agricultural equipment and machinery.
38	Kazakhstan	Line of Financing Extended to Nurbak	Line	18/08/09	10.00	10.00	6.44	The line of financing aims at enhancing production capacity of Kazakhstan farmers, within the framework of Jeddah Declaration, through financing of modern agricultural equipment and machinery.
39	Kyrgyz Rep.	Micro-finance for Rural Areas Project	Loan	05/07/09	10.05	5.00	3.34	The project aims at supporting and complementing the Government's efforts to achieve economic growth and alleviate poverty by increasing the access of rural and urban poor, particularly women, to appropriate, reliable and affordable microfinance services as well as introduce *Shariah* compliant microfinance services and products.
			TA			0.30	0.20	
40	Kyrgyz Rep	Bishkek-Torugart Road Reconstruction Project	Loan	13/12/09	69.25	16.95	10.62	The objective of the project is to provide year-round reliable and direct land transport service, through reconstruction of the road between Bishkek and Kachi (or Kashgar), the nearest large city in Xinjiang province of China, which links to Urumcche and the rest of China. It would also enhance trade and flow of passengers and freight traffic between Kyrgyz Rep. and its neighbouring countries i.e. Kazakhstan and China.
41	Lebanon	Lebanese University, Tripoli Campus Construction and Equipping Project	Istisna	13/12/09	114.66	24.00	14.78	The objective of the project is to enhance the quality of learning environment in the technical faculties through the construction of building, providing furniture and equipment. It would also meet the needs of ever increasing enrollment levels of students.
42	Lebanon	Mkalles Roadway Interchange Development Project	Istisna	08/02/09	18.50	15.50	10.40	The project aims at improving the operational efficiency of urban transport system in Greater Beirut area. The project would improve level of transport services through construction of a grade separated interchange.
43	Lebanon	Sahel Akkar Water Supply and Sanitation Project	Istisna	31/05/09	58.17	52.73	35.15	The project aims at providing safe drinking water and sewerage system in order to contribute to the improvement of livelihoods of population and overall health conditions in the project area.
44	Lebanon	Evaluation of the Education System in Lebanon (PASEC)	TA	22/12/09	0.20	0.10	0.06	The TA aims at improving the outcomes of the education system in Lebanon and reorienting the educational institutions towards sustainable development.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
45	Libya	Feasibility Study of Water Harvesting in Jabal Al Akhdar Project	TA	10/08/09	0.30	0.26	0.18	The TA facilitates a feasibility study to determine the technical, social, economic and financial viability for water harvesting project that would provide additional sources of water supply, in Jabal Al-Akhdar area to increase agricultural production.
46	Libya	Capacity Building for Islamic Banking System at Al-Gumhouria Bank	TA	12/10/09	0.17	0.09	0.06	The TA facilitates capacity building of Al-Gumhouria Bank to provide *Shariah* compliant financial services for promoting Islamic banking.
47	Mali	Taoussa Dam Construction Project	Inst. Sale	31/05/09	195.41	20.00	13.50	Construction of a dam is the first phase of the Taoussa Development Program. The Program aims at alleviating poverty in Northern Mali through the reinforcement of food and energy security and restoration of the ecosystem deteriorated by long and recurrent droughts, rainfall deficit and desertification. About 2,300 ha of agriculture land would be developed for farming in the project area.
			Loan			10.00	6.73	
48	Mali	Tien-Konou/Tamani Rural Development Support Project	Istisna	31/05/09	33.30	13.00	8.00	The project aims at contributing to the country's efforts towards food security, enhancing rural income of the rural population and sustainable management of natural resources. The special focus of the project is on women and youth development through irrigation of about 1,271 ha and 16,000 ha under full water control irrigation system. The project would provide water submersion control, extension services, adaptive research and environmental protection measures, community-driven development including provision of line of micro-financing.
			Loan			11.50	7.00	
49	Mauritania	Guelb II Expansion Project (SNIM)	Leasing	04/07/09	650.00	80.00	51.79	This is an expansion project. With the construction of the new beneficiation plant (Guelb II) (located close to the existing beneficiation plant), an additional 4 Mt/y of high grade magnetic concentrates is plan to be produced. The project also includes extension and modernization of existing facilities (including power plant) and workshops, building of a new tailings disposal area and opening of a new water field.
50	Mauritania	Railway Modernization Project (SNIM)	Leasing	04/07/09	34.00	28.00	18.13	The project enables SNIM to export an additional 6 million tons/year of high grade magnetic concentrates, an increase of about 50% of its existing capacity. The project also facilities mechanizing the maintenance of the railway and installing of a real time information system.
51	Morocco	Kenitra Power Plant Project	Inst. Sale	29/03/09	247.40	197.00	126.00	The project aims at adding 300 MW power to the existing system in order to overcome power shortage and to contribute to the economic growth of the country.
52	Morocco	Water Supply Expansion Project for Fes Rural Communities in Taza Province	Istisna	18/08/09	61.41	39.81	26.48	The project aims at satisfying the water demand for the urban population in the southern districts of Fes city from the existing Ain Nokbi Water Treatment Plant for the rural population in Taza province by building the transmission line for Bab Louta Dam and Asfalou Dam.
			Loan			10.53	7.00	

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost	IDB Financing (in million)		Brief Description
					$	$	ID	
53	Mozambique	Niassa Province Rural Electrification Project	Loan	31/05/09	11.42	10.31	6.97	The project aims at contributing to improve the living conditions of the population and supporting the economic development of the Niassa Province in the northern region of Mozambique by supplying low cost affordable clean electricity to rural communities in three main localities. The project contributes to the objective of poverty reduction by significantly improving the quality of education, health and social services by facilitating the establishment of income generating activities.
54	Niger	Kandadji Dam Construction Project	Loan	07/04/08	317.00	10.00	6.30	The project is the first phase of the "*Kandadji Program for the Regeneration of Ecosystem and the Development of Niger Valley*". It includes construction of a dam and related facilities at Kandadji in the North-eastern part of Niger and implementation of all associated environmental and social safeguards. This would ultimately contribute to reducing poverty and ensuring food and energy security.
55	Niger	Special Program for Food Security (Phase-II)	Loan	18/08/09	18.93	15.91	10.75	The project objective is to contribute to strengthening food security by increasing production and productivity of agriculture, livestock and fishing through production intensification and diversification, hydro-agricultural land development and support to the farmers' associations. The project components includes (i) construction of community infrastructure; (ii) support to agricultural activities, livestock and fishing, and (iii) line of micro-finance and capacity building, etc.
			TA			0.30	0.20	
56	Nigeria	Construction and Equipping of Four Science Secondary Schools Project for Kaduna State	Loan	18/08/09	21.13	17.32	11.55	The project aims at constructing and equipping two boys and two girls science secondary schools in Kaduna State with the objective of increasing the number of science graduates from senior secondary schools so as to produce the manpower required for the development of the State.
57	Nigeria	New 300-Bed Specialized Hospital Construction and Equipping Project in Kaduna State	Inst. Sale	13/12/09	74.05	43.15	27.93	The main objective of the project is to provide comprehensive and qualitative tertiary health services that effectively handle referrals from primary and secondary health facilities inside Nigeria and from neighboring countries. This is planned to be achieved through constructing and equipping of a new 300-bed specialized hospital and recruiting highly trained medical personnel to provide state-of-the-art medical care services.
58	Nigeria	Capacity Building of the Central Bank of Nigeria for Development of a Regulatory and Supervisory Framework for Islamic Banking in Nigeria	TA	08/07/09	0.32	0.24	0.16	The main objective of the TA is to assist the Central Bank of Nigeria to develop a regulatory supervisory framework for promoting Islamic banking in Nigeria.
59	Pakistan	Meezan Bank Ltd. (Additional Financing IV)	Equity	19/04/09	5.70	2.00	1.32	The objective of provision of additional financing is to bring the Meezan Bank's capital in line with the requirements of the State Bank of Pakistan. This would help the Bank to continue its operations.
60	Pakistan	Neelum Jhelum Hydropower Plan Project	Istisna	31/05/09	1,646.30	137.64	89.00	The project is an essential part of the Government of Pakistan's strategy to fill the existing electricity supply gap while at the same time increase the share of low cost, renewable hydel electricity in the overall electricity supply.
61	Pakistan	Pakistan Railways Development (Phase-III) Project	Inst. Sale	18/10/09	150.60	140.00	88.00	The project aims at replacing the old signaling and block (inter-section) signaling equipment on a 433 km section of the Lodharan-Multan- Khanewal-Shahdara Bagh railway section.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
62	Pakistan	On-Farm Water Management Project	TA	24/06/09	0.41	0.30	0.20	The TA aims at capacity building of the Federal Water Management Cell of the Ministry of Food, Agriculture, and Livestock. The TA would contribute enhancing rural farms profitability and productivity.
63	Sudan	The White Nile Sugar Project (Supplementary Financing)	Leasing	17/01/09	42.18	11.20	7.48	Originally, the total cost of project was estimated at $421.475 million to set up the sugar project, in which IDB's participation was $52 million for the procurement of four steam boilers. In view of the global increase in the prices of the industrial equipment, as also the changes in the specifications of the boilers, the supplementary financing was provided to meet the increased cost of the project.
64	Sudan	Cotton Ginning Plants Project	Leasing	08/02/09	23.36	19.50	13.13	The project aims at replacing three obsolete plants with new ginning plants in Gezira, Halfa and Rahad units to enhance productivity and competitiveness of cotton sector of Sudan.
65	Sudan	Water Harvesting Project for Agro-Pastoral Development	Loan	08/02/09	14.02	12.60	8.50	The project aims at securing, through water harvesting techniques, enough water during the dry season for both human and livestock needs, with the construction of 3 small dams, 27 water points, and 3 depression reservoirs.
66	Sudan	Faculty of Engineering of the University of Khartoum Project	Inst. Sale	18/08/09	19.23	10.29	6.68	The project aims at assisting the Faculty of Engineering of the University of Khartoum in producing qualified engineering graduates, equipped with the needed skills to support community development and increase productivity of economic sectors.
			Loan			5.88	3.82	
67	Sudan	Microfinance Support Program	Loan	13/12/09	62.50	11.00	7.33	The project aims at improving the livelihoods of low-income people through facilitating their access to microfinance facilities, market oriented training, and business opportunities.
			LDMC Loan			3.00	2.00	
			TA			0.45	0.30	
68	Sudan	Line of Financing Extended to the Agricultural Bank of Sudan (ABS)	Line	05/07/09	10.00	10.00	6.46	The project aims at extending a line of Leasing, Installment Sale and *Istisna* to the Agriculture Bank of Sudan (ABS) to finance small and medium scale agricultural projects. The project would also enable ABS to secure additional financing resources for the increasing requests to finance SME projects in Sudan.
69	Suriname	Supplementary Financing for Upgrading of Nieuw Nickerie Port Project	Istisna	31/05/09	21.71	5.50	3.67	The project aims at streamlining trade export from Suriname and promoting regional cooperation through the improvement of physical infrastructure in the Nieuw Nickerie Port.
70	Syria	Dier Ali Combined Cycle Power Plant (Phase-II) Project	Leasing	29/03/09	878.51	130.00	87.00	In order to meet the increasing demand for electricity, the combined cycle power plant plans to provide additional 750 MW electricity to the existing Dier Ali Power Plant to serve the southern part of the country.
71	Syria	Damascus Water Supply System Expansion Project	Istisna	05/07/09	159.10	105.25	72.66	In view of the increasing demand for water in Damascus area, the project aims to meet the demand through improving the efficiency of the existing system and reduce the unaccounted for water. The project includes laying of new primary and secondary pipelines, construction of new pumping stations and reservoirs and rehabilitation of the existing reservoirs in the central and peripheral areas.
			TA			0.28	0.19	
72	Tajikistan	Dangara General Hospital Construction and Equipping Project	Loan	19/04/09	17.23	2.00	1.35	With the construction of a new hospital and provision of modern medical equipment, the project aims at providing adequate health services to the population of Khatlon Region (Oblast) and other neighbouring regions.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
73	Tajikistan	Regional Power Transmission Interconnection Project	Loan	13/12/09	50.00	4.05	2.55	The project aims at constructing power transmission lines for selling excess power (300 MW) to Afghanistan. The line would be from Sangtuda to Kunduz.
74	Tajikistan	Kulyab-Kalaikhum Road Project	Loan	05/07/09	92.90	20.00	13.22	The project aims at providing year-round reliable and direct land transport service between the Western Part of Tajikistan including the capital Dushanbe and the Eastern Region of Gorno-Badakhshan. The road will also link Tajikistan with the strategic Karakorum highway in China through Kulma Pass providing access to the seaport of Karachi, Pakistan, thus enhancing trade and flow of passengers and freight traffic between Tajikistan and neighbouring countries, Afghanistan, Kyrgyz Rep., Uzbekistan and China.
75	Tajikistan	Microfinance Project for Rural Areas	Loan	05/07/09	20.08	10.00	6.67	The project aims at supporting and complementing the Government's efforts to enhance economic growth and alleviate poverty by increasing the access of rural and urban poor, particularly women, to appropriate, reliable and affordable microfinance services.
			TA			0.33	0.22	
76	Togo	Bassar-Katchamba Road Construction Project	Loan	31/05/09	45.00	12.00	7.50	The Project aims at upgrading and surfacing 90.5 km of existing earth road linking the localities of Bassar to Katchamba. The project would also lead to economic and social development of the agricultural area.
77	Tunisia	Gafsa Gas Pipeline Project	Istisna	05/07/09	59.36	47.43	30.70	The objective of the project is to expand the Gas Transport Network in Gafsa basin to cater for energy needs of the local industries, particularly phosphate treatment plants, cement and chemical industry, as well as residential connections in Gafsa City.
78	Tunisia	Interconnection of El- Houareb and Sidi Saad Dams for the Irrigation Development Project in Kairouan	Istisna	13/12/09	16.90	12.30	8.20	The objective of the project is to increase agricultural productivity and consequently the farmers' incomes in irrigated agriculture in Kairouan Governorate. The project would improve the water supply for irrigation by increasing water quantity and quality and improving the availability of water for both Sidi Saad and El-Houareb irrigated areas.
79	Tunisia	Capacity Building of the National Gene Bank	TA	10/08/09	0.91	0.40	0.27	The TA enables the National Gene Bank of Tunisia to strengthen its activities for an effective conservation of biodiversity and its sustainable use. This would ensure the selection and conservation of natural genetic material and especially those which are threatened by extinction and ensure the availability of genetic resources to sustain agricultural development through supply of valuable genes to breeding programs and to rehabilitate degraded natural habitats to sustain the livelihoods of rural communities.
80	Turkey	Electric Locomotives Project	Istisna	31/05/09	389.00	220.00	142.00	The project aims at increasing the competitiveness of the railway transportation sector among other transportation modes in Turkey by improving the utilization of the existing electrified rail network and contributing to the locomotive technology transfer to Turkey.
81	Turkmenistan	Procurement of Two New Oil Tankers Project	Inst. Sale	31/05/09	32.00	31.00	21.00	The project aims at enhancing the country's capacity in exporting its energy resources to regional and international markets.
82	Turkmenistan	Feasibility Study of Silicon Production from Karakum Sand Project	TA	24/05/09	0.33	0.30	0.20	The TA facilitates a study to assess the feasibility of using the Karakum Desert sand in Turkmenistan for commercial production of solar grade silicon to be used for the manufacturing of solar cells.

Sl. No.	Country	Project Name	Mode	Approval Date	Total Cost (in million)	IDB Financing (in million)		Brief Description
					$	$	ID	
83	Uganda	Rural Income and Employment Enhancement Project	Loan	31/05/09	27.66	9.70	6.60	The overall goal of the project is to contribute towards socio-economic development and transformation of Uganda's rural population through providing revolving microfinance and developing of institutional and business services.
			TA			0.30	0.20	
84	Uganda	Line of Financing Extended to the Uganda Development Bank	Line	13/12/09	10.00	10.00	6.25	The main objective of the project is to enable the development of small and medium scale enterprises in Uganda in key sectors, such as agriculture, fruit and vegetable processing and textile industry.
85	Uzbekistan	Tashkent Sewerage Project	Istisna	13/12/09	38.84	35.37	22.40	The project aims at improving the environmental conditions as well as reliability, efficiency and sustainability of waste water management in Tashkent City.
86	Yemen	Al-Saleef Port Silos Project	Inst. Sale	08/02/09	41.95	21.25	16.00	The project aims at constructing 10 grain silos (especially for wheat) with a total storage capacity of 100,000 MT expandable to 200,000 MT with advance storing, handling and bagging system.
87	Yemen	ABYAN Agriculture Development Project	Loan	29/03/09	12.85	11.50	7.64	The project aims at promoting sustainable water resources and improving agriculture productivity and smallholder income in Abyan Governorate. This would be achieved by developing and increasing water resources, protecting lands against floods, developing new irrigated agricultural areas, increasing agricultural production, improving agriculture marketing and supporting small farmers through productive micro-finance schemes.
			TA			0.29	0.19	
88	Yemen	Rural Electrification Project	Loan	31/05/09	117.00	10.00	7.00	The project aims at improving electricity access of rural populations in the selected areas in a financially sustainable manner as well as supporting the Government in raising electricity coverage in rural areas.
89	Yemen	Vocational Literacy Training Program (VOLIP)	Loan	15/12/09	21.58	10.89	6.80	The objective of the project is to contribute to rural poverty reduction in three governorates in Yemen by empowering poor rural families with literacy proficiency, market oriented vocational and entrepreneurial skills, and improved access to microfinance and business counseling services. This would be achieved through non-formal basic education, youth vocational training, training of women workers, access to microfinance and capacity building.
			TA			0.37	0.23	
90	Regional	ADB-IDB Islamic Infrastructure Fund	Equity	17/05/09	500.00	150.00	100.00	This is a $500 million fund sponsored by the Asian Development Bank and the IDB with the objective of investing in infrastructure projects in the 12 common member countries of ADB and IDB.
91	Regional	Program for Infrastructure Development in Africa (PIDA)	TA	13/12/09	11.47	1.77	1.11	The TA facilitates the program that aims at promoting regional integration in Africa through improved regional and continental infrastructure development.
92	Regional	Emergency Assistance to Victims of Floods in West Africa	TA	18/10/09	2.30	2.30	1.44	West Africa experienced devastating and exceptional torrential rains and floods, during the rainy season in 1430H, which has caused suffering for residents of these areas. The Grant provides urgent humanitarian support and assistance to the countries severely affected by the floods.

Annex 16
IDB Scholarship Program for Muslim Communities in Non-member Countries

No.	Country	Year Started	Total up to 1430H (December 2009) Quota	Utilized	Graduates	Non-completions	Active/ Current	1430H (December 2009) Quota	Selected	Enrolled
Non-Member Countries										
1	Argentina	1997	26	3	0	0	3	3		
2	Australia	2006	12	1	0	0	1	5		
3	Bosnia-Herzegovina	1994	152	57	33	8	16	20		
4	Brazil	2006	12	2	0	0	2	5		
5	Bulgaria	1989	78	76	22	15	39	6		
6	Burundi	2002	18	29	1	1	27	5	5	5
7	Cambodia	1992	46	67	16	3	48	5	9	7
8	Canada	1994	36	47	14	3	30	5	5	5
9	Central African Republic	1994	47	19	0	0	19	6	6	
10	China	1992	544	403	57	2	344	160		
11	Congo	1992	46	47	12	7	28	5	5	4
12	Croatia	2001	22	21	5	0	16	5		
13	Democratic Republic of Congo (Zaire)	1987	135	70	18	15	37	14	14	
14	Eritrea	1986	171	125	71	32	22	10		
15	Ethiopia	1990	284	256	105	26	125	30	30	16
16	Fiji	1986	62	47	30	16	1	5		
17	Ghana	1986	272	287	163	20	104	18	20	20
18	Greece	1995	23	2	2	0	0	0		
19	Guyana	1994	37	22	8	8	6	5	10	
20	India	1983	2,880	3,081	2201	95	785	240		
21	Kenya	1983	244	228	130	26	72	16	16	16
22	Kibris	1988	41	8	6	2	0	3		
23	Kosovo	1995	32	59	7	5	47	5		
24	Lesotho	1995	28	5	1	4	0	3		
25	Liberia	1987	150	125	38	28	59	10	11	
26	Macedonia	1991	48	106	40	9	57	5	10	10
27	Madagascar	1987	85	54	16	14	24	5	5	5
28	Malawi	1986	108	65	21	15	29	6	6	6
29	Mauritius	1986	70	61	38	6	17	5	5	5
30	Mongolia	1991	49	51	16	18	17	5	5	5
31	Myanmar	1985	229	209	76	59	74	15	21	13
32	Nepal	1987	116	141	93	8	40	8	10	10
33	New Zealand	1993	36	15	6	2	7	5		
34	Papua New Guinea	2000	22	2	0	1	1	3		
35	The Philippines	1986	567	652	370	118	164	40	40	
36	Russian Federation	1993	151	73	16	18	39	16	15	8
37	Rwanda	1990	58	70	25	2	43	6	6	6
38	Seychelles	2008	-	-	-	-	-	-		
39	Singapore	1985	94	60	49	5	6	5	2	2
40	South Africa	1987	188	178	90	25	63	5		6
41	Sri Lanka	1983	249	292	240	6	46	15	14	14
42	Tanzania	1985	411	395	197	66	132	12	34	30
43	Thailand	1986	384	484	347	25	112	34		
44	Trinidad-Tobago	1989	80	44	31	7	6	25		
45	U.S. Virgin Isles	1995	32	2	2	0	0	5		
46	Vanuatu	1999	24	7	2	1	4	3		
47	Vietnam	1995	34	36	16	5	15	3	5	1
48	Zambia	2000	27	13	3	2	8	5	2	2
49	Zimbabwe	1993	41	21	13	1	7	5		
	New Countries	-	-	-	-	-	-	15		
Member Countries Included on Exceptional Basis										
50	Afghanistan	1986	454	451	342	51	58	-		
51	Albania	1994	34	27	13	4	10	-		
52	Azerbaijan	1994	21	2	2	0	0	-		
53	Cote d'Ivoire	1987	87	45	23	7	15	5	5	5
54	Guinea Bissau	2008	5	10	-	-	10	5	5	4
55	Kazakhstan	1992	72	52	13	38	1	-		
56	Mozambique	1992	57	44	23	5	16	5		
57	Nigeria	1987	885	902	462	63	377	-		
58	Palestine	1984	207	187	138	6	43	15	11	11
59	Somalia	1996	150	165	33	13	119	20	20	10
60	Sudan	2008	5	5	-	-	5	5		5
61	Togo	1986	122	92	45	23	24	5	7	7
	TOTAL		**10,600**	**10,100**	**5,741**	**939**	**3,420**	**900**	**359**	**238**

Definitions

i. Country = Beneficiary country
ii Quota = Total No. of scholarships allotted/budgeted
iii. Total = Total No. of scholarships utilized
iv. Graduates = No. of students completed their studies.
v. Non-completions = Students who could not complete for various reasons like failure, withdrawal, absence, death, misconduct, sickness, etc.

Annex 17 IDB Merit (MSP) & M.Sc Scholarship Programs															
No	Countries	Selection until 1425H (2004-05)		1426 / 2005-06		1427 / 2006-07		1428 / 2007-08		1429 / 2008		1430 / 2008-09		Total Selected	
		Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc
1	Afghanistan	1	12	-	1	-	3	2	2	1	3	1	3	5	24
2	Albania	1	-	-	-	1	-	1	-	-	-	-	-	3	-
3	Algeria	12	-	2	-	1	-	-	-	-	-	4	-	19	-
4	Azerbaijan	1	-	-	-	-	-	-	-	-	-	-	-	1	-
5	Bahrain	4	-	-	-	-	-	1	-	-	-	-	-	5	-
6	Bangladesh	19	-	3	-	3	-	1	-	5	-	5	-	36	-
7	Benin	2	10	-	-	1	1	-	-	-	3	1	2	4	16
8	Brunei Darussalam	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Burkina Faso	1	3	-	1	-	1	-	1	-	-	1	3	2	9
10	Cameroon	4	-	-	-	-	-	1	-	-	-	-	-	5	-
11	Chad	2	9	-	1	-	1	-	1	-	3	1	3	3	18
12	Comoros	-	3	-	-	-	1	-	1	1	4	1	3	2	12
13	Côte d'Ivoire	-	-	-	-	-	-	-	-	2	-	1	-	3	-
14	Djibouti	-	4	-	-	-	1	-	1	-	2	-	1	-	9
15	Egypt	19	-	3	-	3	-	3	-	5	-	5	-	38	-
16	Gabon	-	-	-	-	-	-	-	-	-	-	2	-	-	-
17	Gambia	3	5	-	2	-	1	-	2	-	4	-	1	3	15
18	Guinea	4	10	-	2	-	1	-	2	-	4	-	3	4	22
19	Guinea Bissau	-	-	-	-	-	-	-	-	-	1	-	-	-	1
20	Indonesia	23	-	3	-	4	-	4	-	5	-	5	-	44	-
21	Iran	14	-	3	-	3	-	4	-	4	-	5	-	33	-
22	Iraq	3	-	-	-	1	-	1	-	-	-	5	-	10	-
23	Jordan	10	-	-	-	1	-	1	-	3	-	5	-	20	-
24	Kazakhstan	2	-	-	-	-	-	-	-	-	-	-	-	2	-
25	Kuwait	4	-	-	-	-	-	-	-	1	-	-	-	5	-
26	Kyrgyz Republic	4	-	-	-	-	-	-	-	-	-	2	-	6	-
27	Lebanon	4	-	-	-	-	-	1	-	2	-	2	-	9	-
28	Libya	3	-	-	-	-	-	-	-	-	-	-	-	3	-
29	Malaysia	12	-	3	-	3	-	4	-	5	-	3	-	30	-
30	Maldives	1	8	-	2	-	1	1	1	1	1	-	3	3	16
31	Mali	1	6	-	-	2	1	-	1	-	1	-	1	3	10
32	Mauritania	1	7	-	2	1	1	-	1	-	3	-	2	2	16
33	Morocco	8	-	-	-	-	-	-	-	1	-	4	-	13	-
34	Mozambique	1	-	-	-	-	-	-	-	-	-	1	1	2	-
35	Niger	3	8	-	2	-	2	-	1	-	2	-	2	3	17
36	Nigeria	-	-	-	-	2	-	1	-	2	-	5	-	10	-
37	Oman	7	-	-	-	1	-	-	-	2	-	2	-	12	-
38	Pakistan	17	-	2	-	3	-	4	-	5	-	5	-	36	-
39	Palestine	11	2	-	2	3	2	2	1	4	4	3	4	23	15
40	Qatar	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Saudi Arabia	6	-	-	-	-	-	-	-	-	-	-	-	6	-
42	Senegal	4	-	-	-	-	-	1	-	-	-	-	-	5	-
43	Sierra Leone	1	9	-	1	-	1	-	2	-	3	2	3	3	19
44	Somalia	2	12	-	2	-	1	-	2	1	3	-	3	3	23
45	Sudan	13	-	2	-	1	-	4	-	5	-	3	-	28	-
46	Suriname	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Syria	9	-	2	-	2	-	2	-	3	-	3	-	21	-
48	Tajikistan	3	-	-	-	-	-	-	-	-	-	-	-	3	-
49	Togo	1	2	-	-	-	2	-	-	-	1	-	4	1	9
50	Tunisia	7	-	1	-	3	-	4	-	5	-	5	-	25	-
51	Turkey	16	-	1	-	1	-	1	-	4	-	4	-	27	-
52	Turkmenistan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	Uganda	5	14	-	1	1	1	1	1	1	4	-	4	8	25
54	U. A.E.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Uzbekistan	-	-	-	-	2	-	2	-	-	-	1	-	5	-
56	Yemen	7	16	1	1	-	1	1	1	-	4	-	4	9	27
Students from Non-Member Countries Selected on Exceptional Basis							-	6	1	3	-	3	-	12	1
	Total	**276**	**140**	**26**	**20**	**43**	**23**	**54**	**22**	**71**	**50**	**90**	**50**	**558**	**304**

Table 18 IDB Special Assistance Program									
Year	Member Countries			Muslim Communities in Non-Member Countries			Total		
	No.	ID Million	$ Million	No.	ID Million	$ Million	No.	ID Million	$ Million
1399H	1	0.7	0.9	-	-	-	1	0.7	0.9
1400H	5	6.9	9.1	1	0.8	1.0	6	7.7	10.1
1401H	3	2.0	2.2	5	3.3	4.0	8	5.3	6.2
1402H	6	5.5	6.3	1	0.6	0.7	7	6.1	7.0
1403H	3	3.3	3.7	3	3.1	3.4	6	6.4	7.0
1404H	24	55.2	57.4	9	5.4	5.8	33	60.6	63.2
1405H	10	21.2	25.0	21	9.6	10.7	31	30.8	35.7
1406H	4	0.7	0.8	16	9.2	10.5	20	9.8	11.2
1407H	9	5.7	7.1	7	3.2	3.9	16	8.9	11.0
1408H	41	24.9	32.4	24	5.6	6.9	65	30.6	39.3
1409H	11	24.1	28.2	23	6.3	8.0	34	30.3	36.3
1410H	33	40.4	50.0	21	3.6	4.7	54	44.0	54.7
1411H	34	23.8	30.1	24	4.2	5.5	58	28.0	35.6
1412H	26	7.6	10.2	38	22.3	29.9	64	29.9	40.1
1413H	16	11.6	15.8	18	2.6	3.6	34	14.1	19.4
1414H	28	12.3	17.2	38	5.2	7.1	66	17.5	24.3
1415H	9	1.1	1.5	27	4.1	5.9	36	5.2	7.4
1416H	8	3.9	5.6	37	4.8	7.0	45	8.6	12.6
1417H	10	9.1	12.9	27	3.7	5.3	37	12.8	18.1
1418H	12	4.6	6.2	36	5.5	7.4	48	10.1	13.6
1419H	25	3.5	4.8	36	5.8	7.9	61	9.2	12.7
1420H	15	9.0	12.3	51	15.4	19.6	66	24.3	31.8
1421H	14	8.0	10.9	23	4.1	5.4	37	12.1	16.3
1422H	17	5.2	6.6	30	5.6	7.1	47	10.8	13.7
1423H	13	5.8	7.9	27	4.3	5.7	40	10.1	13.5
1424H	18	12.8	17.9	29	4.0	5.7	47	16.8	23.6
1425H	26	7.2	10.6	39	6.5	9.6	65	13.7	20.3
1426H	11	4.3	6.3	34	5.2	7.7	45	9.5	14.0
1427H	17	7.3	10.6	30	5.3	7.8	47	12.6	18.4
1428H	23	7.4	11.1	37	9.4	14.3	60	16.9	25.4
1429H	11	4.9	7.5	44	8.3	13.0	55	13.2	20.5
1430H	7	5.2	7.8	41	7.3	11.3	48	12.4	19.1
	490	**345.1**	**436.8**	**797**	**184.3**	**246.3**	**1,287**	**529.4**	**683.1**

Annex 19
Inter-and Intra-Exports of World, Industrial, Developing and IDB Member Countries[1]

From ------------------> To	World					Industrial Countries					Developing Countries					IDB Member Countries				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
World																				
Exports ($ billion)	9,136	10,369	11,997	13,910	16,070	6,645	7,402	8,371	9,436	10,554	2,393	2,853	3,484	4,313	5,310	671	792	929	1,141	1,427
Annual Percent Change	21.5	13.5	15.7	15.9	15.5	19.5	11.4	13.1	12.7	11.8	27.0	19.2	22.1	23.8	23.1	28.3	18.2	17.3	22.8	25.0
Imports ($ billion)	9,480	10,757	12,352	14,327	16,575	6,245	6,803	7,604	8,723	9,711	3,116	3,800	4,596	5,442	6,675	866	1,080	1,333	1,523	2,007
Annual Percent Change	22.4	13.5	14.8	16.0	15.7	19.2	8.9	11.8	14.7	11.3	29.1	22.0	20.9	18.4	22.6	29.1	24.7	23.5	14.2	31.8
Industrial Countries																				
Exports ($ billion)	6,439	7,023	7,882	8,987	9,972	4,764	5,100	5,614	6,271	6,769	1,635	1,878	2,215	2,659	3,134	416	471	529	624	749
Annual Percent Change	18.5	9.1	12.2	14.0	11.0	16.7	7.1	10.1	11.7	7.9	23.7	14.8	18.0	20.0	17.9	22.3	13.3	12.4	17.9	20.0
Imports ($ billion)	6,909	7,689	8,666	9,752	10,876	4,627	4,950	5,454	6,114	6,593	2,249	2,702	3,173	3,601	4,236	598	747	883	958	1,236
Annual Percent Change	19.5	11.3	12.7	12.5	11.5	17.0	7.0	10.2	12.1	7.8	24.9	20.2	17.4	13.5	17.6	24.2	25.0	18.2	8.4	29.1
Developing Countries																				
Exports ($ billion)	2,694	3,343	4,111	4,918	6,092	1,879	2,300	2,755	3,162	3,783	756	973	1,267	1,651	2,173	255	322	400	517	678
Annual Percent Change	29.2	24.1	23.0	19.6	23.9	27.0	22.4	19.8	14.8	19.6	35.0	28.7	30.2	30.3	31.6	39.5	26.2	24.3	29.3	31.1
Imports ($ billion)	2,564	3,057	3,673	4,559	5,681	1,615	1,849	2,145	2,605	3,112	863	1,091	1,414	1,830	2,425	268	332	449	564	768
Annual Percent Change	30.9	19.2	20.1	24.1	24.6	25.8	14.5	16.0	21.4	19.5	41.0	26.5	29.6	29.4	32.5	41.5	24.0	35.2	25.7	36.2
IDB Member Countries																				
Exports ($ billion)	805	991	1,226	1,406	1,890	533	650	771	836	1,120	238	298	402	506	691	110	135	163	198	266
Annual Percent Change	31.5	23.1	23.7	14.7	34.5	28.8	22.1	18.6	8.4	33.9	38.9	25.3	35.0	25.8	36.6	46.2	22.3	21.3	20.9	34.5
Imports ($ billion)	688	819	961	1,194	1,525	404	460	514	624	770	275	347	433	552	734	114	143	175	214	290
Annual Percent Change	38.3	18.9	17.3	24.2	27.7	31.4	14.1	11.7	21.4	23.3	53.2	26.3	24.5	27.6	32.9	53.6	25.7	22.4	22.3	35.7
Share of IDB Intra-Trade to Total Trade																15.0	15.3	15.5	15.8	16.3

[1]IMF classifies countries in three main categories: industrial countries, developing countries, and a group of 26 small countries/territories called "*other countries*" not included elsewhere (n.i.e.). Note that the values of industrial and developing countries do not sum-up to the world total because the category n.i.e. is not included.
Source: IMF, Direction of Trade Statistics, online database, accessed in October 2009.

Annex 20 Intra-Trade Indicators of IDB Member Countries													
Sl. No	Country	Inra-Trade Values ($ Million)			Share of Intra-Trade in Foreign Trade %								
		Intra-Exports	Intra-Imports	Total Intra-Trade	Intra-Exports as % of Total Exports			Intra-Imports as % of Total Imports			Total Intra-Trade as % of Total Trade		
		2008	2008	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
1	Afghanistan	189.8	2,814.7	3,004.5	39.3	41.2	41.4	52.8	52.1	50.7	52.0	51.4	50.0
2	Albania	38.8	397.7	436.5	1.4	2.7	3.4	9.1	8.7	8.5	7.6	7.5	7.5
3	Algeria	5,733.8	3,288.7	9,022.5	5.9	5.6	7.2	8.5	7.8	8.4	6.6	6.3	7.6
4	Azerbaijan	3,106.9	1,339.2	4,446.1	16.2	36.4	6.5	20.6	19.4	18.7	18.2	28.2	8.1
5	Bahrain	3,418.9	4,499.5	7,918.4	10.8	10.5	12.1	36.7	37.0	38.6	17.7	17.4	19.8
6	Bangladesh	646.5	5,290.8	5,937.3	3.8	4.1	4.6	21.3	20.4	22.2	13.9	13.7	15.7
7	Benin	201.1	994.4	1,195.5	29.6	34.3	31.2	13.3	13.9	14.1	14.9	15.5	15.5
8	Brunei	2,297.2	579.5	2,876.8	21.6	25.0	22.5	22.2	13.0	22.2	21.7	20.8	22.5
9	Burkina Faso	102.4	768.0	870.4	15.2	17.8	20.4	43.0	42.4	44.4	36.0	36.6	39.0
10	Cameroon	492.3	1,109.0	1,601.3	7.8	8.8	9.0	23.8	23.8	25.2	14.0	15.2	16.2
11	Chad	11.1	239.4	250.5	0.3	0.7	0.3	29.1	27.4	26.8	5.9	7.1	5.8
12	Comoros	9.8	51.1	60.9	7.9	45.5	27.3	20.1	24.3	21.0	17.7	28.1	21.8
13	Côte d'Ivoire	3,054.7	3,140.1	6,194.8	24.4	30.0	29.4	34.7	37.9	38.8	28.7	33.4	33.5
14	Djibouti	367.7	890.2	1,257.8	69.8	94.3	91.9	31.8	33.9	34.6	38.8	42.6	42.3
15	Egypt	8,201.9	10,017.3	18,219.2	23.1	25.5	25.6	15.2	14.9	15.5	18.0	18.4	18.9
16	Gabon	359.0	273.3	632.4	4.4	8.9	4.2	9.7	9.6	9.7	6.0	9.1	5.6
17	Gambia	3.4	351.1	354.4	9.4	6.0	6.3	33.0	35.4	37.5	31.9	34.0	35.8
18	Guinea	82.7	389.0	471.7	6.1	2.3	3.8	11.4	10.6	10.2	9.3	7.2	7.8
19	Guinea-Bissau	43.1	83.3	126.4	30.2	11.3	39.1	26.0	29.6	31.1	27.3	19.5	33.4
20	Indonesia	16,195.2	22,673.5	38,868.7	9.9	11.2	11.8	18.5	22.3	17.5	13.1	15.6	14.6
21	Iran	13,998.0	20,564.9	34,562.9	12.6	12.1	12.0	30.7	31.5	30.1	18.9	18.6	18.7
22	Iraq	2,293.9	12,917.0	15,210.9	3.7	4.0	4.1	58.1	58.9	59.2	21.6	20.5	19.5
23	Jordan	3,821.2	6,456.1	10,277.4	44.1	47.3	48.0	40.5	38.5	38.0	41.6	41.0	41.2
24	Kazakhstan	4,360.1	2,347.1	6,707.2	7.7	8.3	8.4	6.2	6.1	5.3	6.9	7.2	6.9
25	Kuwait	8,918.0	5,856.4	14,774.5	13.0	14.0	11.8	21.8	19.0	23.2	15.3	15.4	14.7
26	Kyrgyz Republic	605.0	679.8	1,284.7	42.4	45.1	37.4	19.8	21.4	16.7	27.0	29.0	22.6
27	Lebanon	2,753.7	4,832.8	7,586.4	73.3	69.6	71.4	27.4	29.1	28.0	35.9	37.1	35.9
28	Libya	2,744.3	3,532.7	6,277.0	9.6	5.9	4.5	18.9	18.9	18.4	11.5	8.8	7.8
29	Malaysia	20,323.9	15,832.2	36,156.0	7.4	8.7	10.2	8.4	8.4	10.1	7.8	8.6	10.1
30	Maldives	4.6	447.2	451.8	1.6	3.1	2.4	31.0	33.2	32.4	26.4	29.5	28.8
31	Mali	46.1	929.7	975.8	10.9	21.5	21.5	27.5	28.9	29.9	25.2	28.3	29.4
32	Mauritania	232.4	326.7	559.1	11.4	12.2	10.2	13.6	14.2	14.1	12.5	13.2	12.2
33	Morocco	1,556.0	6,756.2	8,312.1	7.9	7.7	8.1	19.4	17.6	15.9	15.4	14.4	13.5
34	Mozambique	16.7	211.0	227.8	1.3	1.2	0.6	5.0	7.6	5.5	3.4	4.8	3.5
35	Niger	142.3	592.4	734.7	20.2	29.4	9.4	28.6	31.9	35.1	26.1	31.3	22.9
36	Nigeria	4,627.4	3,767.7	8,395.1	5.1	6.1	5.4	7.3	6.9	7.0	5.8	6.4	6.0
37	Oman	7,337.0	8,645.4	15,982.4	18.5	21.3	20.9	34.9	35.5	37.7	24.0	27.1	27.5
38	Pakistan	7,998.5	18,833.1	26,831.6	30.0	33.5	36.8	34.5	36.7	40.3	33.0	35.6	39.2
39	Palestine	..	..	..	..	..	..	..	..	..	..	..	..
40	Qatar	4,133.4	5,609.3	9,742.7	9.2	7.1	6.6	25.5	17.7	20.0	14.7	11.0	10.8
41	Saudi Arabia	41,467.1	15,818.5	57,285.6	14.5	15.0	13.7	13.2	12.8	14.0	14.2	14.4	13.8
42	Senegal	837.0	812.1	1,649.1	44.3	42.3	44.2	14.3	12.9	12.6	22.9	20.3	19.7
43	Sierra Leone	9.1	184.3	193.4	2.8	2.3	3.5	21.5	25.7	22.1	16.4	18.2	17.7
44	Somalia	416.0	608.8	1,024.8	90.6	94.5	96.0	50.9	54.7	51.1	61.4	65.8	63.1
45	Sudan	1,281.2	3,314.8	4,596.0	10.1	5.4	11.1	28.7	27.8	32.6	21.0	16.6	21.2
46	Suriname	143.5	16.5	159.9	7.4	8.2	9.1	4.9	0.9	1.1	6.3	4.8	5.3
47	Syria	11,332.9	12,921.3	24,254.2	61.8	66.0	66.8	46.9	44.9	45.3	52.8	52.7	53.3
48	Tajikistan	595.2	1,034.1	1,629.3	46.3	46.9	41.2	42.0	37.3	31.9	44.0	40.8	34.7
49	Togo	378.9	545.8	924.8	38.2	40.1	35.8	12.2	9.8	14.0	16.9	14.1	18.7
50	Tunisia	2,488.6	3,898.1	6,386.7	12.1	12.3	14.3	12.4	11.7	15.7	12.3	11.9	15.1
51	Turkey	32,571.5	29,177.8	61,749.3	17.5	18.8	24.6	13.7	12.7	14.4	15.1	15.0	18.5
52	Turkmenistan	1,431.4	1,874.7	3,306.1	23.2	19.1	14.5	39.8	36.8	35.9	28.4	25.3	21.9
53	Uganda	387.8	1,022.2	1,410.0	30.4	26.2	22.5	22.9	20.1	22.6	24.9	21.8	22.6
54	U. A. E.	39,151.5	34,873.7	74,025.2	20.1	21.0	21.1	15.5	15.7	17.7	17.8	18.2	19.4
55	Uzbekistan	1,912.6	1,269.7	3,182.3	27.3	29.2	27.2	15.2	14.0	13.9	21.7	21.4	19.7
56	Yemen	1,113.0	4,587.6	5,700.6	10.9	12.8	10.8	38.9	37.3	40.3	26.1	27.3	26.3
	IDB-56 MCs	**265,985.9**	**290,287.7**	**556,273.7**	**13.3**	**14.1**	**14.1**	**18.2**	**17.9**	**19.0**	**15.5**	**15.8**	**16.3**

Source: - IMF, Direction of Trade Statistics, online database, accessed in October 2009.

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ICIEC was established in August 1994 by the Islamic Development Bank (IDB) and member countries of the Organization of Islamic Conference (OIC) as an independent entity within IDB Group. Its mandate is to help increase the scope of trade transactions of member countries, to facilitate the flow of foreign direct investments into member countries, and to provide reinsurance facilities to Export Credit Agencies (ECAs) in member countries. ICIEC fulfils these objectives by providing appropriate Islamic *Shariah* compatible credit and country risk insurance and reinsurance instruments. The subscribed capital of ICIEC is ID150 million (equal $235 million), end-1430H, of which ID100 million ($157 million) is subscribed by IDB (Waqf fund), while thirty-eight member countries have subscribed ID48.49 million ($76.13 million). Since its inception, ICIEC has provided $8 billion of credit and country risk insurance in support of member countries' exports and inward investment flows. The total volume of insured business crossed $1 billion for 1430H of which $750 million export credit insurance. ICIEC has been assigned an Insurance Financial Strength rating of *Aa3* by Moody's. www.iciec.com

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

ICD was established in 1420H (1999) as an independent entity within IDB Group. The mission of ICD is to promote the private sector as a vehicle for economic growth and evelopment in member countries. The Authorized Capital of ICD is $2 billion, of which $1 billion is available for subscription. IDB has subscribed 50 percent of its capital, while member countries and public financial institutions in member countries have subscribed up to 30 and 20 percent, respectively. As of end-1430H, the total Paid-up Capital of ICD stood at $401,637,526 million. www.icd-idb.org

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

ITFC was established in *Jumad Awwal* 1426H (June 2005) and commenced business operations in *Muharram* 1429H (January 2008) as the autonomous and dedicated trade finance entity of the IDB Group. Prior to this, trade finance business was undertaken by various entities under different programmes in the IDB Group. The main objective leading to the establishment of ITFC is to help promote and facilitate intra-trade between OIC member countries using Shariah compliant financing instruments and also provide support towards achievement of the 20 percent intra-OIC trade volume targets by 2015 contained in the Makkah Declaration, 2005. In addition to trade finance, the ITFC mandate also includes support for trade promotion activities and programmes in member countries. The Authorized and Subscribed Capital of ITFC are $3 billion and $750 million respectively and has its headquarters in Jeddah, Saudi Arabia. www.itfc-idb.org.

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